KERING

2022 Universal Registration Document

Annual Financial Report - Integrated Report

2022 UNIVERSAL REGISTRATION DOCUMENT

This Universal Registration Document has been filed on March 22, 2023 with the Autorité des Marchés Financiers (AMF), as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or the admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This document including the Annual Financial Report is a reproduction of the official version which has been prepared in ESEF format and is available on the Company's website www.kering.com.

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

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CHAPTER 1

Presentation of the Group and Integrated Report

1 - MESSAGE FROM THE CHAIRMAN AND CEO

François-Henri Pinault
Chairman and Chief Executive Officer

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

We capture these beliefs in our signature:

Empowering Imagination

"All our Houses posted record revenues and contributed to higher operating income in 2022. But these good performances were not uniformly up to our ambitions and potential. Beyond the challenges some of our Houses faced, notably towards the end of the year, we are convinced that we are pursuing the right strategy for the long term. Our 47,000 people share a strong entrepreneurial culture as well as values of responsibility and engagement. Together, we nurture the desirability and exclusivity of our brands, so they all achieve market positions commensurate with their unique heritage and recognized creativity. In an environment that remains uncertain, I have no doubt that 2023 will be another year of success for our Houses and of growth for our Group."

2 – GROUP PROFILE

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

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

2.1 Group history

Origins

1963

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

1988

Listing of Pinault SA on the Paris Stock Exchange.

Development of a leading distributor

1990

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

1991

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

1992

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

1994

Merger of La Redoute with Pinault-Printemps, which is renamed Pinault-Printemps-Redoute.

Takeover of Fnac, a retailer of books, music, films and consumer electronics.

Entry into the Luxury and Sport & Lifestyle industries

1999

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

2000

Acquisition by Gucci Group of high jewelry House Boucheron.

2001

Gucci Group **acquires** Italian leather goods brand Bottega Veneta and Balenciaga, and signs partnership agreements with Alexander McQueen and Stella McCartney.

The Group **raises** its stake in Gucci Group to 53.2%.

2003

Sale of Pinault Bois & Matériaux.

The Group **raises** its stake in Gucci Group to 67.6% (after raising it to 54.4% in 2002).

2004

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

Sale of Rexel.

2005

Pinault-Printemps-Redoute becomes PPR.

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

2006

Sale of a 51% controlling stake in Printemps.

2007

Sale of the remaining 49% stake in Printemps.

Acquisition of a 27.1% controlling stake in PUMA, subsequently increased to 62.1% through a tender offer.

2008

Sale of YSL Beauté to L'Oréal.

Acquisition of a 23% stake in watchmaker Girard-Perregaux.

2009

IPO of Cfao, involving the sale of a controlling 58% stake.

Creation of the Kering Foundation to combat violence against women.

2011

Sale of Conforama.

Acquisition of Volcom.

The Group **raises** its stake in Sowind Group (Girard-Perregaux) to 50.1%.

2012

Acquisition of Italian men's tailor Brioni.

Sale of the remaining 42% stake in Cfao.

An integrated and reinforced group

2013

Acquisition of a majority stake in Chinese fine jewelry brand Qeelin.

Acquisition of a majority stake in France Croco, now named Tannerie de Périers.

Listing of Groupe Fnac on the Paris Stock Exchange.

Change of corporate name: PPR becomes Kering.

Acquisition of a majority stake in Italian jewelry group Pomellato.

Admission to the Dow Jones Sustainability World and Europe Indices (DJSI).

2014

Sale of La Redoute.

Acquisition of watchmaker Ulysse Nardin.

2015

Launch of Kering Eyewear.

Sale of Italian shoemaker Sergio Rossi.

Publication of the first Environmental Profit and Loss Account (EP&L) at Group level.

2016

Sale of Electric by Volcom.

Kering relocates its headquarters to the former Laennec Hospital, in the heart of Paris' Left Bank.

Announcement of the Group's 2025 sustainability strategy.

2017

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

Kering, a pure play in the Luxury industry

2018

Distribution in kind of PUMA shares to Kering shareholders, while maintaining a 15.85% stake in the company to be sold gradually.

Kering announces its withdrawal from businesses including Stella McCartney and Volcom.

New developments in Kering's digital strategy, aimed at enhancing the Group's omni-channel capabilities and its Houses' digital activities.

2019

Sale of Volcom.

The Fashion Pact: François-Henri Pinault mobilizes participants in the fashion and textile industries with the aim to reduce their environmental impact.

Extension of the **parental leave policy**, with 14 weeks of paid parental leave for all Group employees.

2020

Public health crisis arising from the **COVID-19** pandemic.

Kering **publishes** a dedicated **biodiversity** protection strategy with a series of new targets to achieve a "net positive impact"[(1)] on biodiversity by 2025.

2021

Purchase of a stake of around 5% in Vestiaire Collective.

Inauguration of the Group's new logistics platform in Trecate (Italy).

Acquisition of all shares in Danish luxury eyewear brand Lindberg.

Publication of the **Climate Strategy**, aligned with a 1.5°C SBT trajectory, and new targets for reducing greenhouse gases by 2030.

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

2.2 Kering today, a global Luxury group

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

Our Houses

GUCCI

SAINT LAURENT

BOTTEGA VENETA

BALENCIAGA

Alexander McQUEEN

Brioni

BOUCHERON PARIS

Pomellato MILANO 1967

DoDo CHARMANTE JOAILLERIE

qeelin

KERING EYEWEAR

Kering in 2022

Revenue

€20,351 million

+15%
as reported versus 2021

+9%
on a comparable basis[(1)] versus 2021

Recurring operating income

€5,589 million

+11%
versus 2021

27.5%
recurring operating margin

Net income attributable to the Group

€3,614 million

Dividend per share

€14[(2)]

Free cash flow from operations

€3,208 million

47,227
employees
as of December 31, 2022[(3)]

57%
women managers

-50%
in the Group's environmental footprint (EP&L intensity 2015-2022)

10th year
in the *Dow Jones Sustainability World Index* (DJSI) because of the Group's ESG performance

(1) Comparable revenue is defined on page 87.
(2) Subject to the approval of the Annual General Meeting to be held on April 27, 2023.
(3) Average 42,637 FTE in 2022.

Key consolidated figures

(in € millions)	2022	2021	Change (reported)
Revenue	**20,351**	**17,645**	**+15%**
EBITDA	**7,255**	**6,470**	**+12%**
EBITDA margin (% of revenue)	*35.6%*	*36.7%*	*-1.1 pt*
Recurring operating income	**5,589**	**5,017**	**+11%**
Recurring operating margin (% of revenue)	*27.5%*	*28.4%*	*-0.9 pt*
Net income attributable to the Group	**3,614**	**3,176**	**+14%**
o/w continuing operations excluding non-recurring items	**3,747**	**3,361**	**+11%**
Gross operating investments(1)	**1,071**	**934**	**+15%**
Free cash flow from operations(2)	**3,208**	**3,948**	**-19%**
Net debt(3)	**2,306**	**168**	**N/A**

(1) Purchases of property, plant and equipment and intangible assets.
(2) Net cash received from operating activities less net acquisitions and disposals of property, plant and equipment and intangible assets.
(3) Net debt is defined on page 88.

Per share data

(in €)	2022	2021	Change (reported)
Net income attributable to the Group	**29.34**	**25.49**	**+15%**
o/w continuing operations excluding non-recurring items	**30.42**	**26.98**	**+13%**
Dividend per share	**14.00**(1)	**12.00**	**+17%**

(1) Subject to the approval of the Annual General Meeting to be held on April 27, 2023.

Revenue

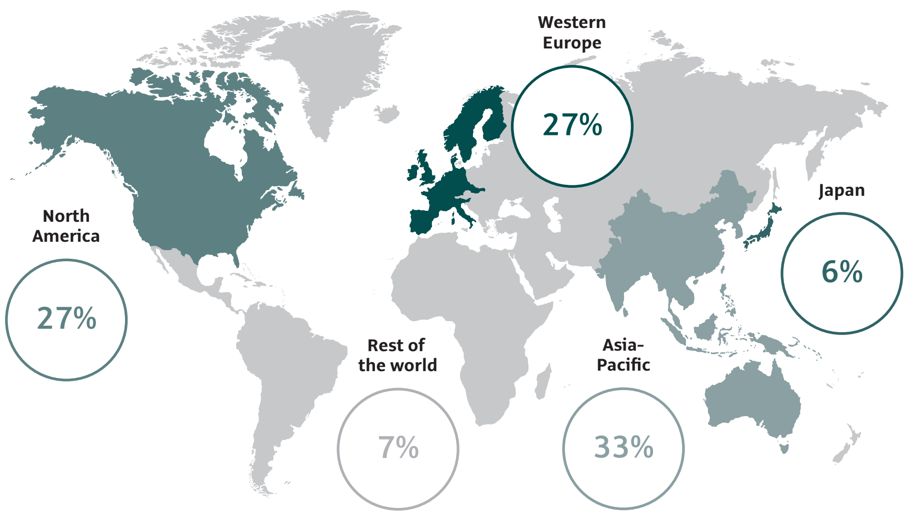
Breakdown of revenue by segment

(in € millions)	2022	2021	Change (reported)	Comparable change[3]
Gucci	10,487	9,731	+8%	+1%
Yves Saint Laurent	3,300	2,521	+31%	+23%
Bottega Veneta	1,740	1,503	+16%	+11%
Other Houses	3,874	3,285	+18%	+16%
Kering Eyewear and Corporate[1]	1,139	733	+55%	+25%
Eliminations[2]	*(189)*	*(128)*	*N/A*	*N/A*
GROUP	**20,351**	**17,645**	**+15%**	**+9%**

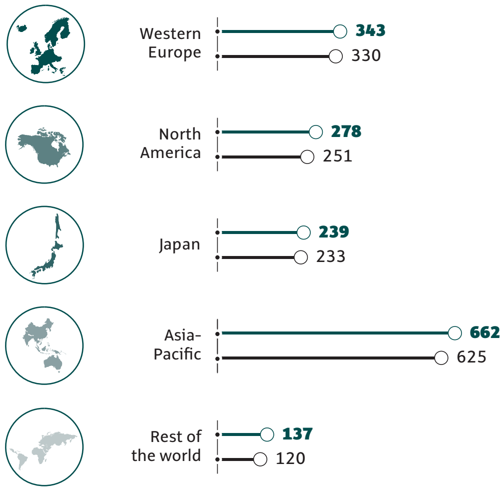
(1) The "Corporate and other" segment was renamed "Kering Eyewear and Corporate" in 2022.
(2) Intra-group eliminations are now reported on a separate line.
(3) On a comparable scope and exchange rate basis. Comparable growth is defined on page 87.

Breakdown of revenue by region

(% of consolidated revenue)



Number of directly operated stores by region



1,659
Total as of Dec. 31, 2022

1,559
Total as of Dec. 31, 2021

Recurring operating income

Breakdown of recurring operating income by segment

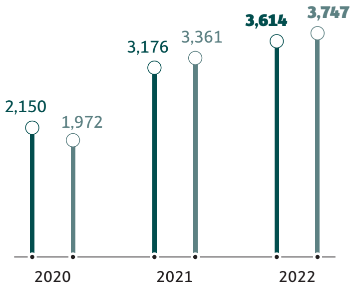
(in € millions)	2022	2021	Change during the period
Gucci	3,732	3,715	-
Yves Saint Laurent	1,019	715	+43%
Bottega Veneta	366	286	+28%
Other Houses	558	459	+22%
Kering Eyewear and Corporate(1)	(88)	(164)	+46%
Eliminations(2)	*2*	*6*	*N/A*
GROUP	**5,589**	**5,017**	**+11%**
Recurring operating margin (% of revenue)	*27.5%*	*28.4%*	*-0.9 pt*

(1) The "Corporate and other" segment was renamed "Kering Eyewear and Corporate" in 2022.
(2) The "Eliminations" item relates to consolidation adjustments that are not allocated by segment, mainly in connection with intra-group transactions.

Other financial indicators

Net income attributable to the Group

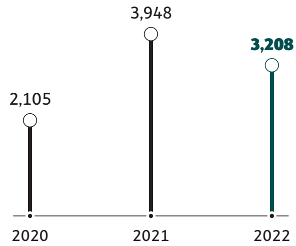
(in € millions)



Net income attributable to the Group
Net income from continuing operations (excluding non-recurring items) attributable to the Group

Free cash flow from operations[1]

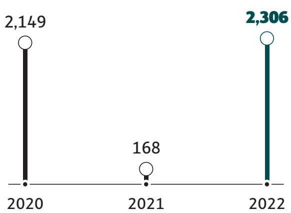
(in € millions)



(1) Net cash flow from operating activities less net acquisitions of property, plant and equipment and intangible assets.

Net debt[2]

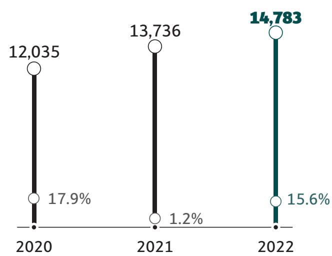
(in € millions)



(2) Net debt is defined on page 88.

Equity and debt-to-equity ratio[3]

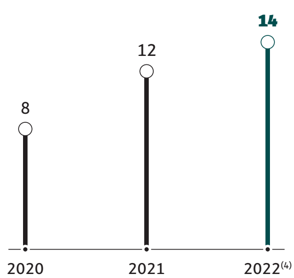
(in € millions and %)



(3) Net debt is defined on page 88.

Dividend per share

(in €)



(4) Subject to the approval of the Annual General Meeting to be held on April 27, 2023.

Key highlights 2022

Strategy, activities and finance

Acceleration for Kering Ventures
Kering Ventures, the Group's vehicle for investments in the future, is continuing to support the development of innovative startups like VitroLabs, which is developing the world's first lab-grown leather for the luxury industry

Kering Eyewear's acquisition of eyewear brand Maui Jim
Founded in 1987, Maui Jim is the world's largest independently owned high-end eyewear brand with a leading position in North America

Launch of new production centers in Italy to make accessories and leather goods for Saint Laurent and Balenciaga, along with new training centers

Sale of Girard-Perregaux and Ulysse Nardin to their management teams
This transaction is in line with Kering's strategy of giving priority to Houses that have the potential to become sizable assets within the Group

Completion of the Share Buyback Program
The Share Buyback Program – announced on August 25, 2021 with the aim of repurchasing up to 2.0% of the Group's share capital over a 24-month period – was completed on December 15, 2022

Environment, social and governance (ESG)

Launch of the Climate Fund for Nature. This innovative fund, in which the L'Occitane group is also an investor, has already attracted €140 million of commitments in 2023 out of its ambitious target of €300 million. It relies on Mirova's expertise in managing funds focused on natural capital

KERING people

Launch of Kering's first employee shareholder transaction entitled KeringForYou, giving eligible employees the opportunity to become Kering shareholders on preferential terms

Changes in composition of the Board of Directors with the appointment of three new independent directors and creation of the Climate Change Lead function whose role is to ensure that the Board identifies all climate change impacts for Kering and factors them into its decisions

Kering and the French Ministry of Labor, Employment and Integration signed **a partnership charter for the integration of young people, vulnerable individuals and people with disabilities**, with the aim of supporting them in the job market

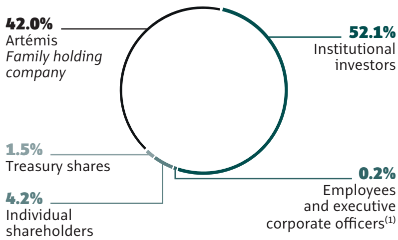
50% reduction in Kering's environmental profit and loss (EP&L) footprint for the second consecutive year, despite rapid growth in the Group's revenue during the period

3 - OUR GOVERNANCE MODEL

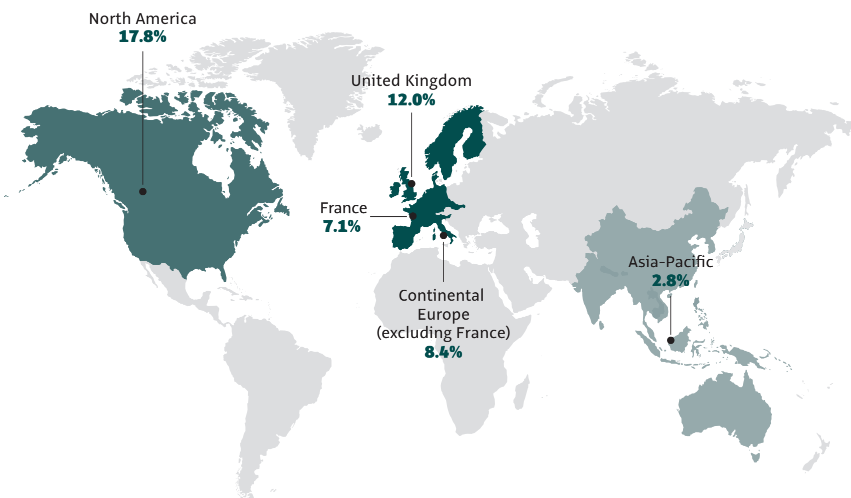
3.1 Stable ownership structure

Breakdown of share capital as of December 31, 2022

Kering is the result of one family's entrepreneurial journey. It is 42.0%-owned by the Artémis holding company, which is controlled by the Group's founding Pinault family. Alongside this solid core shareholder, the Group's ownership structure has become increasingly international over a period of more than 10 years, reflecting the Group's worldwide growth and transformation. Institutional investors own 52.1% of the Group's capital.



Percentage of shares held by institutional investors by region



(1) Including Kering's employee investment fund.
% of capital held (source: shareholders' identification as of December 31, 2022).

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

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

Unified governance, well suited to Kering's specific features

Kering has opted to combine the roles of Chairman of the Board and Chief Executive Officer, taking the view that this governance arrangement is the one that best suits the Group's specific features, in which each of its Houses have autonomy. The arrangement takes into account François-Henri Pinault's special position as controlling shareholder and his active involvement in conducting the Group's business affairs, of which he has in-depth operational knowledge. The Chairman and CEO is supported by a Group Managing Director, who helps develop Kering's strategy, manages its implementation and focuses on enhancing the Group's operational efficiency.

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

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

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

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

The duties of the Lead Independent Director are detailed in section 1.5 of Chapter 3 of this Document.

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

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

In coordination with the Chair of the Sustainability Committee and the Lead Independent Director, the Climate Change Lead's role includes ensuring that climate issues are taken into account by the Board and that they are factored into all of the Group's decisions.

Finally, the Climate Change Lead reports to the Board at least twice a year on the deployment of the Climate Strategy within the Group and on the implementation and results of the climate change mitigation and adaptation action plans.

The duties of the Climate Change Lead are detailed in section 1.6 of Chapter 3 of this Document.

Membership of the Board of Directors as of March 2, 2023

Véronique Weill
Lead Independent Director and Chair of the Remuneration Committee

Tidjane Thiam
Chair of the Audit Committee

Serge Weinberg
Chair of the Appointments and Governance Committee

Emma Watson
Chair of the Sustainability Committee

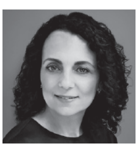
Yonca Dervisoglu

Daniela Riccardi

6
independent Directors

François-Henri Pinault
Chairman and CEO

2
Directors representing employees



Concetta Battaglia

Vincent Schaal

4
non-independent Directors

Jean-Pierre Denis
Climate Change Lead

Financière Pinault
Represented by Héloïse Temple-Boyer

Jean-François Palus
Group Managing Director

Baudouin Prot

Key figures relating to the Board of Directors as of March 2, 2023

55% Independent Directors[(1)]	**45%** Women Directors[(1)]	**57** Average age
5 Nationalities	**89%** Average attendance rate[(2)]	**7.5** Years' average seniority

Board Committees as of March 2, 2023

BOARD OF DIRECTORS

Audit Committee

6 members
Degree of independence: 67%
Average attendance rate: 86%[(2)]

Remuneration Committee

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

Appointments and Governance Committee

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

Sustainability Committee

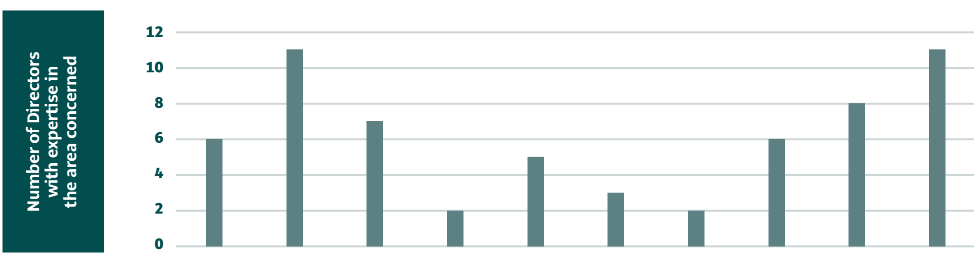
8 members
Degree of independence: 57%
Average attendance rate: 87%[(2)]

(1) Excluding the Directors representing employees in accordance with the AFEP-MEDEF code.
(2) Directors' average attendance rate for 2022.

Board members' areas of expertise as of March 2, 2023

Kering's Board of Directors is made up of members with a broad, diverse range of experience and expertise

	Corporate governance	Risk management	Corporate social and environmental responsibility (CSR)	Marketing	Industry	Technology, digital and cybersecurity	Innovation	Economics	Finance and accounting	Leadership
François-Henri Pinault	●	●	●		●				●	●
Jean-François Palus	●	●	●		●				●	●
Véronique Weill	●	●		●		●	●	●	●	●
Tidjane Thiam		●						●	●	●
Serge Weinberg	●	●						●	●	●
Emma Watson			●		●					●
Jean-Pierre Denis		●	●					●	●	●
Concetta Battaglia	●	●	●							
Yonca Dervisoglu			●	●		●	●			●
Baudouin Prot		●						●	●	●
Daniela Riccardi		●	●		●					●
Vincent Schaal		●				●				
Héloïse Temple-Boyer	●	●			●			●	●	●



For more details about Kering's governance, please refer to Chapter 3, "Report on corporate governance".

3.3 Group management

Group management is composed of the Executive Committee headed by François-Henri Pinault, Chairman and Chief Executive Officer, and Jean-François Palus, Group Managing Director.

The Executive Committee has 13 members, comprising the managers of the Group's activities and of the main Houses, along with Kering's main operating officers.

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

Executive Committee members as of March 2, 2023

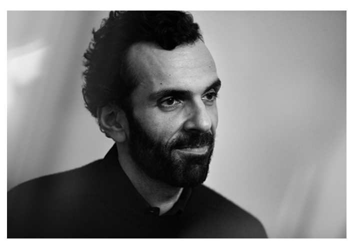
François-Henri Pinault
Chairman and Chief Executive Officer

Francesca Bellettini
President and Chief Executive Officer, Yves Saint Laurent

Raffaella Cornaggia
Chief Executive Officer, Kering Beauté

Marco Bizzarri
President and Chief Executive Officer, Gucci

Gregory Boutté
Chief Client and Digital Officer



Cédric Charbit
President and Chief Executive Officer, Balenciaga

Jean-François Palus
Group Managing Director

Marie-Claire Daveu
Chief Sustainability and Institutional Affairs Officer

Valérie Duport
Chief Communications and Image Officer

Béatrice Lazat
Chief People Officer

Jean-Marc Duplaix
Chief Financial Officer

Bartolomeo Rongone
Chief Executive Officer, Bottega Veneta

Roberto Vedovotto
President and Chief Executive Officer, Kering Eyewear

3.4 Remuneration aligned with value creation and stakeholder interests

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

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

A large proportion of executive corporate officers' remuneration is subject to performance conditions (84% for the Chairman and Chief Executive Officer and 80% for the Group Managing Director for 2022), in line with their obligation to create medium- and long-term value.

The variable portion of executive corporate officers' remuneration is subject to performance conditions relating to financial criteria as well as corporate, social and environmental responsibility, reflecting the Group's ambitious objectives in these areas, and encouraging the executive corporate officers to base their decisions and actions on ensuring long-term return.

Components of executive corporate officers' remuneration

ANNUAL FIXED REMUNERATION
(cash)

- Consideration of the level and complexity of responsibilities and experience
- Alignment with market practices (peers in the CAC 40 and the international luxury market)

ANNUAL VARIABLE REMUNERATION
(cash)

Performance criteria

30% NON-FINANCIAL CRITERIA	**70%** FINANCIAL CRITERIA
Sustainability **10%**	Consolidated recurring operating income **35%**
Compliance **10%**	Consolidated free cash flow from operations **35%**
Organization and talent management **10%**	

MULTI-ANNUAL VARIABLE REMUNERATION
(performance shares)

Performance criteria *(3 years)*

20% NON-FINANCIAL CRITERIA	**80%** FINANCIAL CRITERIA
Proportion of women in executive management roles **10%**	Consolidated recurring operating income **40%**
Biodiversity **10%**	Consolidated free cash flow from operations **40%**

Kering share performance:
+/-50% impact

3.5 Simplified Group structure as of December 31, 2022(1)

KERING

- Gucci
- Yves Saint Laurent
- Bottega Veneta

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

- CORPORATE
  Headquarters & Regions
- Kering Eyewear
- Kering Beauté

(1) Chapter 6 contains a list of entities consolidated by Kering (Note 30 to the consolidated financial statements).

4 – OUR VALUE CREATION MODEL

Leveraging RESOURCES of exceptional quality optimized by KERING...

HUMAN CAPITAL

- 47,227 employees with unique know-how and creativity
- A network of several thousand suppliers located mainly in Europe (92%) and particularly in Italy (84%)

FINANCIAL CAPITAL

- €3.208 billion of free cash flow from operations
- €1.071 billion of gross operating investments to support the growth of the group's Houses, and in particular to develop their retail network comprising of 1,659 stores as well as a global online presence
- A stable and increasingly international shareholder base, along with committed governance to support the Group's long-term development

INDUSTRIAL CAPITAL

- Design and production work being brought increasingly in-house through new Italian production centers making accessories and leather goods for Yves Saint Laurent and Balenciaga
- Greater logistics capabilities with the construction of new logistics platforms and centers, which feature cutting-edge technology and meet demanding criteria in terms of environmental performance

NATURAL CAPITAL

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

INTELLECTUAL CAPITAL

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

SOCIAL CAPITAL

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

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

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

A MULTI-BRAND MODEL
built on a long-term approach and creative autonomy for our Houses

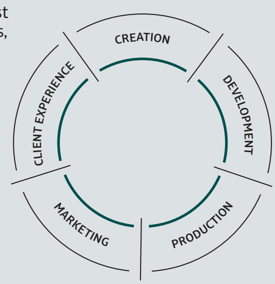
- Agility
- Balance
- Responsibility

A STRATEGY
to harness the full potential of Luxury and grow faster than our markets

- Promoting organic growth
- Enhancing synergies and developing growth platforms

A VALUE CHAIN
that brings key advantages

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



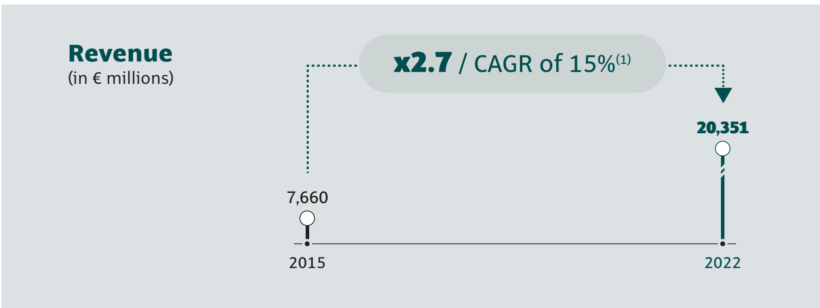
FINANCIAL PRIORITIES
that are clearly established

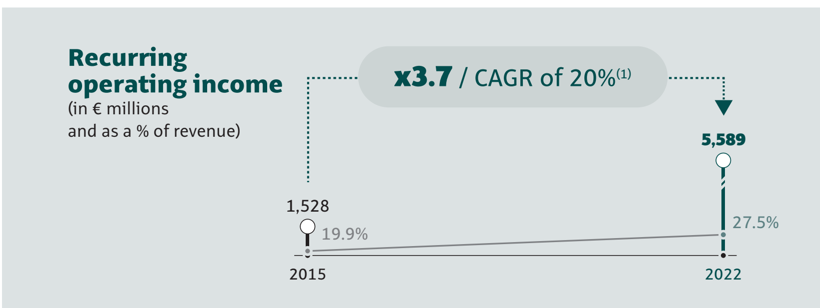
- Sustained organic growth
- Solid profitability
- Strong cash flow generation
- Balanced allocation of capital and resources

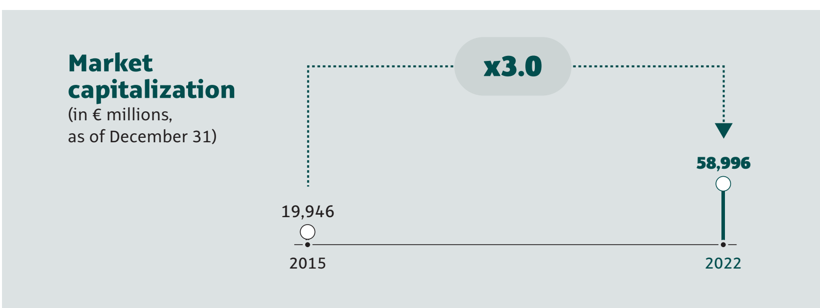
TO SUPPORT OUR AMBITION
To be the world's most influential Luxury group in terms of creativity, sustainability and long-term economic performance

...and CREATES VALUE...

STRONG GROWTH SINCE 2015







(1) 2015 data adjusted for 2019 scope / CAGR: compound annual growth rate.

...that it SHARES with its STAKEHOLDERS...

EMPLOYEES

- Personnel expenses of around €2.8 billion
- 82% engagement rate among Group employees
- 606,444 hours of training
- 100% of employees covered by progressive policies including Baby Leave, the 14-week parental leave

SUPPLIERS AND BUSINESS PARTNERS

- 4,118 supplier audits conducted in 2022 regarding social, environmental and sourcing matters. 91% of suppliers were audited in 2015-2022
- Creation of a vendor portal for evaluating supplier performance and sharing information
- Measures to support suppliers in relation to the COVID-19 crisis and ecological transition

CREATIVE TALENT AND EXCELLENCE IN CRAFTSMANSHIP

- More than 1,800 experts trained at Kering's Houses since 2015 via around 15 programs aimed at supporting excellence in craftsmanship and preserving know-how
- Creation of in-house training schools: Gucci's École de l'Amour, the Institut Saint Laurent Couture, the Brioni Scuola di Alta Sartoria training center, the Scuola dei Maestri Pellettieri de Bottega Veneta, etc.
- 2020 launch of a training course as part of the French *Institut Français de la Mode* – Sustainability Chair

CLIENTS

- Direct distribution channels guaranteeing a high quality of service and respect for the Houses' image, representing 78% of revenue and reflecting an increasingly exclusive distribution strategy
- An omnichannel digital experience. Online sales make up 15% of the Luxury Houses' retail revenue

INNOVATION DRIVERS

- More than 5,000 sustainable materials aligned with the Kering Standards in the Material Innovation Lab (MIL) and introduction of new materials such as EPHEA (mushroom leather) , Demetra (combining raw materials that are not from animal origin) and Cofalit (made from recycled industrial waste)
- Partnership with the Fashion for Good accelerator since 2017, with 103 pilots launched including 23 via the MIL
- Creation of Kering Ventures, whose purpose is to invest in innovative new technologies, brands and business models for the future of the luxury sector: financial investment in 2022 in VitroLabs, a startup specializing in the production of lab-grown leather

PLANET

- 50% reduction in EP&L intensity between 2015 and 2022
- Launch of the Climate Fund for Nature
- Publication of the Group Ambitions, which favor a holistic approach to the circular economy
- 95% of key raw materials traced back to their country of origin
- New international coalitions bringing together industry players: Fashion Pact and Watch & Jewellery Initiative 2030

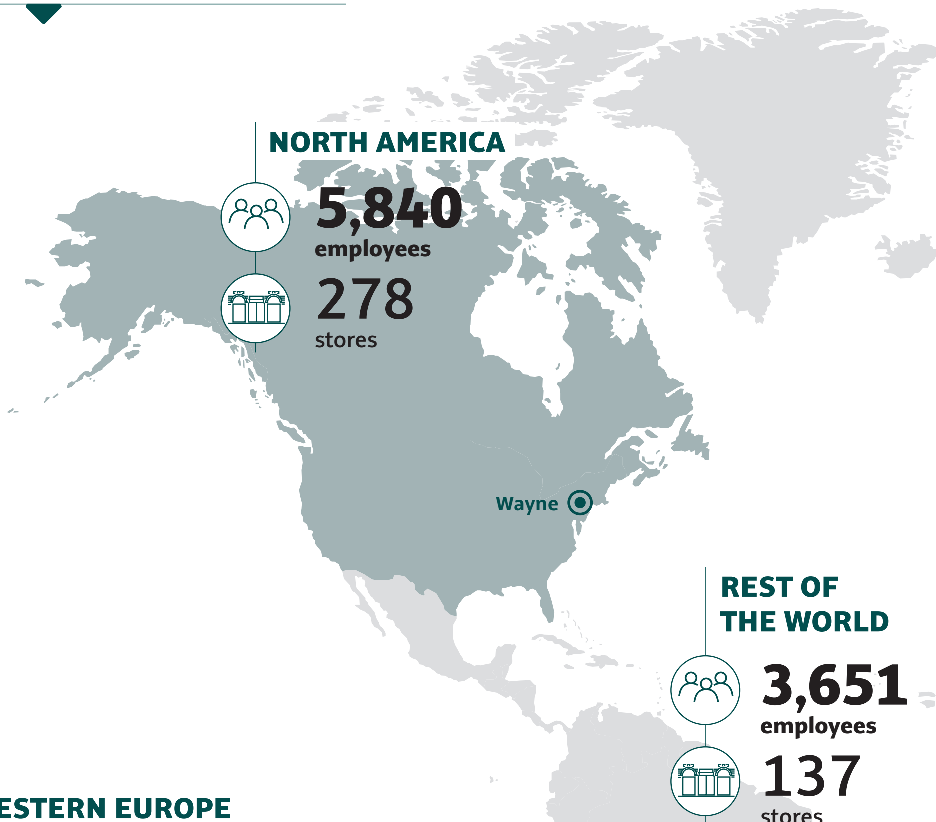
CIVIL SOCIETY, LOCAL COMMUNITIES AND NGOS

- Selection in 2022 of the first seven projects supported by the Kering Regenerative Fund for Nature, which represent 840,000 hectares that will eventually be converted into regenerative agricultural space and involve 60,000 people across the globe
- 1,912 Group employees, including the Group Executive Committee, trained by specialized associations since 2011 to understand, listen to and help women victims of domestic violence
- Launch of the Giving Back program in 2021: Group employees (initially in France, Italy and the United Kingdom) spend 21 working hours per year on volunteer work that supports local communities

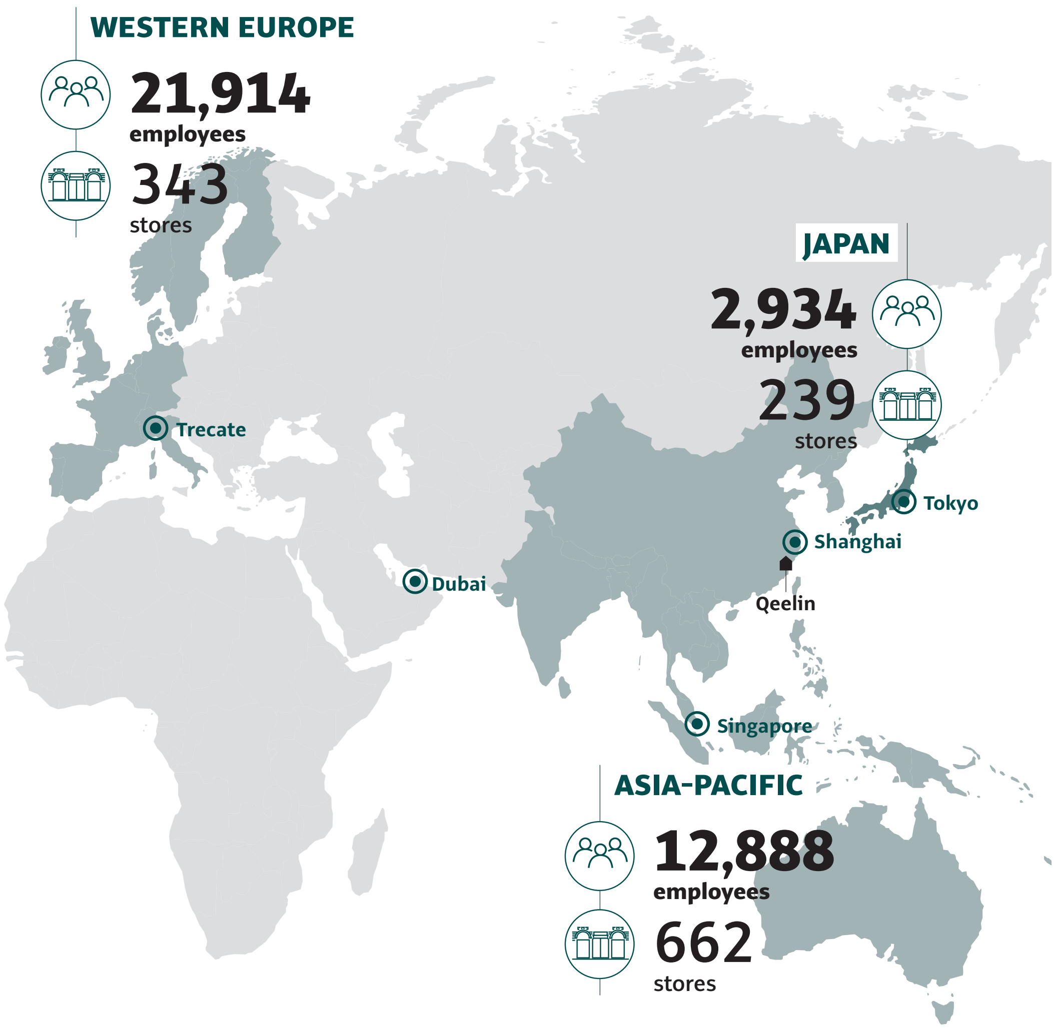
SHAREHOLDERS AND FINANCIAL COMMUNITY

- A balanced and attractive dividend distribution policy with an average dividend growth rate of 20% (2015-2022)

...EVERYWHERE in the world



WESTERN EUROPE



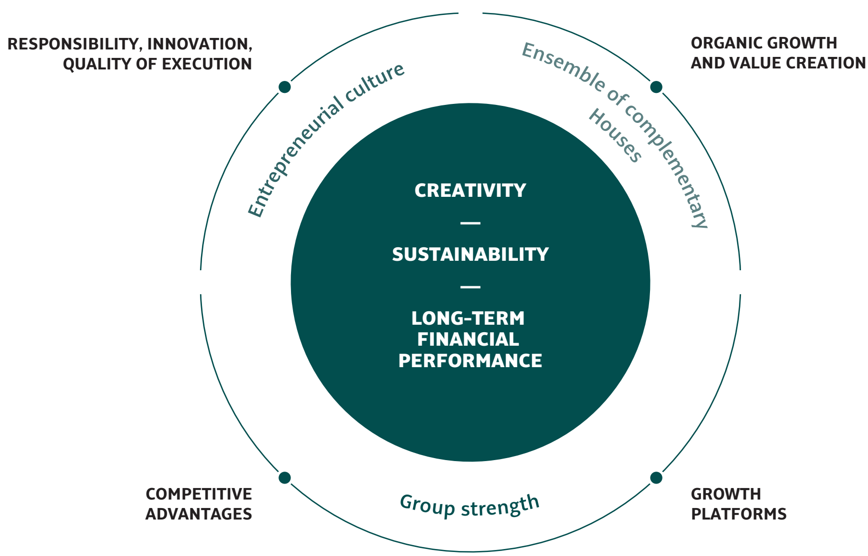
- *Kering headquarter*
- *The Group's Houses headquarters*
- *Main logistics centers*

5 - OUR STRATEGY

The growth achieved by the Group in 2022, against an uncertain geopolitical and economic backdrop, vindicates the strategic direction and decisions taken in recent years, which are enabling Kering and its Houses to extend their competitive advantage over the long term.

The Group is focused on luxury and has a unique, innovative operational model. It is ideally placed to capitalize on the major trends that are shaping and driving growth in the Luxury industry. Those major trends include:

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



Vision

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

Business model

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

AGILITY
BALANCE
RESPONSIBILITY

Strategy

Harness the full growth potential of the luxury market

PROMOTING ORGANIC GROWTH
ENHANCING SYNERGIES AND DEVELOPING GROWTH PLATFORMS

Our vision

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

Crafting tomorrow's Luxury

Against a backdrop of constant change, new economies are taking shape as diverse cultures cross-fertilize, technological innovations emerge and young, "always-on" consumers seek meaningful connections and a more sustainable approach. These changes are shaking up the rules of the luxury industry.

Kering is setting the trend, purposefully shaping the luxury of tomorrow, which will be more responsible and more in tune with our times and with the future, while remaining true to the exceptional history and heritage of its Houses.

Our ambition is to be the world's most influential Luxury group in terms of creativity, sustainability and economic performance.

Creativity and innovation, while respecting heritage

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

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

Kering = Caring

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

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

Strong business performance

Kering is a Group focused exclusively on luxury. It has several Houses that have achieved critical mass in the luxury industry, along with some jewels of the future. These two characteristics make it one of the most profitable and cash-generative groups in its sector.

Our business model

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

Kering is a global luxury group, managing the development of a series of renowned Houses in fashion, leather goods and jewelry: Gucci, Saint Laurent, Bottega Veneta, Alexander McQueen, Balenciaga, Brioni, Boucheron, Pomellato, DoDo, Qeelin, and Kering Eyewear.

Thanks to our international footprint and the strength of our Houses combined with the creative autonomy they enjoy and the unique quality of our creations, Kering is among the foremost players in the luxury goods market. Our model fosters rapid growth for our brands and creates the space for them to thrive.

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

AGILITY

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

- **Continuity**

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

- **Transformation**

From a conglomerate of diversified retail activities until the early 2000s, Kering has transformed itself into a Luxury group focusing on personal goods. We are now an integrated group bringing together and developing some of the world's most prestigious Houses. Through the years, we have been able to leverage the most effective growth drivers.

- **Clarity**

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

BALANCE

Kering's multi-brand model is reaching optimal efficiency

- **An ensemble of exceptional Houses**

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

- **A multi-brand model**

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

- **An ensemble of complementary Houses**

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

"Our economic model is built on exceptional Houses, complementary market positions and varying maturity profiles"

RESPONSIBILITY

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

- **Toward sustainable luxury**

Can a responsible economic approach change the very nature of luxury? For Kering, the answer is a resounding "yes". For our Houses, sustainability is in line with our vision of modern luxury. Businesses have an ethical obligation to be more responsible, reflecting society's new expectations. This situation can also be viewed as an opportunity to grow, and is a source of inspiration and innovation. Methods, materials, resources and products are being reinvented, and customer usage and expectations are changing. Kering is changing the way it designs luxury products by incorporating the criterion of sustainable value, for our customers as well as for society. The targets identified to improve the Group's social and environmental performance are set out in our 2025 sustainability strategy.

- **An inclusive approach**

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

- **Creative potential**

Responsibility is deeply embedded in the Group's organizational structure and promotes business growth through ever more innovative and attractive products. It rewards best business practices such as firm cost control and process upgrading. In a context of limited natural resources, new high-quality materials are being fashioned and more sustainable processes devised. We are constantly on the look-out for innovative and disruptive technologies. For our brands, this represents a vast swathe of creative territory yet to be explored.

- **Governance and ethics**

Built on the Group's core values, Kering's responsible model leverages an ambitious governance structure, supported by the Board of Directors and its Sustainability Committee. Together they drive the sustainability strategy, which the Houses put into action every day under the guidance of dedicated experts. The Group's Ethics Committees, Compliance structure and whistleblowing procedure for employees and third parties ensure that Kering's Code of Ethics and principles for responsible business conduct are properly applied.

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

Our strategy

Harness the full growth potential of the luxury market

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

Promoting organic growth

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

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

- **Creativity at our core**

Energized by their creative teams, our Houses are setting trends. Backed by the Group, they are constantly coming up with fresh ideas and creations that appeal to their customers' desire, inspire their dreams and tap into their emotions. The Group's Houses take a timeless approach to creativity. We are proud of our past icons, which form part of our Houses' history while remaining entirely relevant today, with their influence visible in our most recent innovations and events.

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

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

- **Sales efficiency**

Our Houses generated 78% of their revenue from their own distribution networks (stores and e-commerce sites) in 2022. By having greater control over our own distribution, we can provide the best possible customer service. Our brands deploy initiatives to boost sales performance, capitalizing on increasingly effective merchandizing and in-store operational excellence, supported by the Group and its dedicated teams. Optimizing same-store sales performance on an ongoing basis is a key organic growth driver for Kering.

- **Omnichannel approach**

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

- **Digital expertise, CRM and innovation**

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

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

Enhancing synergies and developing growth platforms

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

- **Resource pooling**

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

- **Cross-business expertise**

In order to enrich its brands' offerings, the Group draws on cross-business expertise. A notable success story in this domain is Kering Eyewear, which has been developed internally since 2014. Our Houses benefit from having a dedicated specialist entity that ensures full control over the value chain in their eyewear frame and sunglasses businesses, comprising creation, development, supply chain, brand strategy, marketing and distribution. Our eyewear unit has been strengthened by the acquisitions of Lindberg and Maui Jim in the last two years.

- **Growth platforms and operating efficiency**

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

- **Talent excellence**

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

Our policy of promoting diversity, gender parity and inclusiveness is a source of collective intelligence and enrichment but also fundamental to our culture of equality, allowing each individual to realize their full potential. It also lies at the heart of talent management actions and initiatives taken by the Group and its Houses.

Kering pays particular attention to the role of women, who make up the majority of our employees and clients. Internal systems are in place to guarantee gender equality, as evidenced by our ambitious global parental policy. The Kering Foundation is committed to combating violence against women, while the aim of the Women in Motion initiative is to showcase the contribution of women to the film industry, whether in front of the camera or behind.

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

6 – OUR MARKETS

6.1 Major trends in the luxury industry

The luxury industry was relatively resilient in 2022, particularly in the first nine months of the year, despite major geopolitical and macroeconomic uncertainty.

2022: a year of resilience against a turbulent background

Experts and analysts estimate that the market grew 15% in 2022 compared to 2021 at constant exchange rates (source: Bain-Altagamma, Euromonitor, panel of financial analysts), in a year that saw:

- A slowdown in global GDP growth to 3% from 6% in 2021 because of i) increases in interest rates aimed at limiting inflation; ii) the slowdown in the Chinese economy, partly because of China's zero-COVID policy.
- Lower store footfall in China, resulting from lockdowns and closures. The logistics chain was also disrupted by measures taken to combat the COVID-19 pandemic.
- Large movements in exchange rates driven by changes in monetary policy, particularly the US dollar's rise against the euro and the decline in the Japanese yen.
- The resumption of tourism, particularly to Asia (excluding China) and Europe. However, tourism from China did not recover in 2022, because borders remained closed until January 2023.
- Rising prices and changes in the product mix: although price increases for comparable products were relatively substantial again in 2022, they were limited by the large movements in exchange rates. The product mix became more upscale as a result of "ultra-premiumization", i.e. the trend for sales to be concentrated in the most sophisticated and expensive segments of the product range, while the most aspirational consumers were more sensitive to the macroeconomic environment.
- With the base for comparison in 2021 still affected by the COVID-19 crisis, there was a sharp upturn in store sales, particularly in Europe, while the growth rate of online sales returned to normal.

2023: a China-driven recovery, but the overall environment remains uncertain

- In 2023, the easing of China's zero-COVID policy should increase store footfall within China but also lead to a gradual upturn in the number of Chinese people traveling abroad. This rebound in Chinese demand should have a beneficial impact on the Luxury industry.
- However, the overall macroeconomic and geopolitical environment remains uncertain. Accordingly, Kering will continue to focus on constantly strengthening its brands, and show vigilance and agility in implementing its strategy.

Solid medium- and long-term growth drivers

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

- The development of an urban middle class in emerging countries
- A larger number of wealthy individuals and an increase in the value of their assets
- Resilience and expansion in local client bases
- The return of tourist customers
- The appeal of an omni-channel approach
- Second-hand luxury development, control and internalization

Faster transformation

- Meeting greater demand for personalization in terms of client relations and the customer experience through more sophisticated CRM tools
- Generating loyalty among domestic customers, particularly in Asia
- Greater demand for transparency and social and environmental responsibility
- Emergence of Web3, leading to new customer expectations and new transformation challenges for luxury goods companies

6.2 Overview of the luxury market[1]

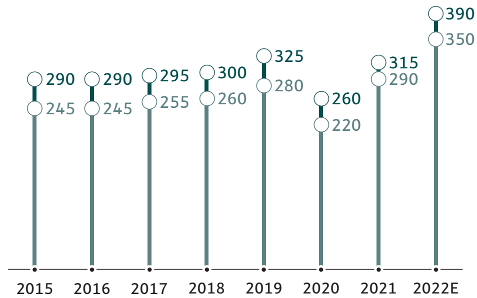
I. Size and trends

Size and medium to long-term growth

In 2022, the global luxury consumer goods market generated revenue of €350-390 billion according to Bain-Altagamma and Euromonitor. The relatively wide range of estimates is the result of differences in how broadly the Jewelry, Apparel and Fragrances & Cosmetics categories are defined.

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

Luxury consumer goods market estimates
(in € billions)



II. Competitive environment

Although fragmented, the worldwide personal luxury goods market is nonetheless characterized by the presence of a few large global players, often part of multi-brand groups, as well as a large number of smaller independent players. These players compete in several segments, which can differ in terms of both product category and geographic location. Kering operates alongside the most prominent global luxury groups: LVMH, Richemont, Hermès, Chanel and Prada.

One key feature in 2022 was the good performance of the ultra-luxury segment, where customers were less exposed to inflationary pressure and the deteriorating macroeconomic environment, and which also benefited from its perception as a safe haven. At the more aspirational end of the luxury market, the base for comparison was high, particularly in certain categories such as sneakers.

III. Product categories

The global luxury consumer goods market breaks down into seven main product categories: apparel, leather goods, watches, jewelry, shoes, fragrances and cosmetics, and other.

Apparel and leather goods remain the sector's two largest categories.

Sector experts saw fairly even growth across all categories in 2022, although the base for comparison varied. Leather goods and jewelry have consistently posted the best growth rates since 2019, and over the medium to long term.

Estimated size of luxury product categories in 2022
(in € billions)

(1) All figures contained in the charts in "6.2 - Overview of the Luxury market" are based on a combination of Bain-Altagamma and Euromonitor data.

Apparel

Apparel represented between 21% and 27% of the luxury market in 2022. The large difference between the upper and lower ends of this estimate results from differences in price ranges used in the analyses. In 2022, the apparel category saw an upturn in sales of formalwear and casual chic pieces for special events and parties, as most major markets benefited from the post-COVID reopening. All Kering couture and leather goods Houses operate in the apparel category, especially Gucci, Saint Laurent, Alexander McQueen, Balenciaga, and to a lesser extent Bottega Veneta, while Brioni operates in the menswear segment only.

Leather Goods

The revenue generated by leather goods in 2022 is estimated at €75-80 billion, or 21% of the total luxury goods market. This category includes handbags, small leather goods (wallets, purses, etc.), and other leather products. It has moved significantly upscale in recent years due to changes in the product and price mix. Kering operates in this category primarily through the Gucci, Saint Laurent and Bottega Veneta brands and, to a lesser extent, Alexander McQueen and Balenciaga.

Shoes

This category has an estimated revenue of €30 billion. In 2022, "black shoes" (including loafers and hybrid boots) and pumps made a comeback, while sneakers – which were the big winners during the COVID period – saw demand return to normal. Kering mainly operates in this product category through Gucci, Saint Laurent, Bottega Veneta, Alexander McQueen and Balenciaga.

Watches

Sales in the watches category rebounded significantly in 2022 to €50 billion, making up much of the ground it had lost to other categories in terms of growth. Kering operates in this category across different price points with Gucci Timepieces and Boucheron.

Jewelry

It is hard to estimate the size of this category because it remains dominated by independent producers, and it is the one in which experts' estimates vary most widely. 2022 was a good year for the jewelry category, which was able to capitalize on the creativity of producers and jewelry's appeal as an investment. Major brands (specialist jewelry brands and the jewelry ranges of couture and leather goods houses) have been consistently gaining market share from independents for more than a decade now. Kering operates in this category primarily through Boucheron, Pomellato, DoDo and Qeelin, but also Gucci, whose offering ranges from fashion jewelry to a high jewelry collection.

Perfumes and cosmetics

This category has estimated revenue of €55-70 billion. Kering operates in it partly through licensing agreements with certain leading industry players such as L'Oréal, Coty and Interparfums to develop and sell perfumes and cosmetics. On February 3, 2023, Kering also announced the creation of Kering Beauté in order to develop the Beauty category for Bottega Veneta, Balenciaga, Alexander McQueen, Pomellato and Qeelin. The creation of Kering Beauté will enable the Group to support its Houses in the development of this category, which is a natural extension to their universe.

Other (eyewear, textile accessories, etc.)

Personal luxury goods that do not fit into the categories mentioned above generated an estimated €22 billion in revenue in 2022. The global eyewear market is estimated to be worth over €100 billion (at retail prices) according to Mordor Intelligence and Euromonitor data. It comprises several product segments: spectacles, contact lenses, sunglasses and other products. The high-end (frames and sunglasses) sub-segment is estimated to be worth at least €7 billion at retail prices, based on unit prices starting from €190. In 2022, the category continued to make progress, driven in particular by sunglasses. Kering Eyewear is positioned as a leading player in the strategically important high-end eyewear segment, with a comprehensive, balanced portfolio comprising brands such as Gucci, Cartier, Alaïa, Alexander McQueen, Balenciaga, Bottega Veneta, Brioni, Chloé, Dunhill, Montblanc, Saint Laurent and Puma. The eyewear market is gradually consolidating through acquisitions: for example, Kering added to its eyewear brand portfolio in 2021 by acquiring Denmark's Lindberg and in 2022 by acquiring Maui Jim.

IV. Sales by region and nationality

Sales by region

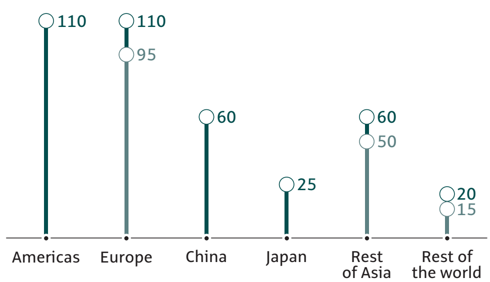
The American continent has been the world's largest luxury consumer goods market since 2021, when its sales overtook those in Europe. Secondary cities such as Atlanta, Detroit, Houston and Dallas and suburban areas continued to perform well, while large cities and regions (New York, Boston and Miami) regained impetus. In 2022, however, growth in the Americas region slowed toward the end of the year as American consumers started spending more money in Europe, attracted by a favorable exchange rate, and as spending on experiences made a comeback.

Europe was resilient in 2022 despite the war in Ukraine and its macroeconomic impact. In particular, the region benefited from US and Middle Eastern consumers spending money in Europe in 2022, along with a relatively low base for comparison in the first few months of the year.

Japan saw firm growth against a backdrop of post-COVID reopening.

Trends in Asia-Pacific were mixed. In Mainland China, demand again came mainly from domestic customers, who accounted for most sales in 2022 because borders remained closed. However, after firm growth in 2021, 2022 sales were seriously hampered by China's zero-COVID policy. Southeast Asia, meanwhile, posted strong growth.

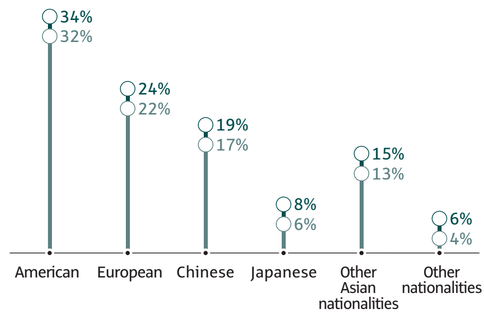
Worldwide luxury market: breakdown by region in 2022e
(in € billions)



Sales by nationality

Since 2021, American consumers have been the leading buyers of luxury goods, overtaking the Chinese. In 2022, sales to Chinese customers were affected by repeated lockdowns and China's closed borders. If China's reopening is confirmed in 2023, there is major scope for these consumers to make up for lost time, with Chinese tourists returning to Asia and Western Europe.

Worldwide luxury market: breakdown by nationality in 2022e



V. Distribution channels

Retail channel

In 2022, the retail channel accounted for 50% of in-person sales in the worldwide personal luxury goods market, much higher than the 2019 figure of 40%. A solid network of directly operated stores is crucial to a luxury brand's success, since it strengthens its relationship with end consumers, and gives it greater control over its commercial offering and brand image.

Kering's Houses generate a much larger proportion of their sales from the retail channel (78%). This is due to Kering's strategic aim of growing its network of directly operated stores, achieving critical mass for its brands, increasing their exposure to leather goods (a category where distribution is more tightly controlled) and growing online sales through the Houses' own websites and e-concessions.

Wholesale channel

The wholesale channel typically includes department stores, independent high-end multi-brand stores and franchise stores, and accounted for approximately 50% of the total worldwide personal luxury goods market in 2022. This channel generally accounts for a larger percentage of sales in the ready-to-wear and watches categories. It is also particularly important for brands at an early stage in their development.

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

E-commerce

Online sales of luxury goods doubled in 2020 compared to 2019, and continued to grow at a rapid pace in 2021. However, growth returned to normal in 2022. Online sales account for 21% of the total luxury goods market. This includes sales made through brand websites (retail channel) and via department store websites and e-tailers (wholesale).

Kering's Houses operate their e-commerce sites directly. In 2021 and 2022, the Group's brands took greater control in terms of multibrand distribution, moving away from wholesale models and toward e-concession models. Online sales account for around 15% of retail sales on average.

7 - OUR HOUSES

GUCCI

Founded in 1921

2022 key figures

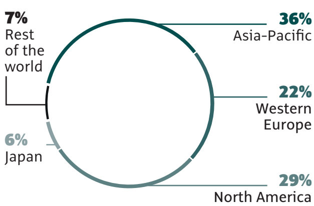
€10,487 million
revenue

€3,732 million
recurring operating income

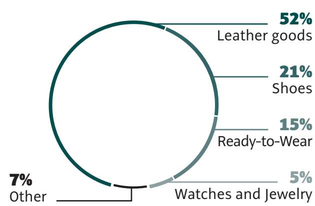
20,711
average number of employees (full-time equivalent)

528
directly operated stores

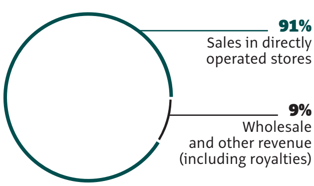
Breakdown of revenue by region



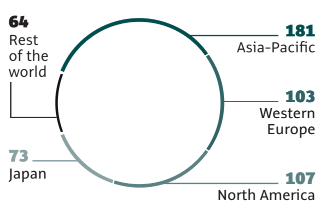
Breakdown of revenue by product category



Breakdown of revenue by distribution channel



Number of directly operated stores by region



Business concept and strategy

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

Gucci's offering includes Women's, Men's, and Kids' ranges and boasts a uniquely healthy mix across categories. Its product portfolio consistently balances the latest fashions with iconic products and spans entry-level items to high-end pieces. The House is focused on growing all its core categories while amplifying its presence in adjacent segments and expanding the boundaries of luxury in the virtual world. Gucci's early leadership in gaming and the metaverse has allowed it to establish strong credibility in the space.

In recent years, the House significantly streamlined its wholesale footprint both offline and online, while still maintaining strategic partnerships through concessions. Gucci's physical network comprises 528 directly operated stores and a limited number of specialty stores and franchises. Meanwhile, its digital footprint includes its directly operated website, active in 36 markets, and a small selection of digital concessions.

Gucci has gradually secured its production capabilities by bringing suppliers in-house. The House has also invested in preserving craftsmanship through ArtLab, its center for in-house prototyping and sampling, and École de l'Amour, its education program for the next generation of artisans.

Gucci Equilibrium represents the House's commitment to generating positive change through comprehensive long-term environmental and social sustainability strategies. The House has invested in reducing and offsetting the emissions generated by its direct operations and supply chain, and has consistently reduced its environmental P&L footprint in terms of both intensity and absolute value since 2018, in line with Kering's sustainability strategy. As part of its social commitments, Gucci is focused on promoting diversity, equity and inclusion, and achieving gender pay parity.

Key highlights 2022

Gucci's 2022 strategy was to consolidate the fundamentals of the business. The brand continued to grow its share of upscale clients and maintained a healthy mix across generations.

The physical store network remained roughly stable with a steady program of refurbishments, while the digital business was extended to new countries. The House invested in bolstering omnichannel services to create more seamless customer journeys: it scaled remote clienteling through its Gucci 9 client services, expanded in-store digital services, and launched Collect In-Store.

The brand increased the importance and impact of its three iconic handbags: Horsebit, Jackie and Bamboo 1947. At the same time, Gucci ensured that its fashion shows were among the most anticipated in the industry. Gucci's schedule of events in 2022 reflects its two-stroke Fashion-and-Timeless strategy: the first dedicated Valigeria travel campaign, a signature high jewelry campaign, and a one-of-its-kind collaboration with Adidas. In the metaverse, the brand launched the Vault Art Space featuring NFT artworks and a permanent Gucci Town on Roblox, among other initiatives.

Throughout the year, Gucci made significant adjustments to its operating model, revising its merchandizing structure and redesigning its Design Office and Product Development organizations. The House also made several changes to its senior leadership including a new Brand General Manager in charge of Product, a new Brand & Client Officer in charge of Communication, and new regional Presidents in Greater China and EMEA. At the end of 2022, Alessandro Michele stepped down as Gucci's Creative Director after nearly eight years during which his groundbreaking vision played a fundamental role in Gucci's success.

In 2023, the House will focus on setting up its new creative organization and establishing the required structure to ensure that it can consolidate its leadership within the luxury industry, deliver sustainable long-term growth, and achieve its medium-term sales target of €15 billion and historical recurring operating margin[1].

On January 28, 2023, Gucci announced the appointment of Sabato de Sarno as its new Creative Director. Mr. De Sarno will present his debut runway collection during Milan Fashion Week in September 2023.

(1) The detailed presentation of the Capital Markets Day during which this ambition was presented is available on the Kering website (Finance/Publications/2022 Capital Markets Day – Gucci presentation).

SAINT LAURENT

Founded in 1961

2022 Key figures

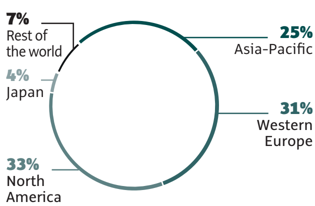
€3,300 million
revenue

€1,019 million
recurring operating income

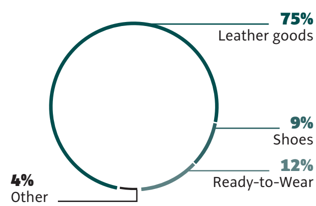
4,555
average number of employees (full-time equivalent)

280
directly operated stores

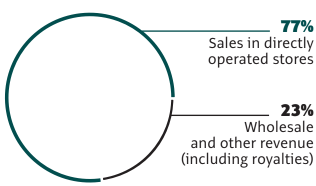
Breakdown of revenue by region



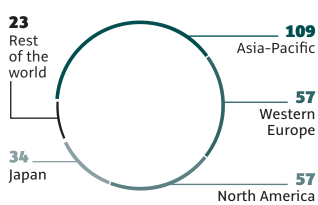
Breakdown of revenue by product category



Breakdown of revenue by distribution channel



Number of directly operated stores by region



Business concept and strategy

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

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

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

Through its network of 280 directly operated stores as of December 31, 2022, along with its digital platforms and carefully selected wholesale clients, Saint Laurent competes globally with the most exclusive luxury houses. Focus on retail excellence and the establishment of strong customer relationships have been strategic priorities for Saint Laurent for many years. With a new architectural vision for its retail stores being introduced in 2023, the House will further enhance the client experience.

Behind the scenes, Saint Laurent is coordinating production and logistics more efficiently than ever before. The House recently added production capacity for shoes and ready-to-wear apparel at its workshop in Angers (France), and is also developing a new center of excellence for leather goods production in Italy that is expected to open in 2023. Saint Laurent has been leveraging Kering's logistics hub in Northern Italy for even greater efficiency. These investments in state-of-the-art facilities will keep Saint Laurent at the forefront of the industry.

Though the House achieved record results in 2022, there is still considerable potential to expand sales and enhance business performance. Saint Laurent is confident in the opportunities for sustainable growth.

Key highlights 2022

2022 proved to be another outstanding year for Saint Laurent.

By offering clients a distinctive silhouette, the House saw growth across all product categories in 2022.

Saint Laurent has achieved these results by building on its heritage while remaining always of the moment, without ever compromising on image and positioning.

Though the gradual return of international travel had a favorable impact on store traffic in some regions in 2022, Saint Laurent remained focused on nurturing relationships with local clients. By treating every customer as if they were a local client, the Saint Laurent client advisors further enhanced customer loyalty.

During the year, Saint Laurent also opened seven new stores in Europe, five in the Americas and six in Asia, which all present excellent opportunities for business development and materially contributed to 2022 performance, in addition to the growth achieved by existing stores.

While improving client service and developing the store network, the House further increased control over its distribution in 2022. By putting greater emphasis on concessions as part of its network of selected wholesale partners, Saint Laurent has strengthened its luxury positioning and fostered a consistent customer experience.

The House has also extended its control in online sales. Saint Laurent's management of its presence on digital platforms ensures brand integrity while fostering efficient management of inventory, pricing and merchandizing online.

Saint Laurent continues to expand its cultural reach and impact with a series of exhibitions and collaborations with leading artists. Moreover, the House's Rive Droite locations in Paris and Los Angeles have become hubs of cultural activity as well as thriving retail stores.

In 2022, having reached its previous objectives, Saint Laurent updated its medium-term ambitions in terms of revenue (now €5 billion) and recurring operating margin (now 33%)[(1)].

(1) The detailed presentation of the Capital Markets Day during which this ambition was presented is available on the Kering website ((Finance/Publications/2022 Capital Markets Day – Yves Saint Laurent presentation).

BOTTEGA VENETA

Founded in 1966

2022 key figures

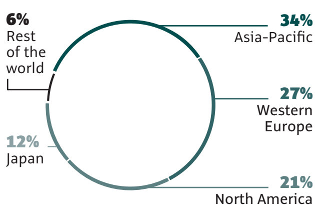
€1,740 million
revenue

€366 million
recurring operating income

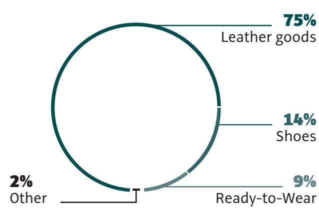
3,748
average number of employees (full-time equivalent)

271
directly operated stores

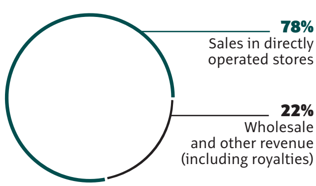
Breakdown of revenue by region



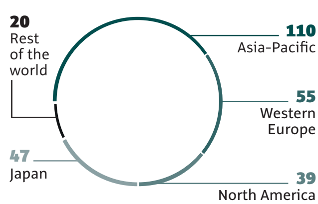
Breakdown of revenue by product category



Breakdown of revenue by distribution channel



Number of directly operated stores by region



Business concept and strategy

Signature craftsmanship and Italian heritage have established Bottega Veneta as a successful Luxury House since it was founded in Vicenza in 1966. Bottega Veneta is globally recognized for the excellence of its leather goods and its signature braiding technique known as intrecciato. Its aesthetic is highly regarded for being discreet yet bold, and for its timelessness, individuality, joie de vivre and cultural advocacy.

With the appointment of Bartolomeo Rongone as Chief Executive Officer in 2019 and Matthieu Blazy as Creative Director in 2021, Bottega Veneta is establishing itself as an ultra-high-end luxury fashion house that leverages a bold approach to achieve distinctive creativity while delivering superior craftsmanship. With a natural instinct aligned with the essence of Bottega Veneta, Matthieu Blazy has embraced Bottega Veneta's core values and will continue to keep the House fully relevant.

In recent years, Bottega Veneta has successfully evolved from a leather goods house into a luxury fashion house, with collections highlighting a full silhouette and a wider range of products appealing to an international clientele of men and women. This strategy has propelled Bottega Veneta into new territories: while continuing to value discretion, the House is engaging with a broader audience to unveil its full potential while continuing to maintain a balance between attracting new customers and retaining existing ones. In addition to the intrecciato, Bottega Veneta has been successful in establishing new, highly recognizable codes and icons that are regarded as the pinnacle of creativity and craftsmanship.

Its business and creative teams are working hand in hand to increase brand desirability and awareness with a focus on long-term organic growth. Additionally, a value strategy has been implemented, focusing on high-quality sales alongside a controlled and selective distribution strategy.

As of December 31, 2022, the Bottega Veneta retail network consisted of 271 directly operated stores across all key geographies, as well as e-commerce capabilities across 45 countries. Its retail operation is complemented by a presence in select multi-brand boutiques, exclusive department stores and specialty stores worldwide, while the wholesale business is gradually focusing on higher-quality partners.

Key highlights 2022

Bottega Veneta achieved record revenue in 2022, with each quarter delivering the highest sales in the House's history. Bottega Veneta's strong momentum was fueled by increased brand desirability, coveted collections and a positive reception of its creativity.

In February 2022, Matthieu Blazy unveiled his debut Winter 2022 collection in Milan Fashion Week. The response to the collection was extremely positive among the press and the fashion and creative communities. This hotly anticipated first collection arrived in stores in September 2022 and has been a resounding commercial success. As a result, there was a great deal of excitement about Matthieu's sophomore collection, which was revealed in a set designed by famed artist Gaetano Pesce. The show received rave reviews and was considered as one of the most popular collections of all the Spring/Summer fashion week.

During the year, Bottega Veneta focused on communication initiatives based around iconization and cultural advocacy. Key moments included the unveiling of handbag capsule collections inspired by Olivetti typewriters and New York bookstore The Strand. Concurrently, Bottega Veneta continued its sponsorship of key cultural events including the Biennale di Danza in Venice, the BUTT magazine relaunch, partnerships with NTS radio, DIA Beacon and the Festival de Hyères among others. Bottega Veneta also adopted an enhanced localized communication strategy. These included a takeover of the Great Wall of China to celebrate Chinese New Year, a "lucky day" campaign in Japan and the unveiling of Love in Motion, a film by Chinese director Jess Zou.

Throughout 2022, Bottega Veneta upgraded its store network with new flagship openings and popups showcasing innovative creativity (Design Miami). The House also completed the process of gaining direct control over its retail stores in Saudi Arabia.

A key milestone for Bottega Veneta was the launch of "Certificate of Craft". This program extends the lives of its iconic bags, with the House guaranteeing to refresh, repair and replace them beyond the standard two-year warranty. Similarly, the unveiling of Bottega Series – in which pieces from the archives are re-released – is central to Bottega Veneta's philosophy of making products that are designed to last forever and represent the highest and most refined form of luxury.

In 2023, the House will continue to emphasize its ultra-high-end position at the place where creativity and craftsmanship meet. Bottega Veneta will maintain its focus on value enhancement and exclusive distribution. It will continue to raise the quality of its directly operated retail network, with strategic new store openings and improvements to existing stores.

Other Houses

COUTURE AND LEATHER GOODS

BALENCIAGA

Alexander McQUEEN

Brioni

JEWELRY

BOUCHERON PARIS

Pomellato MILANO 1967

DoDo CHARMANTE JOAILLERIE

qeelin

2022 key figures

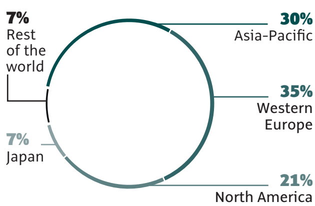
€3,874 million
revenue

€558 million
recurring operating income

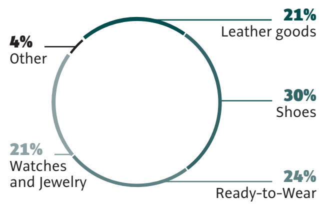
8,137
average number of employees (full-time equivalent)

580
directly operated stores

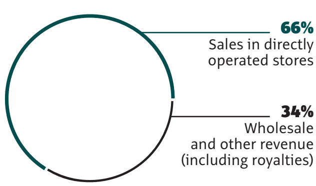
Breakdown of revenue by region



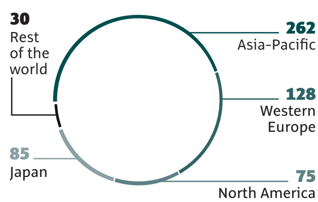
Breakdown of revenue by product category



Breakdown of revenue by distribution channel



Number of directly operated stores by region



BALENCIAGA

Founded in 1917

Business concept and strategy

Founded in 1917 by Cristóbal Balenciaga, the House of Balenciaga was established in 1937 in Paris, where it played a major role in defining all of the key trends in fashion.

From the 1990s to the early 2000s, the House experienced a rebirth, extending its product universe beyond its core ready-to-wear segment to include handbags, and developing new lines of shoes and accessories. Balenciaga also expanded its retail network, helping to raise its profile around the world. Demna was appointed Artistic Director of Balenciaga in October 2015. His innovative approach, combined with his mastery of techniques and use of volumes, make him a powerful force in today's creative world.

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

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

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

As of December 31, 2022, the House had a network of 247 directly operated stores.

Key highlights 2022

In line with the House's positioning and strategy, 2022 saw the expansion of the store network worldwide and the achievement of some significant milestones, including:

- The opening of several flagships with the new Raw architecture concept, a new experiential conception of modern luxury that introduces new codes of retail: Balenciaga's new Design District flagship in Miami (its largest US retail space to date with 8,500-square-foot over two floors), the Chengdu Taikooli 6,000-square-foot flagship in China and the 7,400-square-foot London flagship located on New Bond Street are perfect examples.
- The 51st Couture collection, which combined advanced technology and traditional techniques applied to upcycled materials. The collection included collaborations with artisans and industrial design visionaries, such as Mercedes-AMG F1 Applied Science and Bang & Olufsen, adding another layer of technical craftsmanship and technological innovation. Following the 51st Couture show, Balenciaga opened a Couture Store in Paris at the historic address of 10 avenue George V.
- Highly creative and emotive fashion shows: Balenciaga presented its Winter 2022 collection against the backdrop of a snow-covered field and a manufactured storm, while the show for the Spring 2023 collection took place on the trading floor of the iconic New York Stock Exchange and featured a mix of ready-to-wear pieces, including the new Garde-Robe line, eveningwear, and the Balenciaga x adidas collaboration.
- Last but not least, Balenciaga was received the PETA Best Luxury Product award for its Winter 2022 Maxi Hooded Wrap Coat made from EPHEA™, an innovative material derived from the vegetative body of a mushroom.

Alexander McQUEEN

Founded in 1992

Business concept and strategy

The House of Alexander McQueen is distinctive for its innovative expression of uncompromising creativity and an empowered and empowering silhouette.

Founded by Lee Alexander McQueen in 1992, the House joined the Kering Group in 2001. Sarah Burton was appointed Head of Design for womenswear in 2000 and named Creative Director in 2010, supervising the creative direction and development of all product categories. Under her leadership, the House produces critically acclaimed collections driven by a highly personal vision and a respect for both experimentation and meticulous craftsmanship. Today, the House is synonymous with modern British couture.

Key inspirations for the House are drawn from both traditional and novel aspects of British creative culture. Integral to the Alexander McQueen culture is the juxtaposition between strength and fragility, light and darkness, innovation and tradition.

Key highlights 2022

Throughout 2022, the House of Alexander McQueen maintained a strong directional momentum and continued to grow through increased investment in communications, further penetration in some product categories, the introduction of new product lines – particularly in Leather Goods – and the expansion of its retail network. Gianfilippo Testa joined the House in May 2022 as Chief Executive Officer, which opened a new chapter in the brand's history. His mission is to accelerate Alexander McQueen's expansion as a British Luxury House in order to tap its full potential.

Standout moments in 2022 included (i) Mycelium, the Fall/Winter 2022 womenswear show held in March in New York, the first Alexander McQueen show to take place there since 1999, (ii) First Sight, the Spring/Summer 2023 womenswear show held in London in October, and (iii) Process, which launched the Fall/Winter 2022 womenswear pre-collection: a project and installation in collaboration with 12 artists, each invited to create an artwork in response to the collection.

Key product highlights included the introduction of two new bags to the House's iconic Knuckle bag family: The Slash Bag, launched with a campaign film featuring Kaia Gerber and directed by Glen Luchford, and The Jewelled Hobo, both new for the Spring/Summer 2023 womenswear pre-collection. The House continued to focus on its signature Jewelled Satchel, as well as launching the Sprint Runner range to diversify its offer in the shoes category.

During the year, the House's store network was strengthened with openings in Europe, the Middle East, the US, Japan and Greater China. As of the end of 2022, Alexander McQueen's distribution covered 23 countries worldwide, through a network of 110 directly operated stores. The House continued to increase its focus on local customers, and on enhancing its online presence. After successfully bringing its online operations in-house in 2020, Alexander McQueen continued to move away from wholesale and toward a concession model with key e-tailers.

Alexander McQueen also maintained its commitment to philanthropic endeavors, including its sponsorship of the Tower Hamlets youth community group "A Team Arts Education", as well as continuing to support educational initiatives by donating fabric to various projects and workshops.

Brioni

Founded in 1945

Business concept and strategy

Founded in Rome in 1945, Brioni's identity lies in its unique mix of urban elegance, sartorial excellence and exceptional materials. The House represents absolute luxury and modern timelessness. In addition to its state-of-the-art Bespoke service, Brioni offers unparalleled ready-to-wear, leather goods, shoes and accessories, for both formal and leisure settings.

Pieces are meticulously handmade in Italy by expert artisans and most of them are produced at Brioni ateliers opened in 1959 in Penne, at the heart of the Abruzzo region. Over the years, Brioni has strengthened its global reputation, particularly through its association with the world of cinema and the red carpet. Brioni was the first men's luxury House to stage a fashion show in 1952.

Brioni products are designed, crafted, and cared for in the spirit of "slow luxury", a value that is instilled by the people and communities behind the House. Every suit is created through the Brioni method, a process that requires 220 steps, 7,000 meticulously handmade hidden stitches, and more than 24 hours of workmanship. This handmade, 100% Made in Italy quality is a core value for Brioni.

As of December 31, 2022, Brioni's offering was available through a network of 34 directly operated stores in Western Europe, North America, Japan and Asia. The distribution network also features 21 franchise stores and 146 third-party resellers.

Key highlights 2022

Jude Law and Raff Law were the House's ambassadors in 2022, embodying the elegance and class that flawlessly express Brioni's urban flair. Wang Kai, Brioni's first ambassador to originate from China, promoted the brand's collections and fragrances, generating millions of impressions across all digital channels.

The Brioni store concept was applied across the relocated Washington store, the renovated New York, Tokyo Hankyu and Xian boutiques, key wholesale partners and the new franchise store in São Paulo. The House's e-commerce operations expanded into China via the launch of the WeChat miniprogram. Alongside the global website, Brioni initiated omnichannel services that allow inventory pooling as well as reserve-in-store and appointment booking services.

For Fall/Winter 2022, Brioni launched La Donna, the first made-to-order capsule collection of wardrobe staples for women, designed with the same ethos as Brioni's menswear collections but cut for the female form. The Bespoke offering grew in strength through an increase in Home Services as well as a move from two to six collections per year, allowing more frequent contact with customers. Made-to-Order knitwear was launched with a choice of various silhouettes.

The Eaux de Parfum Collection saw its third global fragrance launch, as well as its introduction in China with the launch of the two first scents. Brioni's distribution expanded with over 1,200 points of sale worldwide.

During the year, Brioni launched "Tailoring Legends", a book published by Assouline, written by fashion historian Olivier Saillard and featuring a foreword by novelist Bret Easton Ellis, celebrating the House's outstanding heritage.

BOUCHERON
PARIS

Founded in 1858

Business concept and strategy

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

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

Boucheron is continuing to grow its distribution network, which comprised 55 directly operated stores around the world at the end of 2022. While continuing to develop its long-standing markets in Western Europe, Japan and the Middle East, Boucheron stepped up its expansion in Asia-Pacific in 2022, including rapid growth in South Korea and China and the opening of six new stores. Half of those openings took place in mainland China, where Boucheron now has a network of 10 directly operated stores and a presence in the country's main shopping malls.

Key highlights 2022

In 2022, Boucheron launched the My CAT app, putting the customer experience at the heart of its strategy. The app allows sales teams to forge close personal links with individual customers. The House also developed the Boucheron customer experience by opening a third Jardin d'Hiver café in Haikou, China, further enhancing the level of service provided to its customers.

At the end of January, the House paid homage to the largest special commission in the history of the Place Vendôme, which was entrusted to Boucheron by the Maharaja of Patiala in 1928. With her Histoire de Style, New Maharajahs collection, the Creative Director reinterpreted this ceremonial set of jewelry in a way that naturally suits both men and women. In February, Boucheron launched its Etoile de Paris collection of engagement rings, featuring diamonds that are 100%-traceable through a collaboration with Sarine Technologies, the world leader in diamond technology solutions. In July, the House held an event in Paris to present Carte Blanche - Ailleurs, a High Jewelry collection that combines gold and diamonds with raw materials such as pebbles, burnt wood and rattan. 2022 also brought the launch of a new international campaign created by the famous photographer/stylist duo of David Sims and Emmanuelle Alt. Boucheron's feminine side is now embodied by the pure beauty of model Anja Rubik. Alongside her, Ludwig Wilsdorff asserts the House's masculinity with his radiant personality.

At the end of the year, the House unveiled the Jack Ultime collection made from Cofalit®. This is an intensely black-hued material made from recycled industrial waste, representing the creative team's approach of taking things that have reached the end of their life cycle and making them precious. Also in 2022, Boucheron published its first sustainability impact report, setting out the House's clear mission of designing a desirable future.

Pomellato
MILANO 1967

Founded in 1967

Business concept and strategy

Pomellato is internationally recognized for its handcrafted contemporary fine jewelry designed and produced at Casa Pomellato in Milan. Renowned since 1967 for its colored gemstones and elegant yet unconventional design, the House supports women by promoting equality, diversity and inclusivity through its Pomellato For Women platform.

Pomellato's immediately recognizable collections range from the House signature Nudo, with its "naked" colored stones, to the gold creations of the Iconica and Catene collections. The House has successfully moved into High Jewelry, creating one-of-a-kind masterpieces for its La Gioia collection.

As of December 31, 2022, the House had a distribution network consisting of 64 directly operated stores, 14 franchise boutiques and almost 500 third-party resellers.

Key highlights 2022

In 2022, Pomellato strengthened its iconic collections, and boosted its profile and presence in key Asian markets and in the Middle East.

Building upon its success in High Jewelry, the House launched a new La Gioia fine jewelry collection inspired by nature.

All year long, Pomellato invested in communication, especially with its new global campaign entitled From Milan & All Around the World, a tribute to its home city, and with dedicated digital media campaigns featuring international talents to reach a wider audience of younger clients.

DoDo
CHARMANTE JOAILLERIE

Founded in 1994

Business concept and strategy

DoDo is the beloved Italian "charming jewelry" House founded in 1994 by Pomellato. Its distinctive lines of collectable jewels and charms are crafted to celebrate emotions and life's most charming moments. DoDo's customizable, composable and iconic collections such as Nodo, Bollicine, Granelli and Stellina are designed to be layered, stacked, mixed and matched.

DoDo encourages inclusivity, diversity and self-expression. Partnering with organizations to protect the environment, DoDo is one of the first jewelers to use 100% responsible gold in all of its creations.

As of December 31, 2022, DoDo's distribution network included 23 directly operated stores, 26 franchise boutiques and almost 460 third-party resellers.

Key highlights 2022

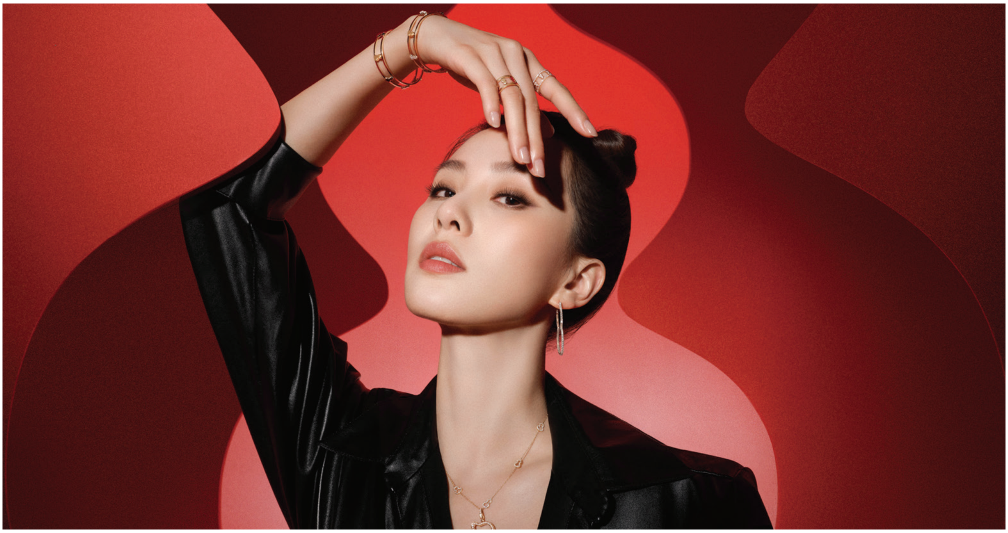
In 2022, DoDo built on its position as a creator of "charming jewelry", consolidating its product range, developing its best-sellers and launching the Moon&Sun collection, an innovative line featuring moonstone and smoky quartz.

The House strengthened its value proposition through sustainability and inclusivity-driven collaborations with organizations such as Tenaka and WWF Italia, and through its 'WE ARE US' advertising campaign, which raised awareness of its values among digital communities.

DoDo boosted its store network in Central European countries, especially in Germany with new store openings in Berlin and Hamburg.

qeelin

Founded in 2004



Business concept and strategy

Qeelin is a playful fusion of Chinese symbolism and modernity. With each of its creations since its launch in 2004, Qeelin has brought contemporary oriental design to the world of fine jewelry with a mission to surprise and fascinate customers, showcasing the House's creativity and craftsmanship.

With its references to many legends, its iconic Wulu collection symbolizes good fortune and positive energy. Its lines echo the curves of the number 8, expressing magical balance and harmony. Qeelin's other core collections are Yu Yi, which symbolizes protection and the key to unlock all the beautiful things in life, and Bo Bo, inspired by the panda, an animal that embodies friendliness, innocence and peace.

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

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

As of December 31, 2022, Qeelin had a distribution network of 45 directly operated stores, of which 40 are located in Greater China.

Key highlights 2022

Qeelin greatly expanded its retail presence in 2022, with seven new directly operated stores opening in Mainland China including Shanghai Qiantan Tkl, Chengdu SKP and Shenyang MixC. The opening of Sydney Westfield in Australia highlighted the House's selective international development. New stores operated by Travel Retail partners were also opened in Haikou XinHaiGang, Macau Four Seasons DFS and Seoul Shilla.

Qeelin again enjoyed strong growth in e-commerce, essentially through its presence in Luxury Pavilion but also thanks to its new collaboration with JD.com during the year.

Qeelin celebrated its 18th anniversary through the introduction of the new Wulu 18 Collection and appointed a new male brand ambassador, Liu Haoran, a young talented top actor. To mark the anniversary, Qeelin partnered with Assouline to publish its first brand book showcasing the House's spirit, aesthetics and heritage.

As part of its commitment to the planet, Qeelin stepped up its collaboration with WWF through the creation of a Silver Bobo necklace made from 100% recycled silver, raising funds to support panda breeding.

In 2023, Qeelin will further expand and upgrade its store network in Greater China as well in new international markets. The launch of a Bridal offering will be the key development on the product side. Qeelin will also continue to expand its offering in some new market segments.

KERING EYEWEAR

Founded in 2014

Business concept and strategy

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

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

Since 2021, Kering Eyewear has continued its development through the acquisition of proprietary brands: the Danish luxury eyewear brand Lindberg in 2021 and the iconic US sunglass brand Maui Jim in 2022.

To ensure product excellence and the industry's highest standards, Kering Eyewear relies on the best manufacturers worldwide, its two own production plants – Manufacture Kering Eyewear in France and Trenti S.p.A. in Italy – and Lindberg's proprietary production facilities.

Through a quality-focused approach to sales and distribution, the company serves around 20,000 customers and 40,000 points of sale worldwide in 130 countries, providing the Houses with broad market coverage, in line with their market positions and desired visibility.

Key highlights 2022

In 2022, Kering Eyewear confirmed its leading position, becoming the world's second-largest company in the luxury eyewear industry based on publicly available data. The company fully integrated Lindberg and further strengthened the success of that brand, which made a positive contribution to Kering Eyewear's results.

Kering Eyewear continued its Innovation and Sustainability journey, expanding its range of Blue & Beyond styles with quality double-benefit lenses to improve visual comfort, and launching Chloé's Gayia line entirely crafted from ReAce, a Kering Eyewear-exclusive recycled material made from acetate scraps. In September, Kering Eyewear completed the acquisition of Maui Jim, the world's largest independently owned high-end eyewear brand with a leading position in North America, recognized for its distinctive Hawaiian heritage, unparalleled customer service as well as its patented and revolutionary PolarizedPlus2® lens technology. The acquisition bolsters Kering Eyewear's position in the high-end eyewear segment and broadens its offering to cover the full product spectrum, including the functional, fashion luxury and timeless segments.

Kering Eyewear is determined to exploit the full potential of its brands by offering innovative products while increasing its presence across all channels and markets. In 2022, Kering Eyewear updated its medium-term ambitions with the objective of reaching €2 billion in revenue and operating margin of over 15%[(1)].

(1) The detailed presentation of the Capital Markets Day during which this ambition was presented is available on the Kering website (Finance/ Publications/ 2022 Capital Markets Day – Kering Eyewear presentation)

8 – OUR APPROACH TO SUSTAINABILITY

8.1 Our organization

Kering's Sustainability Department defines the Group's sustainability strategy and policies. This strategy is implemented within each of the Houses, which translate the Group's objectives into practical action plans and report on the progress made with respect to each of the strategy's three pillars on a regular basis.

More than 40 specialists reporting to the Chief Sustainability and Institutional Affairs Officer – who is a member of the Executive Committee – assist the Houses with the implementation of the Group's strategy by systematically looking for potential synergies and continuous improvement. In addition, each House has at least one Sustainability Lead, while the larger Houses have entire Sustainability teams. As a result, Kering has more than 100 people working solely on sustainability.

The Board of Directors has also had a Sustainability Committee since 2012. This committee's brief is to assist and support the Group in designing, implementing and monitoring its sustainability strategy, along with its principles and practices regarding social and ethical responsibility. The Board has also increased its capabilities in terms of taking these issues into account by appointing a Lead Independent Director (in 2019) and a Climate Change Lead (in 2022)[1].

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

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

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

8.2 Our strategy for 2025

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

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

The Group's objectives and actions are organized around three pillars and are aligned with the United Nations' Sustainable Development Goals (SDGs), and with 13 of them in particular.

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

CARE FOR THE PLANET

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

REDUCE OUR ENVIRONMENTAL FOOTPRINT

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

ENSURE RESPONSIBLE, CONTROLLED PROCUREMENT

- Have 100% of our raw materials aligned with the Kering Standards by 2025

PROTECT AND RESTORE BIODIVERSITY

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

COLLABORATE WITH PEOPLE

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

PRESERVE THE WEALTH OF OUR HERITAGE

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

PROMOTE EQUALITY AND DIVERSITY

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

BE AN EMPLOYER OF CHOICE

- Become the preferred employer in the Luxury industry

CREATE NEW BUSINESS MODELS

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

CREATE DISRUPTIVE INNOVATION

- Develop innovative and sustainable solutions for sourcing raw materials and promote the circular economy by using recycled textiles and materials
- Develop an internal purchasing platform that gives access to high-quality, sustainable raw materials
- Share our knowledge through an open-source approach

EXTEND THE LIFE OF PRODUCTS

- Maintain product quality, ensuring that they have a long life by developing innovative models and offering new services to our customers such as repairs

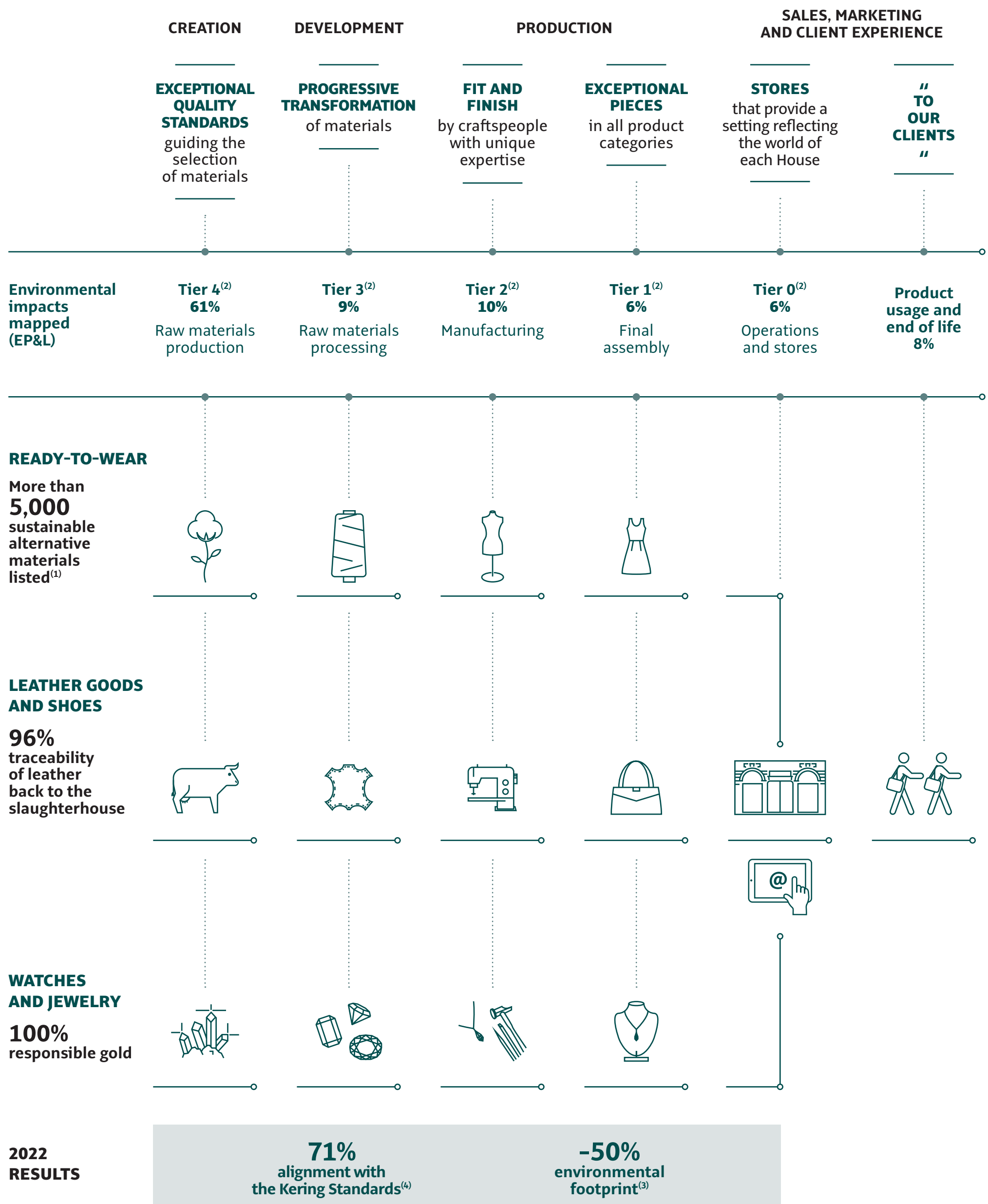
OUR MAIN ACHIEVEMENTS IN 2022

- **Climate Fund for Nature**
- **50%** reduction in our EP&L footprint
- CDP Climate A List
- **71%** of our raw materials aligned with the Kering Standards
- **95%** traceability achieved for our raw materials[(2)]

- **57%** female managers
- 11 Inclusion & Diversity Committees in place
- Launch of the Women in Luxury internal network
- Kering Perspectives, training for Comex members and people with key roles

- **More than 5,000 sustainable and innovative materials** (e.g., Demetra®, EPHEA™ and Cofalit®) used by our Houses, particularly Balenciaga and Boucheron

(1) A business that has a "net positive" impact on biodiversity is one whose negative impacts on biodiversity are outweighed by its positive impacts.
(2) See definitions in chapter 4, section 5.3.3.1. of the present Universal Registration Document.



(1) Listed in the Material Innovation Lab.
(2) For more information about each Tier, see section 3.2.2.1. in chapter 4 of this Universal Registration Document.
(3) EP&L intensity 2015-2022.
(4) The Kering Standards lay down the Group's requirements regarding the traceability and sourcing of raw materials, and regarding production processes.

8.3 Climate risks fully integrated into the business strategy

Kering has made climate action a key part of its strategy. The Group's 2022 EP&L results show that 38% of Kering's environmental impacts relate to greenhouse gas emissions. Given the link between climate protection and the long-term viability of its business, the Group takes into account material climate-related risks (physical risks and transition risks) in order to achieve greater resilience. To address these risks, the Group has developed a climate strategy based on four main aspects:

- **Mitigating climate-related risks by reducing emissions:** Kering has designed its targets according to the reference framework defined by the Science Based Target Initiative (SBTi) and is committed to a 90% reduction in its absolute greenhouse gas emissions from its operations (scopes 1 and 2) by 2030, along with a 70% reduction in intensity in its supply chains (scope 3).
- **Adapting and achieving resilience with nature-based solutions:** the Group favors sourcing materials from regenerative agriculture, which aims to protect and restore biodiversity and soil health.
- **Positive contribution to the climate:** Kering has made a commitment to offsetting residual emissions from all of the Group's own activities and those of its supply chain, aiming for a Net Zero trajectory consistent with the ambition of the Paris agreements.
- **Industry transformation:** through partnerships and coalitions like OP2B and the Fashion Pact, Kering aims to develop a new, holistic approach to managing climate-related risks, mitigating their impact and contributing to global climate-related objectives.

Kering has been a member of the TCFD (Task Force on Climate-Related Financial Disclosures) since 2017. It monitors the work done by the TCFD and follows its recommendations. In 2022, the Group mapped 19 risks and opportunities related to climate change. An initial impact assessment covering a selection of those risks and opportunities was carried out, with the help of scenarios developed on the basis of two assumptions involving 1.5°C and 4°C trajectories. The details of this initial exercise are provided in Chapter 4, "Sustainability".

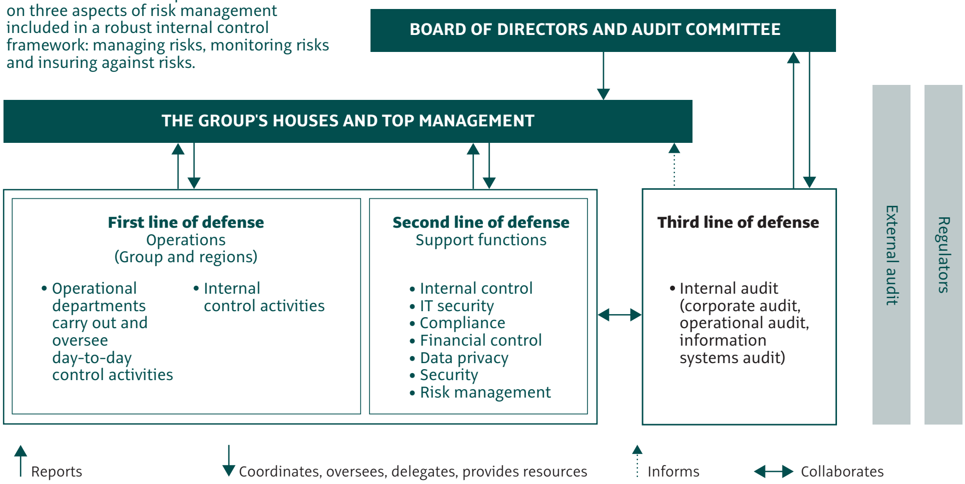
In line with the Group's commitments in terms of climate action, a decision was made in 2021 to appoint a member of the Board of Directors as Climate Change Lead with effect from 2022 and to add the topic as an agenda item at Board meetings twice a year.

9 – OUR APPROACH TO RISK MANAGEMENT

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

THE THREE LINES OF DEFENSE

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



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

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

Accordingly, the first line of defense must:

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

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

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

Those functions must:

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

Third line of defense: independent risk management

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

Accordingly, the third line of defense must:

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

CHAPTER 2
Activity report

1 - INTRODUCTION

The global Luxury market in 2022

After a major rebound in 2021 – with sales up 33% relative to 2020 and up 7% compared to 2019 at constant exchange rates according to Bain & Company-Altagamma – the Luxury industry was resilient in 2022 with estimated sales growth of around 15% (according to Bain & Company-Altagamma and Euromonitor and based on the average projections in financial analyst reports published in December 2022 and January 2023).

The main factors behind movements in the Luxury market in 2022 as a whole can be summarized as follows:

- The outbreak of armed conflict between Russia and Ukraine in February 2022 had a limited direct impact on major Luxury houses. However, combined with other geopolitical crises, it increased the pressure on supply chains and created concern about the economic outlook among both consumers and the financial markets;
- China's economic growth slowed to 3.0% according to Oxford Economics[1] as a result of the zero-COVID policy that China strictly enforced for most of the year, which affected consumer spending in particular;
- More generally, expectations regarding global economic growth were downgraded. The world economy could grow by an estimated 3.0% in 2022, whereas growth was previously expected at 4.2% in January 2022. The vast majority of economies could see growth within a range of around 1.5% to 3.5%. The only economies able to post really strong performance in 2022 could be those in the Gulf (7.3%) and Southeast Asia (5.5%);
- This general slowdown in global growth was accompanied by large movements in exchange rates between major currencies, arising partly from central bank monetary policies. 2022 brought a sharp rise in the US dollar (and linked currencies) against the euro, along with a decline in the Japanese yen; those movements helped to increase regional differences in the prices of Luxury brands' products, encouraging people to buy those products during vacations;
- Inflation is very high and could reach 7.8% in 2022 as a whole. In particular, rising prices are affecting consumers' unavoidable expenditure and reducing their purchasing power, especially since measures to support consumer spending in major economies mainly took place in 2020 and 2021;
- Rising interest rates, turbulence in financial markets – with a decline of 8.8% for the Dow Jones but a 33.1% drop for the Nasdaq – but also the collapse in the value of cryptocurrencies also adversely affected sentiment among consumers and their propensity to spend. However, consumers in Western economies spent some of the excess savings that they had built up since 2020, which partly cushioned the cyclical decline in consumer spending.

Quarterly figures show that after a very good start to the year, growth slowed in the second quarter because of the high base for comparison and the impact of store closures in China as a result of the deteriorating COVID-19 situation. Sales were firm in the third quarter, mainly due to a sharp tourist-driven rise in sales in Western Europe. In the fourth quarter, growth appears to have been much more moderate, but there is not currently any reliable consensus about the extent of the slowdown. China's handling of the pandemic continued to depress domestic demand, while overall consumer spending in the United States was affected by a less positive macroeconomic environment.

Performances also varied widely from one region to another:

- Sales rebounded strongly in Western Europe from a low base caused by the negative impact of COVID-19 restrictions in 2021, and despite the outbreak of the conflict between Russia and Ukraine. Domestic consumer spending was strong, mainly in the spring and summer, while sales to tourists (primarily from the US) rose sharply;
- Revenue growth in North America slowed from the second quarter onward, and particularly in the final months of 2022. This was partly because of US consumers shifting their spending to Europe, attracted by a favorable exchange rate, along with the impact of inflation on the real incomes of the most aspirational customers. However, trends over three years (i.e. relative to 2019) remained excellent;
- In Japan, as in Europe where the recovery was more gradual than in other major markets, industry sales rose sharply, moving back to or above 2019 levels; at the end of the year, sales in Japan benefited particularly from an influx of Korean consumers, attracted by the price differential caused by movements in the Japanese yen/Korean won exchange rate;
- In Asia-Pacific, the situation in China from March onward affected the region's overall performance. However, sales rebounded strongly in Southeast Asia due to firm economic growth in that region's countries;
- Finally, other regions of the world saw outstanding growth in business levels, particularly the Middle East, with only Eastern Europe seeing a decline due to Russia's status as the main market in that region.

Compared to 2021, all product categories posted fairly similar revenue growth rates. Compared to 2019, however, 2022 showed very strong sales growth in Leather Goods and Jewelry sales, a substantial upturn in Watches and more moderate growth in Ready-To-Wear.

(1) Oxford Economics is the source of all macroeconomic data unless otherwise mentioned.

It is also notable that the impact of structural changes in the Luxury industry in recent years, amplified by the COVID-19 crisis, seem to have become normalized in 2022:

- E-commerce sales once again posted robust growth in 2022, but their rate of increase started to converge with that seen in physical retail networks, which benefited from a rebound in tourism in Europe and a lower base for comparison; accordingly, the proportion of total sales coming from e-commerce is now stabilizing.
- Despite the upturn in tourism in Europe and to a certain extent in Asia (apart from China), demand for Luxury goods remained largely domestic, and tourists accounted for a smaller proportion of Luxury brand revenues than in 2019 (sales down by 21% in Europe in 2022 according to Planet). However, Travel Retail sales seem to be recovering and may have risen 40% in 2022 according to Bain & Company-Altagamma.
- In the short and medium term, demand from Generations Y and Z remains one of the principal growth drivers for the global Luxury market. This customer segment is continuing to account for a growing proportion of sales, but the rate of increase is slowing since its penetration was already high at the end of 2022 (an estimated 65% of revenue according to Bain & Company-Altagamma).

In 2022, the main adverse impact of the COVID-19 pandemic was on Chinese demand

From the start of the year, the COVID-19 situation improved considerably in North America and Western Europe, leading to the gradual lifting of most restrictive public health measures, despite further waves of infection taking place during the year. As a result, the Group's operations in these two regions were not affected. In Europe, they even received a boost from a sharp upturn in tourist numbers after travel restrictions were lifted.

In Japan and most other countries in the Asia-Pacific region, the gradual easing of measures to control the pandemic throughout the first half of 2022 had a major positive impact on consumers' confidence and propensity to spend.

In China, however, the strict zero-COVID policy was maintained until early December, hampering business levels in the Luxury sector. From the end of the first quarter, China applied Draconian testing and lockdown measures when COVID-19 cases were identified. This dragged down both store footfall and online sales, and led to significant volatility in consumer spending. After China changed its strategy for dealing with the pandemic at the end of the year, rising COVID-19 case numbers also affected the economic recovery. As a result, over 2022 as a whole, China could probably be the only large market where the Luxury sector's sales fell relative to 2021, although they were much higher than in 2019.

Also, spending by Chinese consumers mainly took place in China in 2022, as it had in the previous two years. Chinese tourist numbers were particularly low, which continued to affect the performance of the travel retail segment and of certain stores in Europe and Asia relative to 2019. However, starting in the spring, sales to tourists of other nationalities, particularly American, helped offset the loss of opportunity arising from the absence of Chinese tourists.

Overall, the pandemic had a very limited or almost non-existent impact on Luxury houses' main markets, with the notable exception of China. However, the total impact remains hard to measure, since the deterioration in the various economies' growth outlook has multiple causes that are very indirectly connected to the COVID-19 crisis.

The Group's direct exposure to the conflict between Russia and Ukraine is limited

In response to the escalation in the Russia-Ukraine crisis, which became an armed conflict on February 23, 2022, Kering announced on March 4, 2022 that it would close the stores operated by the Group's Houses in Russia. Kering's Houses do not operate any stores in Ukraine.

Given the severity of the situation, Kering and its Houses have lent their support to humanitarian efforts and to Ukrainian refugees by making several donations, mainly to the UN Refugee Agency UNHCR.

The Group continues to have limited direct exposure to the crisis. In 2021, Kering generated around 1% of its total annual revenue in Ukraine and Russia, and the net value of its assets in those countries was not material (around 0.1% of the Group total assets).

Operating losses are recognized under recurring operating expenses for the year. IFRS 16 lease right-of-use assets, property, plant and equipment and other assets were fully written down in the second half of 2022 for a total amount of €36 million, and the write-down was recognized as a non-recurring operating expense.

In addition, in view of international sanctions, the Group has reorganized its procurement of diamonds and has ceased sourcing diamonds either directly or indirectly from Russia. It should be noted, however, that its diamond purchases from Russia were not material.

The ongoing conflict has obviously had a negative impact on the global economic outlook. Depending on its duration and extent, the conflict could affect global economic growth and therefore the Luxury market over a longer period. Since that impact is indirect, it does not appear possible to quantify it precisely.

2 - SIGNIFICANT EVENTS OF 2022

Sale of Girard-Perregaux and Ulysse Nardin to their management

On January 24, 2022, Kering announced the signature of an agreement to sell its entire stake (100%) in Sowind Group SA, which owns the Swiss watch manufacturers Girard-Perregaux and Ulysse Nardin, to its management. The transaction was completed on May 31, 2022 according to the agreed terms.

The Group supported the two Houses in their development, strengthened their market positions and ensured they have adequate resources to finance their growth. The Group is confident that their management will be able to continue their work successfully.

This transaction is in line with Kering's strategy, giving priority to Houses that have the potential to become sizable assets within the Group and to which it can provide decisive support over time.

Kering Eyewear's acquisition of eyewear brand Maui Jim

On March 14, 2022, Kering Eyewear announced the signature of an agreement to acquire US eyewear brand Maui Jim, Inc. The transaction was completed on October 3, 2022 and Maui Jim has been fully consolidated in the Kering group's financial statements since October 1, 2022.

Founded in 1987, Maui Jim is the world's largest independently owned high-end eyewear brand with a leading position in North America. Recognized for its outstanding technicity, Maui Jim offers a broad spectrum of high-quality sun and optical frames sold in more than 100 countries and has developed the revolutionary lens technology known as PolarizedPlus2®.

Since its inception in 2014, Kering Eyewear has built an innovative business model that enabled the company to reach more than €700m external revenues in FY2021. The acquisition of Maui Jim represents a major milestone in the successful expansion strategy of Kering Eyewear. Only a few months after the acquisition of Lindberg, Kering Eyewear owns a second proprietary brand, reinforce its status on the high-end eyewear segment and broaden its offer to cover the full scope from functional to timeless and fashion Luxury products.

Their complementary distribution networks and product offerings contribute to amplify the growth potential through the expansion of Maui Jim's geographical footprint and the ability to gain new customers, more focused on innovation and functionalities. This acquisition takes Kering Eyewear to the next level, with revenues materially ahead of the billion-euro mark on a full-year basis and profit margins further improving.

Gianfilippo Testa appointed CEO of Alexander McQueen

On March 21, 2022, Kering announced the appointment of Gianfilippo Testa as CEO of Alexander McQueen, effective May 2022. He reports to François-Henri Pinault.

He succeeds Emmanuel Gintzburger, who decided to leave the Group to pursue new professional challenges outside Kering.

Gianfilippo Testa is an Italian national with an outstanding track record in the Luxury industry in Europe and Asia. He started his career at TAG Heuer in 2002 and went on to hold a range of roles at LVMH, specifically at Fendi in Italy, Japan and Hong Kong. He joined Kering in 2016 as Gucci President Greater China and since 2019 has been President of EMEA and VP Global Retail at Gucci.

As CEO of Alexander McQueen, Gianfilippo Testa's mission will be to accelerate the expansion of the British Luxury House in order to tap its full potential.

Changes in the membership of the Board of Directors

During 2022, Kering's Board of Directors, in coordination with the Appointments and Governance Committee, confirmed the following changes in its membership:

- resignation of Ms. Sophie L'Hélias and Ms. Jean Liu from their roles as independent directors;
- appointment of Ms. Véronique Weill, Ms. Yonca Dervisoglu and Mr. Serge Weinberg as independent Directors;
- appointment of Ms. Véronique Weill as Lead Independent Director;
- appointment of Mr. Jean-Pierre Denis as Climate Change Lead;
- renewal of Ms. Daniela Riccardi's term of office as independent Director;
- non-renewal of Ms. Yseulys Costes' term of office as independent Director;
- appointment of Mr. Vincent Schaal by the Social and Economic Committee as Director representing employees, replacing Ms. Claire Lacaze;
- reconfiguration of the Board of Directors' Committees.

As a result, Kering's Board of Directors consisted of 13 members as of December 31, 2022, including:

- six independent Directors (55% of Board members excluding Directors representing employees in accordance with the AFEP-MEDEF code);
- five women (45% of Board members excluding directors representing employees in accordance with the AFEP-MEDEF code);
- five different nationalities (British, French, Italian, Ivorian and Turkish).

Dual-tranche bond issue for a total amount of €1.5 billion

On April 28, 2022, Kering issued €1.5 billion of bonds consisting of:

- a €750 million tranche with a 3-year maturity and a 1.25% coupon;
- and a €750 million tranche with an 8-year maturity and a 1.875% coupon.

This issue, which forms part of the Group's active liquidity management, enhances its funding flexibility by enabling it to refinance existing debt and, in part, finance the Maui Jim acquisition. The issue saw strong demand from bond investors, confirming the market's confidence in the Group's credit quality. Kering's long-term debt is rated A with a stable outlook by Standard & Poor's.

Launch of an employee shareholder transaction

On May 4, 2022, Kering announced the launch of its first employee shareholder transaction. It took place in France, Italy, the United Kingdom, the United States, Mainland China, Hong Kong SAR, Japan and South Korea.

Entitled KeringForYou, the program gave eligible employees the opportunity to become Kering shareholders with preferential terms. By investing in their company, employees have a direct interest in its development and future performance.

The price for subscribing shares under the program was set at €394, corresponding to Kering's average opening share price on Euronext Paris during the 20 trading sessions from April 19 to May 16, 2022, less a 20% discount and rounded up to the nearest cent.

At the end of the subscription period, which took place from May 19 to June 9, 2022, 102,862 shares had been subscribed (including employer contributions). The shares were settled and delivered on July 7, 2022 through a share capital increase involving the issue of new ordinary shares.

Completion of the Share Buyback Program

The share buyback program – announced on August 25, 2021 with the aim of repurchasing up to 2.0% of the Group's share capital over a 24-month period – was completed on December 15, 2022. Between August 25, 2021 and December 15, 2022, the Company repurchased 2.6 million shares. Of those, 1,050,000 shares have already been canceled.

In 2022, Kering carried out the second, third and fourth tranches of the program:

- The second tranche related to 650,000 shares (around 0.5% of the share capital) and was completed on April 6, 2022. 325,000 of the shares repurchased in that tranche were canceled on December 12, 2022.
- The third tranche related to 650,000 shares (around 0.5% of the share capital) and was completed on July 19, 2022. 400,000 of the shares repurchased in that tranche were canceled on December 12, 2022.
- The fourth tranche related to 650,000 shares (around 0.5% of the share capital) and was completed on December 15, 2022. The Board of Directors decided in its meeting of February 14, 2023 that the 650,000 shares repurchased in this tranche would be canceled by the end of 2023.

A detailed table showing the various tranches is provided in Note 1 to the consolidated financial statements.

Alessandro Michele stepping down as Gucci's Creative Director

On November 23, 2022, Kering announced that Alessandro Michele would step down as Creative Director of Gucci. Alessandro Michele had been at the creative helm of the House since January 21, 2015, and has played a fundamental part in making the brand what it is today through his groundbreaking creativity, while staying true to the renowned codes of the House.

Launch of the Climate Fund for Nature

On December 12, 2022, at the 15th Conference of Parties (COP) of the Convention on Biological Diversity taking place in Montreal, Kering and L'Occitane announced that they were teaming up to create the Climate Fund for Nature. This fund will mobilize resources from the Luxury Fashion and Beauty Sectors to protect and restore nature, with a focus on women empowerment. €140 million have already been committed by the two groups out of a eventual target of a €300 million target size. The fund is open to other partner companies to support the scaling up of its positive impacts on the ground. The fund is managed by Mirova, the affiliate of Natixis Investment Managers that is dedicated to sustainable investing.

3 – GROUP PERFORMANCE IN 2022

3.1 Revenue and income statement

Condensed consolidated income statement

(in € millions)	2022	2021	Change
Revenue	20,351	17,645	+15%
Recurring operating income	5,589	5,017	+11%
% of revenue	*27.5%*	*28.4%*	*-0.9 pt*
EBITDA	7,255	6,470	+12%
% of revenue	*35.6%*	*36.7%*	*-1.1 pt*
Other non-recurring operating income and expenses	(194)	(220)	+12%
Financial result	(260)	(273)	+5%
Income tax expense	(1,420)	(1,280)	-11%
Share in earnings (losses) of equity-accounted companies	2	1	+139%
Net income from continuing operations	3,717	3,245	+15%
o/w attributable to the Group	*3,613*	*3,165*	*+14%*
o/w attributable to minority interests	*104*	*80*	*+30%*
Net income (loss) from discontinued operations	1	11	-91%
Net income attributable to the Group	3,614	3,176	+14%
Net income from continuing operations (excluding non-recurring items) attributable to the Group	3,747	3,361	+11%

Earnings per share

(in €)	2022	2021	Change
Basic earnings per share	29.34	25.49	15%
Basic earnings per share from continuing operations excluding non-recurring items	30.42	26.98	13%

Revenue

In 2022, the Group's revenue totaled €20,351 million. Compared to 2021, revenue rose 15% as reported and 9% on a comparable scope and exchange rate basis[(1)].

Currency movements had a very positive impact on 2022 performance, boosting sales growth by almost 5% or almost €1 billion in absolute terms. Due to the euro weakening against other major currencies, the positive exchange-rate effect arose mainly from sales denominated in US dollars (€557 million) and Chinese yuan (€281 million).

Changes in scope had a smaller, but still positive, effect on Group revenue. They included positive contributions from Lindberg (consolidated from October 1, 2021) and Maui Jim (consolidated from October 1, 2022), and the negative impact from the deconsolidation of watch brands Girard-Perregaux and Ulysse Nardin on January 1, 2022.

All Houses and Kering Eyewear achieved year-on-year sales growth in 2022.

The increase in business levels relative to 2019 – regarded as a normative benchmark, since it was the last year before the pandemic – was also very robust, with comparable revenue growth of 25%.

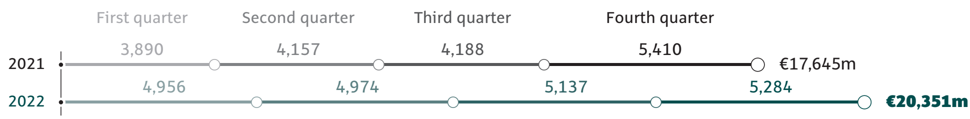
(1) Comparable revenue growth is defined on page 87.

Group revenue by segment

(in € millions)	2022	%	2021	%	Reported change	Comparable change[3]
Gucci	10,487	52%	9,731	55%	+8%	+1%
Yves Saint Laurent	3,300	16%	2,521	14%	+31%	+23%
Bottega Veneta	1,740	9%	1,503	9%	+16%	+11%
Other Houses	3,874	19%	3,285	19%	+18%	+16%
Kering Eyewear and Corporate[1]	1,139	5%	733	4%	+55%	+25%
Eliminations[2]	(189)	*-1%*	*(128)*	*-1%*	*N/A*	*N/A*
Revenue	**20,351**	**100%**	**17,645**	**100%**	**+15%**	**+9%**

(1) The "Corporate and other" segment was renamed "Kering Eyewear and Corporate" in 2022.
(2) Intra-group eliminations are now reported on a separate line.
(3) On a comparable scope and exchange rate basis. Comparable revenue growth is defined on page 87.

Group revenue by quarter



Compared to 2021, growth was naturally very strong in the first quarter (21% on a comparable basis) due to the favorable base for comparison, mainly in Europe.

Second-quarter performance (comparable revenue growth of 12%) was affected by the deceleration in Asia-Pacific caused by the Chinese market, as well as the high base for comparison in North America.

Sales in the third quarter (comparable revenue growth of 14%) benefited from a robust upturn in the number of tourists visiting Europe, whereas growth returned to a normalized level in North America and business levels in China remained lower year-on-year despite an improvement in trends.

In the fourth quarter, despite solid performances in Western Europe and Japan, a further deterioration in the COVID-19 situation in China combined with a slowdown demand in North America dragged down revenue, which fell 7% on a comparable basis.

Relative to 2019, revenue growth was fairly consistent in the first three quarters of the year, with increases of 30% in the first quarter, 27% in the second and 28% in the third. In the fourth quarter, revenue was up 17% compared to the same period of 2019.

Quarterly revenue by segment

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

(in € millions)	First quarter	Second quarter	Third quarter	Fourth quarter	2021
Gucci	2,168	2,312	2,182	3,070	9,731
Yves Saint Laurent	517	529	652	823	2,521
Bottega Veneta	328	379	363	432	1,503
Other Houses	719	766	849	951	3,285
Kering Eyewear and Corporate	192	204	173	164	733
Eliminations	*(34)*	*(33)*	*(31)*	*(30)*	*(128)*
Revenue	**3,890**	**4,157**	**4,188**	**5,410**	**17,645**

(comparable change[1])	Q1 2022/2021 change	Q2 2022/2021 change	Q3 2022/2021 change	Q4 2022/2021 change	2022/2021 change
Gucci	+13%	+4%	+9%	-14%	+1%
Yves Saint Laurent	+37%	+31%	+30%	+4%	+23%
Bottega Veneta	+16%	+10%	+14%	+6%	+11%
Other Houses	+35%	+24%	+13%	-4%	+16%
Kering Eyewear and Corporate	+35%	+17%	+21%	+28%	+25%
Eliminations	N/A	N/A	N/A	N/A	N/A
Revenue	**+21%**	**+12%**	**+14%**	**-7%**	**+9%**

(1) On a comparable scope and exchange rate basis. Comparable revenue growth is defined on page 87.

Group revenue by region

(in € millions)	2022	%	2021	%	Reported change	Comparable change[1]
Asia-Pacific (excluding Japan)	6,568	33%	6,695	38%	-2%	-8%
Western Europe	5,566	27%	4,045	23%	+38%	+36%
North America	5,547	27%	4,685	26%	+18%	+5%
Japan	1,244	6%	1,059	6%	+17%	+25%
Rest of the world	1,425	8%	1,160	7%	+23%	+15%
Revenue	**20,351**	**100%**	**17,645**	**100%**	**+15%**	**+9%**

(1) On a comparable scope and exchange rate basis. Comparable revenue growth is defined on page 87.
Revenue generated outside the eurozone represented 80% of the consolidated total in 2022.

The Group's sales grew mostly strongly in Western Europe, where they rose 36% on a comparable basis. This very good performance was driven by robust domestic demand for most of the year and an upturn in tourist numbers from the spring, despite the ongoing absence of Chinese tourists. More marginally, there was positive effect on revenue arising from the low base for comparison, since part of the region's store network was closed in the first half of 2021.

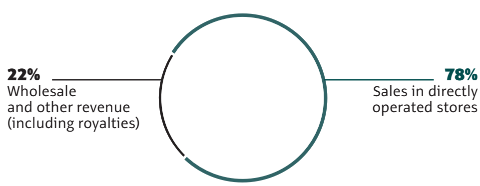
In Japan, revenue was up 25% on a comparable basis relative to 2021, taking it above its 2019 level. Sales to local customers rose sharply, but the Japanese market was also buoyed by its appeal for Asian tourists, due to the relatively weak Yen.

Revenue in North America rose by 5% on a comparable basis in 2022 (and by 70% relative to 2019), and the base for comparison was high. Performance in the second half was affected by American customers shifting their purchases to Western Europe, and by weaker domestic demand against a backdrop of higher inflation.

In Asia-Pacific – the Group's largest region in terms of revenue, accounting for 33% of the total – revenue was down 8% on a comparable basis relative to 2021. The decline was solely due to China, where sales were adversely affected by the country's zero-COVID policy almost throughout the year, including in the fourth quarter. In all other markets in the Asia-Pacific region, the Group's sales increased. Growth rates in Southeast Asia were particularly high, while business levels rebounded in Australia. Revenue posted solid growth in South Korea, which is now one of the Group's largest markets.

In the Rest of the World, excluding Eastern Europe, the Group posted excellent performance compared to both 2021 and 2019.

Group revenue by distribution channel



% weight based on revenue before Eliminations

Sales from directly operated stores and e-commerce sites came in at €16,007 million in 2022, up 10% on a comparable basis relative to 2021. The previous comments regarding performance by region in 2022 also apply to the growth trajectory of retail sales.

Store footfall rebounded overall compared to 2021, although trends varied widely between regions. Together with a slight fall in the conversion rate (i.e. the number of people buying products as a percentage of the total number of people visiting stores) resulted in a moderate increase in the number of items sold. As a result, revenue growth was driven to a large extent by an increase in the average selling price, resulting from the policy of taking the Houses' product ranges more upscale. The e-commerce business also continued to develop, but growth slowed to a more normal 11% on a comparable basis relative to 2021 because of the very high base for comparison (online revenue has tripled since 2019) and its existing penetration (15% of the retail channel in 2022).

Revenue from stores and e-commerce sites directly operated by the Group accounted for around 78% of the Group's total sales (before Eliminations) in 2022, similar to the figure seen in 2021. The increase in this proportion in recent years has resulted from the long-term strategy implemented by all Houses, which is aimed at controlling their distribution more effectively, including e-commerce, and making them more exclusive.

Wholesale revenue rose 4% year-on-year in 2022 on a comparable basis (before Eliminations). For the Houses, Wholesale revenue fell by 1% on a comparable basis. This reflects the reorganization of the wholesale distribution network that is currently underway, through which the Group is focusing more on using the highest-quality distributors.

Although these streamlining efforts are almost complete at Gucci – where the base for comparison has reverted to a more normal level – they are continuing in the Group's other Couture and Leather Goods Houses. However, Kering Eyewear, which has a wholesale-only distribution model, posted one of the Group's strongest growth rates (27%), driven both by the development of existing licenses and the integration of Lindberg and Maui Jim.

Royalty revenue from licenses and other revenue rose by 30% on a comparable basis in 2022. Royalties received in the eyewear category rose sharply, continuing the strong momentum seen in 2021. Royalties in the Fragances and Cosmetics category rebounded from a lower prior-year base.

Recurring operating income

(in € millions)	2022	2021	Change
Gucci	3,732	3,715	-
Yves Saint Laurent	1,019	715	+43%
Bottega Veneta	366	286	+28%
Other Houses	558	459	+22%
Kering Eyewear and Corporate	(88)	(164)	+46%
Eliminations	*2*	*6*	*N/A*
Recurring operating income[(1)]	**5,589**	**5,017**	**+11%**

(1) Recurring operating income is defined on page 87.

The Group's recurring operating income amounted to €5,589 million in 2022, up €572 million or 11% compared to 2021. All brands contributed to the increase in operating income in absolute terms.

Recurring operating margin fell 0.9 points to 27.5% because of negative operational leverage in the second half of the year, i.e. operating expenses rose more quickly than sales and gross margin. This meant that recurring operating margin in the second half of 2022 was 1.8 points lower than in the first half.

Gross margin rose 16% to €15,198 million. As a proportion of revenue, gross margin was 74.7%, up 0.6 points relative to 2021. The positive impact of higher average selling prices and the growing proportion of sales from directly operated stores more than offset the negative impact of inflation, changes in the country mix and the combined effect of exchange-rate movements and currency hedging results.

Operating expenses rose by 19%. Excluding currency effects, this increase arose from investments made by the Group's brands and Kering Eyewear to support their development and expansion, notably by increasing budgets for store expenses, creation, the development and presentation of collections, communications and information systems in line with the industry's accelerating digital transformation. These efforts, which were necessary in view of the competitive environment and the upturn in business since the end of 2020, affected the brands' profitability to varying extents. The vast majority of the Group's Houses benefited from a favorable operating leverage effect due to revenue growth. However, Gucci saw its operating margin fall by 2.6 points. Continuing the trend seen in 2021, Gucci considerably increased its communications expenditure, taking it to a more normal level by comparison with the industry average, and the cost of operating its stores and design studio also rose. While this expenditure will create value in the long term, it adversely affected Gucci's profitability in 2022 within a context of slowing sales growth, particularly in the second half of the year.

EBITDA

(in € millions)	2022	2021	Change
Recurring operating income	**5,589**	**5,017**	**+11%**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	1,666	1,453	+15%
o/w depreciation of lease right-of-use assets	*935*	*827*	*+13%*
EBITDA[(1)]	**7,255**	**6,470**	**+12%**

(1) EBITDA is defined on page 87.

(in € millions)	2022	2021	Change
Gucci	4,416	4,311	+2%
Yves Saint Laurent	1,251	915	+37%
Bottega Veneta	541	449	+20%
Other Houses	888	734	+21%
Kering Eyewear and Corporate	157	55	+186%
Eliminations	*2*	*6*	*N/A*
EBITDA	**7,255**	**6,470**	**+12%**

EBITDA for 2022 amounted to €7,255 million versus €6,470 million in 2021. EBITDA margin was historically high at 35.6%, although slightly lower than the 2021 figure of 36.7%.

Other non-recurring operating income and expenses

(in € millions)	2022	2021	Change
Impairment of goodwill, brands and other non-current assets	(41)	(69)	+41%
Other	(153)	(151)	-1%
Other non-recurring operating income and expenses	**(194)**	**(220)**	**+12%**

(See Consolidated financial statements, Note 6 – Other non-recurring operating income and expenses.)

Financial result

(in € millions)	2022	2021	Change
Cost of net debt(1)	(47)	(38)	-24%
Other financial income and expenses	(89)	(129)	+31%
Financial result excluding leases	**(136)**	**(167)**	**+19%**
Interest expense on lease liabilities	(124)	(106)	-17%
Financial result	**(260)**	**(273)**	**+5%**

(1) Net debt is defined on page 88.

In 2022, the cost of net debt was €47 million (€38 million in 2021). The change was mainly due to the increase in the average amount of debt outstanding and in the average coupon.

Other financial income and expense produced a net expense of €89 million in 2022 (€129 million in 2021). This positive development arose mainly from the change in value of the derivative embedded in the PUMA bond issue, which was redeemed in late September.

(See Consolidated financial statements, Note 7 – Financial result.)

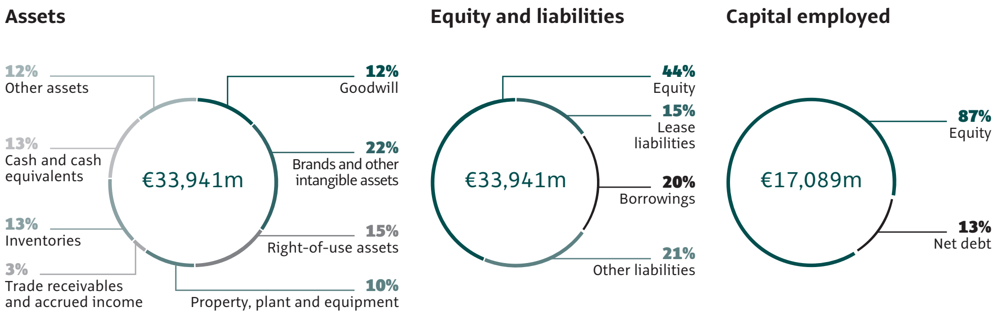
Income tax

(in € millions)	2022	2021
Income before tax	5,135	4,524
Income tax expense	(1,420)	(1,280)
Effective tax rate	**27.7%**	**28.3%**
Other non-recurring operating income and expenses	(194)	(220)
Recurring income before tax	5,329	4,744
Income tax on other non-recurring operating income and expenses	60	23
Tax expense on recurring income	(1,480)	(1,304)
Effective tax rate on recurring income(1)	**27.8%**	**27.5%**

(1) The effective tax rate on recurring income is defined on page 88.

(See Consolidated financial statements, Note 8 – Income taxes.)

3.2 Balance sheet as of December 31, 2022



Condensed balance sheet

(in € millions)	Dec. 31, 2022	Dec. 31, 2021	Change
Goodwill	4,053	2,891	+40%
Brands and other intangible assets	7,357	7,032	+5%
Lease right-of-use assets	4,929	4,302	+15%
Property, plant and equipment	3,388	2,967	+14%
Investments in equity-accounted companies	49	31	+59%
Other non-current assets	2,503	2,412	+4%
Non-current assets	**22,279**	**19,635**	**+13%**
Inventories	4,465	3,369	+33%
Trade receivables and accrued income	1,180	977	+21%
Cash and cash equivalents	4,336	5,249	-17%
Other current assets	1,681	1,819	-8%
Current assets	**11,662**	**11,414**	**+2%**
Assets held for sale	**-**	**19**	**-100%**
TOTAL ASSETS	33,941	31,068	+9%
Equity attributable to the Group	13,998	13,347	+5%
Equity attributable to minority interests	785	389	+102%
Total equity	**14,783**	**13,736**	**+8%**
Non-current borrowings	4,347	2,976	+46%
Non-current lease liabilities	4,420	3,826	+16%
Other non-current liabilities	1,885	1,756	+7%
Non-current liabilities	**10,652**	**8,557**	**+24%**
Current borrowings	2,295	2,442	-6%
Current lease liabilities	812	675	+20%
Other current liabilities	5,399	5,609	-4%
Current liabilities	**8,506**	**8,726**	**-3%**
Liabilities associated with assets held for sale	**-**	**49**	**-100%**
TOTAL EQUITY AND LIABILITIES	33,941	31,068	+9%

Net debt

(in € millions)	Dec. 31, 2022	Dec. 31, 2021	Change
Borrowings	6,642	5,417	+23%
Cash and cash equivalents	(4,336)	(5,249)	-17%
Net debt	**2,306**	**168**	**N/A**

Capital employed

(in € millions)	Dec. 31, 2022	Dec. 31, 2021	Change
Total equity	14,783	13,736	+8%
Net debt	2,306	168	N/A
Capital employed	**17,089**	**13,904**	**+23%**

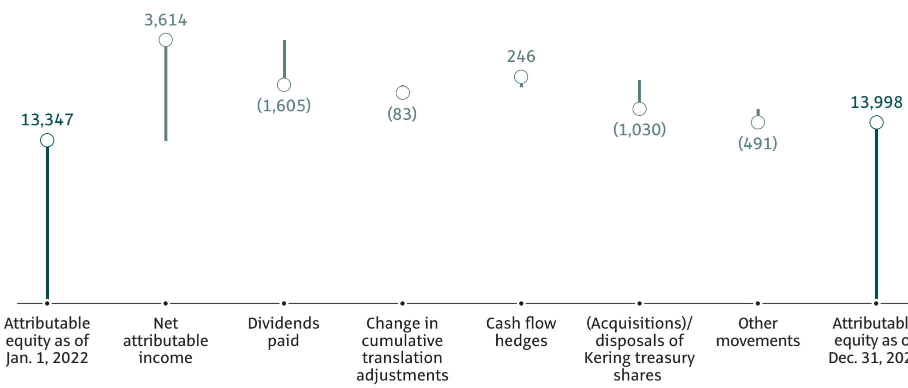
Goodwill and brands

As of December 31, 2022, brands net of deferred tax liabilities amounted to €5,111 million, compared to €4,985 million as of December 31, 2021.

Current operating assets and liabilities

(in € millions)	Dec. 31, 2022	Dec. 31, 2021	Statement of cash flows	Foreign exchange differences	Other movements
Inventories	4,465	3,369	1,015	12	69
Trade receivables and accrued income	1,180	977	196	3	4
Trade payables and accrued expenses	(2,263)	(1,742)	(494)	(13)	(14)
Other current assets (liabilities), net	(589)	(850)	407	(23)	(123)
Net current tax receivables (payables)	(190)	(326)	148	(5)	(7)
Current operating assets (liabilities), net	**2,603**	**1,428**	**1,272**	**(26)**	**(71)**

Change in equity attributable to the Group



As of December 31, 2022, the share capital amounted to €496,283,112. It comprised 124,070,778 fully paid-up shares with a par value of €4 each, a reduction of €2,900,000 further to the cancellation of 725,000 shares under the share buyback program (share capital of €498,771,664, comprising 124,692,916 shares as of December 31, 2021). Excluding the 1,850,408 Kering treasury shares, there were 122,230,370 shares issued and outstanding as of December 31, 2022.

(See Consolidated financial statements, Note 17 – Equity.)

3.3 Cash flow, investments and net debt

Free cash flow from operations

Cash flow received from operating activities

(in € millions)	2022	2021	Change
Cash flow received from operating activities before tax, dividends and interest	**6,926**	**6,387**	**+8%**
Change in working capital requirement	(902)	(38)	N/A
Income tax paid	(1,746)	(1,473)	-19%
Net cash received from operating activities	**4,278**	**4,876**	**-12%**

Operating investments

(in € millions)	2022	2021	Change
Net cash received from operating activities	**4,278**	**4,876**	**-12%**
Acquisitions of property, plant and equipment and intangible assets	(1,071)	(934)	-15%
Disposals of property, plant and equipment and intangible assets	1	6	-83%
Free cash flow from operations[1]	**3,208**	**3,948**	**-19%**

(1) Free cash flow from operations is defined on page 88.

Gross operating investments by segment

(in € millions)	2022	2021	Change
Gucci	408	324	+26%
Yves Saint Laurent	112	72	+55%
Bottega Veneta	92	67	+37%
Other Houses	221	180	+23%
Kering Eyewear and Corporate	238	291	-18%
Acquisitions of property, plant and equipment and intangible assets	**1,071**	**934**	**+15%**

Operating investments amounted to €1,071 million in 2022, an increase of €137 million or 15% relative to 2021. They represented 5.3% of revenue in 2022, similar to the figure seen in 2021.

Seasonal variations in investments are also very similar from one year to the next, with around two thirds of investments taking place in the second half.

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

In 2022, 70% of the Group's gross operating investments related to the retail network (57% in 2021). Half of the investments in stores concerned store opening programs and half concerned conversion and renovation projects.

Expenditure relating to major strategic programs coordinated by the Group (e.g. the deployment of SAP and a new logistics hub in Italy) were to a large extent concentrated in the previous three financial years. As a result, Kering Eyewear and Corporate's share of the Group's operating investments fell from 31% to 22%.

Available cash flow from operations and available cash flow

(in € millions)	2022	2021	Change
Free cash flow from operations	**3,208**	**3,948**	**-19%**
Repayment of lease liabilities	(824)	(776)	-6%
Interest paid on leases	(124)	(106)	-17%
Available cash flow from operations[1]	**2,260**	**3,066**	**-26%**
Interest and dividends received	17	37	-54%
Interest paid and equivalent (excluding leases)	(174)	(116)	-50%
Available cash flow[1]	**2,103**	**2,988**	**-30%**

(1) Available cash from operations and available cash flow are defined on page 88.

Dividends paid

The cash dividend paid by Kering SA to its own shareholders in 2022 amounted to €1,483 million, including the €434 million interim dividend paid on January 17, 2022 (€998 million in 2021 including a €313 million interim dividend).

Dividends paid in 2022 also included €45 million paid to minority interests in consolidated subsidiaries (€27 million in 2021).

Changes in net debt

(in € millions)	2022	2021	Change
Net debt as of January 1	**168**	**2,149**	**-92%**
Free cash flow from operations	**(3,208)**	(3,948)	-19%
Dividends paid	1,528	1,025	+49%
Net interest paid and dividends received	157	78	+102%
Acquisitions of Kering shares	1,030	538	+91%
Repayment of lease liabilities[1]	948	882	+7%
Disposal of PUMA shares (1.00% in 2022 / 5.91% in 2021)	(100)	(803)	-88%
Other acquisitions and disposals	1,817	347	N/A
Other movements	(34)	(100)	-66%
Net debt as of December 31	**2,306**	**168**	**N/A**

(1) Comprising repayments of principal amounting to €824 million in 2022 (€776 million in 2021) and interest payments of €124 million in 2022 (€106 million in 2021) relating to capitalized fixed lease payments.

(in € millions)	Dec. 31, 2022	Dec. 31, 2021	Change
Bonds	4,226	3,370	+25%
Other bank borrowings	201	229	-12%
Commercial paper	1,010	703	+44%
Other borrowings	1,205	1,115	+8%
o/w put options granted to minority interests	*681*	*326*	*+109%*
Borrowings	**6,642**	**5,417**	**+23%**
Cash and cash equivalents	(4,336)	(5,249)	-17%
Net debt[1]	**2,306**	**168**	**N/A**

(1) Net debt is defined on page 88.

As a reminder, lease liabilities, for their part, represented a total of €5,232 million as of December 31, 2022 (€4,501 million as of December 31, 2021).

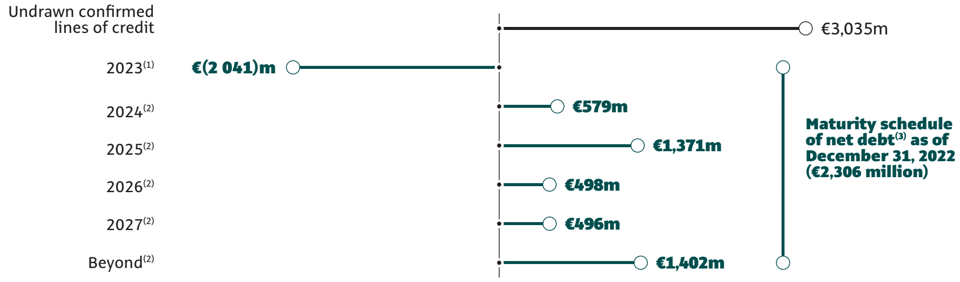
Solvency

The Group has a very sound financial position and on April 22, 2022 Standard & Poor's raised its long-term credit rating to A with a stable outlook.

Liquidity

At December 31, 2022, the Group had cash and cash equivalents totaling €4,336 million (€5,249 million as of December 31, 2021), as well as confirmed lines of credit totaling €3,035 million (€3,035 million as of December 31, 2021). The balance of confirmed undrawn lines of credit was €3,035 million at the end of 2022, versus €3,035 million one year earlier.

Maturity schedule of net debt



(1) Borrowings less cash and cash equivalents.
(2) Borrowings.
(3) Net debt is defined on page 88.

The amount of borrowings with a maturity less than one year (€2,295 million as of December 31, 2022) was significantly less than the Group's cash and cash equivalents (€4,336 million as of December 31, 2022). Consequently, the Group is not exposed to any liquidity risk.

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

The Group's debt contracts do not include any rating trigger clauses.

(See Consolidated financial statements, Note 18 – Net debt.)

4 – OPERATING PERFORMANCE BY SEGMENT

4.1 Gucci

(in € millions)	**2022**	**2021**	**Change**
Revenue	**10,487**	**9,731**	**+8%**
Recurring operating income	**3,732**	**3,715**	**N/A**
% of revenue	***35.6%***	***38.2%***	***-2.6 pt***
EBITDA	4,416	4,311	+2%
% of revenue	*42.1%*	*44.3%*	*-2.2 pt*
Acquisitions of property, plant and equipment and intangible assets	408	324	+26%
Average FTE headcount	20,711	18,933	+9%

Revenue

Gucci posted record revenue of €10,487 million in 2022, up 8% year-on-year as reported and up 1% at comparable exchange rates.

Revenue by distribution channel

The reorganization of the brand's distribution over the last two years is now complete. Between 2019 and 2022, it led to a very substantial reduction in the proportion of revenue coming from the wholesale business. This meant that sales from directly operated stores made up 91% of Gucci's total sales in 2022.

Sales from stores and e-commerce sites controlled by the House were up 1% on a comparable basis relative to 2021. Revenue growth was 8% in the first half and 9% in the third quarter, but was affected in the fourth quarter by the weak Chinese market and a deterioration in US demand from a high base. As a result, retail revenue fell by 15% in the fourth quarter.

In 2022 as a whole, the main driver of store-based sales growth was the increase in average selling prices resulting from changes in the product mix to develop a more upscale product range.

After several years of strong growth, e-commerce revenue was almost unchanged in 2022 on a comparable basis, because of this distribution channel's exposure to the American market (where it accounts for almost half of sales) and temporary difficulties in China, where lockdowns hampered normal logistics operations. However, e-commerce revenue was still three times the 2019 figure. E-commerce sales accounted for some 15% of total retail revenue in 2022.

Since the streamlining of Gucci's wholesale distribution operations was almost complete by the end of 2021, wholesale revenue was expected to be flat in 2022. This was indeed the case, with wholesale revenue being almost identical to the 2021 figure (at comparable exchange rates), but down 39% relative to 2019.

Revenue by region

In view of the proportion of Gucci's sales generated by directly operated stores, the following revenue analysis by region only concerns retail and online sales.

In Western Europe, the base for comparison was favorable in the first few months of the year and growth accelerated from the second quarter onward as tourist numbers recovered, accordingly retail revenue rose by 47% on a comparable basis in 2022 as a whole. The sales trend among local customers remained very solid overall, resulting from the House's investments aimed at increasing market share in the main European countries.

In Japan, consumer spending has strengthened since the end of 2021 and tourist numbers rebounded in late 2022, helping to drive a 19% increase in sales in 2022.

In North America, Gucci's revenue fell by 2%. That decline must be analyzed considering a very high base for comparison and developments in global tourist flows, which particularly affected business levels from the spring, and weaker demand among some customers in the United States. However, North American revenue remained historically high and was 63% higher than in 2019. In addition, analyzing sales to North American customers across all markets, we see that they increased relative to 2021 because of excellent sales to these customers in Western Europe.

Revenue fell 14% in Asia-Pacific on a comparable basis. This decline was directly attributable to the Chinese market, where tough measures to combat the COVID-19 pandemic had a major adverse impact on business levels from March onward. Outside China, sales in the region saw double-digit growth on a comparable basis, driven by rapid sales growth in Southeast Asia and a rebound in Australia.

In the world's other regions except Eastern Europe, revenue growth was very firm relative to 2021.

Revenue by product category

In 2022, sales of all Gucci’s main product categories in directly operated stores were almost unchanged or very slightly higher compared to 2021. The increase in average selling prices, resulting both from changes in the product mix and price hikes, offset lower volumes.

Efforts to enhance Gucci's offering and pricing structure went hand-in-hand with the streamlining of its distribution and ongoing changes in the brand's creative and aesthetic proposition. The aim is to elevate the brand and make it more exclusive. In this way, the House can leverage its unique heritage while remaining resolutely contemporary and modern. Gucci’s creative team - beyond of the Creative Director - and merchandizing team are working ceaselessly to achieve this balance, with an ongoing focus on maximizing the growth potential of each product category by adapting the overall offering to engage with the widest possible range of clients, and optimizing the mix between carryovers and new products.

Leather Goods sales were buoyed by successful product launches and investments in improving the range of luggage and travel bags. However, the deterioration in the Chinese market had a negative impact on handbag sales.

The brand's other product categories saw fairly similar growth rates compared to 2021.

Royalty revenue rose sharply year-on-year. The eyewear category, managed by Kering Eyewear, continued to see rising sales, while royalties from the license granted to Coty for the Fragrances and Cosmetics category saw an improvement, from a fairly favorable base for comparison.

Recurring operating income

Gucci’s recurring operating income amounted to €3,732 million for 2022, up €17 million year-on-year.

Recurring operating margin was 35.6%, down 2.6 points.

Given Gucci's geographical exposure, the combination of currency effects and the result of currency hedging had a slight negative impact of around 0.4 points on recurring operating margin.

Above all, the brand continued to allocate more resources to clienteling activities, in-store events, communication campaigns and upgrades to digital platforms and information systems. It also incurred costs in relation to the reorganization of its design studio, which was decided during the year.

Compared to 2021, these investments were concentrated in the first half, and the increase in operating expenses was limited in the second.

Given the sales growth trajectory in 2022 and particularly Gucci’s fourth-quarter performance, operational leverage was particularly unfavorable in the second half of the year (i.e. expenses rose more quickly than revenue). The decline in operating margin relative to 2021 was 3.8 points in the second half as opposed to 1.3 points in the first six months of the year.

Gucci’s EBITDA for 2022 stood at €4,416 million, an increase of €105 million relative to 2021 and representing an EBITDA margin of 42.1%.

Store network and operating investments

As of December 31, 2022, Gucci operated 528 stores directly. Gucci opened 27 new stores during the year (net of closures), mainly in Asia and North America.

It continued to prioritize organic growth by maximizing the productivity of the existing store network, while maintaining efforts to identify opportunities that will enable it to enhance its distribution in certain regions or sales channels.

Gucci’s gross operating investments amounted to €408 million in 2022, 26% higher than in 2021, against a backdrop of rising prices for materials and building work. Gross operating investments equaled 3.9% of revenue (3.3% in 2021), which is a relatively normal level for a House of Gucci’s size.

4.2 Yves Saint Laurent

(in € millions)	**2022**	**2021**	**Change**
Revenue	**3,300**	**2,521**	**+31%**
Recurring operating income	**1,019**	**715**	**+43%**
% of revenue	***30.9%***	***28.3%***	***+2.6 pt***
EBITDA	1,251	915	+37%
% of revenue	*37.9%*	*36.3%*	*+1.6 pt*
Acquisitions of property, plant and equipment and intangible assets	112	72	+55%
Average FTE headcount	4,555	4,587	-1%

Revenue

In 2022, Yves Saint Laurent's sales rose above the €3 billion barrier, coming in at €3,3 billion. This represents growth of 31% as reported and 23% on a comparable basis.

It was another year of rapid growth for the House, supporting its short-and medium-term revenue targets.

Revenue by distribution channel

Revenue from stores and e-commerce sites directly operated by the House accounted for 77% of the total and rose 28% year-on-year on a comparable basis. Same-store growth accounted for most of this figure, with the vast majority of retail performance indicators showing an improvement, while online sales also posted very solid growth. Growth slowed to 7% in the retail business in the fourth quarter, but this was due to a high base for comparison: relative to 2019, retail revenue was up 75%.

Wholesale revenue rose by 6% at constant exchange rates relative to 2021. The wholesale channel remains strategically important for Yves Saint Laurent, as it perfectly complements its retail business. However, the House is continuing to pay particular attention to the quality and exclusivity of its distribution and is being careful to focus its wholesale business on a limited number of distributors. The increase in sales to these distributors more than offset the negative impact of reducing the number of wholesale accounts. This streamlining of distribution is likely to continue in 2023.

Revenue by region

In view of the proportion of Yves Saint Laurent's sales generated by directly operated stores, the following revenue analysis by region only concerns retail and e-commerce sales.

In 2022, Yves Saint Laurent achieved year-on-year revenue growth across all major regions, although performance in Asia-Pacific was obviously held back by China's anti-COVID-19 measures. The House does not have any directly operated stores in Russia.

Year-on-year revenue growth was 84% in Western Europe and 21% in Japan on a comparable basis: the brand is popular with local customers, and sales were also driven by rising tourist numbers, particularly in Europe.

In North America, after an exceptional 2021 in which sales doubled compared to 2019, growth remained very strong at 15%. From the second quarter onward, however, growth in North America slowed, partly because of the high base for comparison and the upturn in the number of American tourists visiting Europe.

In Asia-Pacific, revenue was up 8% on a comparable basis. It was adversely affected by lower sales in China, although Yves Saint Laurent is proportionally less exposed to that market than many other players in the Luxury industry. On the plus side, its momentum was excellent in Southeast Asia.

Yves Saint Laurent's performance in the Rest of the World was very solid, with growth of 30%, and particularly in the Middle East, which has historically been an important market for the brand.

Revenue by product category

All product categories registered sharp revenue rises compared to 2021 in the brand's directly operated stores and online channel.

Leather Goods remained the top category, with sales growth compared to 2021 closely aligned with the House's overall performance. This reflects the initiatives taken by Yves Saint Laurent over the last few years to constantly renew and refresh its Leather Goods offering, which has helped it to both attract new customers and retain existing ones in all its markets.

Sales of Ready-To-Wear collections for both women and men rose very sharply, continuing trends seen throughout 2021. This performance is the result of the brand's merchandizing strategy implemented over the past quarters with the aim of making its offerings and price architecture more relevant in this category.

Revenue in the shoes category also rose at a very firm pace.

Royalty revenue generated by Kering Eyewear surged, again showing the success of this licensing agreement. Royalties paid by L'Oréal in the Fragrances and Cosmetics category rebounded firmly after a more mixed 2021.

Recurring operating income

In 2022, Yves Saint Laurent's recurring operating income totaled €1,019 million, an increase of 43%. Operating margin rose above the 30% threshold, coming in up 2.6 points year-on-year at 30.9%.

This further improvement is in line with the House's ambitions and intended growth trajectory. It also demonstrates that Yves Saint Laurent has achieved a critical size enabling it to capitalize on its operating leverage while also allocating all the resources necessary for its short-and medium-term development, ranging from creating, expanding and running its store network to leading communication campaigns around the brand.

EBITDA rose by €336 million year-on-year to €1,251 million. As a result, EBITDA margin was 37.9% as opposed to 36.3% in 2021.

Store network and operating investments

As of December 31, 2022, the House operated 280 stores directly. There were 12 net store openings during 2022, as the brand continued the store network expansion plan it has implemented over the past few years. Although 2022 clearly represented a return to normal in terms of growth in the store network, the House still has the potential to manage a network of 300-350 stores in the medium term. This target will drive the House's real-estate strategy in the next few years. Store openings in 2022 took place in all markets in which Yves Saint Laurent already had directly operated stores.

The House's operating investments totaled €112 million, up €40 million compared to 2021 and up €14 million relative to 2019. Investments in 2022 were heavily focused on the second half of the year, with some investments relating to large-scale projects due to be completed in 2023 or later. As a proportion of revenue, Yves Saint Laurent's operating investments were relatively normal at 3.4%.

4.3 Bottega Veneta

(in € millions)	2022	2021	Change
Revenue	**1,740**	**1,503**	**+16%**
Recurring operating income	**366**	**286**	**+28%**
% of revenue	***21.0%***	***19.1%***	***+1.9 pt***
EBITDA	541	449	+20%
% of revenue	*31.1%*	*29.9%*	*+1.2 pt*
Acquisitions of property, plant and equipment and intangible assets	92	67	+37%
Average FTE headcount	3,748	3,777	-1%

Revenue

In 2022, Bottega Veneta's revenue amounted to €1,740 million, an increase of 16% as reported or 11% on a comparable basis. The House's growth since 2018 reflects the success of its strategy, which it has implemented consistently and with determination, aiming to develop its offerings in all product categories, rejuvenate and broaden its customer base, raise brand awareness – especially in mature markets – and enhance customers' in-store experience.

Revenue by distribution channel

In keeping with the brand's exclusive, high-end positioning, the House is focusing on selling its products through directly operated stores and e-commerce sites, which accounted for 78% of its revenue in 2022, as opposed to 75% in 2021.

Bottega Veneta's sales in directly operated stores and e-commerce sites rose by 15% on a comparable basis. This growth was driven both by a healthy and controlled development of same-store sales and by good momentum in e-commerce. Comparative figures in 2021 may affect the analysis of performance in each quarter, but it is worth noting that growth in Bottega Veneta's retail sales was very steady in each quarter relative to 2019.

As expected, wholesale revenue was stable on a comparable basis. After two years in which Bottega Veneta's growing appeal enabled it to regain market share with its wholesalers, it has now started to reorganize this distribution channel – a process that will continue in 2023 – with the aim of working only with a limited number of very high-quality partners.

Revenue by region

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

In Western Europe, revenue rose by 65% on a comparable basis, driven both by the brand's success with local customers and by the upturn in the number of tourists visiting the region.

In Japan, sales grew 36% year-on-year at constant exchange rates. As in 2021, business levels in Japan showed that the House's new aesthetic direction and broader product range are making it increasingly popular with local customers.

In North America, Bottega Veneta's sales rose 5% on a comparable basis relative to 2021 despite the high base for comparison. In the United States, notably, the House has doubled in scale since 2019.

In Asia-Pacific, sales fell by 3%. Bottega Veneta achieved an excellent performance in South Korea, which is very similar market to Japan in terms of scale and the House's profile within it, and Southeast Asia, but this did not entirely offset the decline in sales in China.

Sales growth in the rest of the world remained robust.

Revenue by product category

Leather Goods once again constituted the brand's core business, making up 75% of total sales, including wholesale. Both new and iconic lines, along with their seasonal variations, met with great success among the House's customer base. The House's strategy aims to maintain the exclusivity associated with this key category of Leather Goods, particularly by focusing on sales growth through higher prices and an improved product mix rather than volume growth alone.

Ready-To-Wear revenue posted very solid growth as new collections, both womenswear but also increasingly menswear, were very well received.

The sales trend in the shoes category, meanwhile, should be assessed in view of the very high base for comparison.

Recurring operating income

Bottega Veneta's recurring operating income for 2022 totaled €366 million, up 28% compared to 2021.

Operating margin was again above 20% threshold, rising 1.9 points year-on-year to 21.0%. That increase was driven by positive operating leverage, even though the House maintained its investment efforts in order to make its revamp a lasting success. The increase in the cost base is therefore being well managed and priorities are being set regarding the allocation of resources to focus them on the most effective types of expenditure.

EBITDA amounted to €541 million in 2022, equal to 31.1% of revenue.

Store network and operating investments

As of December 31, 2022, Bottega Veneta had 271 directly operated stores. There were 8 net store openings during the year.

The brand is focusing its investment efforts on relocating and refurbishing its existing stores, while pursuing its strategy of gradual and targeted openings as opportunities arise, notably with the establishment of new flagships.

Operating investments totaled €92 million, higher than in previous years. However, they remained broadly stable as a proportion of the House's sales (around 5%).

4.4 Other Houses

(in € millions)	2022	2021	Change
Revenue	**3,874**	**3,285**	**+18%**
Recurring operating income	**558**	**459**	**+22%**
% of revenue	***14.4%***	***14.1%***	***+0.3 pt***
EBITDA	888	734	+21%
% of revenue	*22.9%*	*22.4%*	*+0.5 pt*
Acquisitions of property, plant and equipment and intangible assets	221	180	+23%
Average FTE headcount	8,137	7,270	+12%

Revenue

In 2022, revenue generated by the Other Houses grew 18% as reported and 16% on a comparable basis.

As well as currency effects, the difference between growth as reported and on a comparable basis was due to the disposal of watch brands Girard-Perregaux and Ulysse Nardin, which have no longer been consolidated since January 1, 2022.

All Houses in this segment achieved revenue growth.

Balenciaga's performance was outstanding for much of the year, although the fourth quarter was less positive due to slower growth in certain markets and controversy regarding one of its media campaigns, particularly in the United States.

After a very solid start to the year, Alexander McQueen worked to bolster its market share by rebalancing its product range , on purpose, and prioritizing its retail network.

Brioni's revenue continued to recover, moving close to the 2019 figure and substantially higher at Brioni's directly operated stores.

Boucheron's sales rose very sharply, confirming the exceptional growth potential of this House.

Revenue growth at Pomellato and Dodo was extremely robust.

Qeelin was naturally affected by the weaker consumer environment in China, related to the "zero-COVID" policy adopted by the authorities. However, its sales still rose because of its resilient distribution network in China and solid growth in new markets.

Revenue by distribution channel

Revenue from stores and websites directly operated by the Other Houses rose by 27% year-on-year on a comparable basis. That growth was partly due to new store openings in line with the strategy of moving towards more exclusive distribution. Same-store sales growth was also very solid although it varied between markets. Continuously increasing online sales provided another source of growth. However, the proportion of total revenue coming from online sales varied between brands, showing close correlation with the maturity of each House's e-commerce operation and product range.

Wholesale revenue fell 6% on a comparable basis. In accordance with the Group's strategy, the Other Houses – primarily Balenciaga – are focusing their wholesale businesses on a limited number of top-quality partners.

Revenue by region

The performances by region delivered by the Other Houses followed similar trends to those seen at Gucci, Yves Saint Laurent and Bottega Veneta.

Very firm trends in spending by local consumers and the recovery in tourism also supported all of the Other Houses' sales in Western Europe, where revenue rose by 25% on a comparable basis.

Revenue grew 37% on a comparable basis in Japan, boosted in particular by the excellent performance of Jewelry brands.

In North America, sales growth returned to a more normal level of 5% on a comparable basis. However, the Other Houses' sales in North America were more than double the level seen in 2019.

In Asia-Pacific, revenue growth remained solid at 10% on a comparable basis. Like the industry as a whole, the Other Houses were affected by the COVID policy adopted in China, but their sales held up well. In other markets, mainly Southeast Asia and Oceania, the Other Houses increased their revenue, showing their exceptional growth potential.

In the Rest of the World excluding Russia, the Other Houses were extremely robust.

Revenue by product category

Of the major product categories, Leather Goods saw the strongest sales growth in 2022. In particular, the Leather Goods offerings of Balenciaga and Alexander McQueen, which have expanded in recent years, continued to attract new customers.

Revenue in the Ready-To-Wear category also saw very firm growth due to good momentum at Balenciaga, an upturn at Brioni and Alexander McQueen's high level of credibility in this category.

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

Jewelry Houses continued to implement their development plans successfully in 2022, and saw sales rise very substantially. High Jewelry collections from Boucheron but also Pomellato were particularly well received.

Royalties increased relative to 2021, due in particular to the very strong performance of licenses managed by Kering Eyewear.

Recurring operating income

The Other Houses' recurring operating income was €558 million in 2022, 22% higher than in 2021.

Recurring operating margin came to 14.4%, up 0.3 points compared to 2021.

This slight increase was down to the Other Houses' excellent performance in the first half and the positive operational leverage that resulted. In the second half, however, profitability was lower because of expenditure on strengthening the Houses' organizations and supporting their development in all their main markets, while sales growth returned to a more normal level.

The deconsolidation of watch brands following their disposal also boosted the segment's operating margin.

EBITDA is at €888 million, an increase of increased €154 million year-on-year. This drove EBITDA margin 0.5 points higher to 22.9%.

Store network and operating investments

The Other Houses had 580 directly operated stores as of December 31, 2022, a net increase of 53 compared to 2021.

Balenciaga and the other Jewelry brands were mainly behind this expansion of the network. Asia-Pacific had most store openings (net of closures), followed by North America and Western Europe, which saw almost equal numbers of openings.

These developments naturally led to an increase in the Other Houses' operating investments, which totaled €221 million, €41 million more than in 2021. As a proportion of annual revenue, investments remained high at 5.7% in 2022 as opposed to 5.5% in 2021. Although the Houses obviously worked on strengthening their retail operations, they also invested in their production capabilities and the full array of infrastructure need to develop their businesses.

4.5 Kering Eyewear and Corporate

(in € millions)	**2022**	**2021**	**Change**
Revenue	**1,139**	**733**	**+55%**
of which Kering Eyewear	*1,115*	*706*	*+58%*
of which Corporate and other	*24*	*27*	*-9%*
Recurring operating income	**(88)**	**(164)**	**+46%**
of which Kering Eyewear	*203*	*82*	*+146%*
of which Corporate and other	*(291)*	*(246)*	*-18%*
Acquisitions of property, plant and equipment and intangible assets	238	291	-18%
Average FTE headcount	5,486	4,269	+29%

The "Kering Eyewear and Corporate" segment comprises:

- Kering Eyewear, whose sales and operating income are presented before the elimination of intra-group sales and other consolidation adjustments (reported on the separate line item "Eliminations");
- Kering's headquarters teams, all corporate departments reporting to them – including in the regions – and Shared Services, which provide a range of services to the brands, along with the Kering Sustainability Department. KGS – the Kering entity that handled sourcing activities for non-Group brands including companies making up the former Redcats group – was sold in November 2022. The operating income it generated in 2022, during the period of almost 11 months when it remained part of the Group, is included in the "Corporate and other" sub-segment.

In 2022, the segment generated total revenue of €1,139 million, including €1,115 million from Kering Eyewear.

Kering Eyewear's sales were up 58% as reported. They included a positive impact from a change in scope, resulting from the consolidation of Lindberg from October 1, 2021 and Maui Jim from October 1, 2022.

At constant scope and exchange rates, revenue rose by 27%, with the number of licenses managed by Kering Eyewear remaining stable relative to 2021. Performance in the first and second halves of the year must be analyzed in view of seasonal variations in Kering Eyewear's business, with more sales taking place in the first six months.

Growth at constant scope was extremely solid in all its main markets, except China.

In terms of the distribution channels of brands managed under license by Kering Eyewear, local chains and the "three Os" (opticians, optometrists and ophthalmologists) constitute the main sales channel (representing over 50% of total sales in both 2022 and 2021). Revenue from those distributors once again saw very robust growth, showing the effectiveness of Kering Eyewear's sales organization. Business levels in the other distribution channels rose sharply and even rebounded in Travel Retail, where sales doubled year-on-year.

The segment made an operating loss of €88 million, comprising operating income of €203 million at Kering Eyewear less Corporate operating expenses of €291 million.

Kering Eyewear's recurring operating margin was 18.2%, around 6.5 points more than in 2021. That increase resulted from positive operating leverage but also the accretive nature of the Lindberg and Maui Jim acquisitions.

Corporate operating expenses rose by €45 million compared to 2021. Excluding an adverse currency effect, the increase in costs related mainly to the Group's IT, digital and innovation initiatives, as well as the effects of inflation, which particularly affected payroll expenses. In addition, expenses had remained at a particularly low level in 2021 after a massive decrease in 2020 when the COVID-19 pandemic was at its height. Relative to 2019, therefore, the increase in corporate operating expenses was limited to 4% as reported.

The segment's operating investments amounted to €238 million in 2022, down €53 million relative to 2021. Investment peaked in 2020 and remained very high in 2021, in connection with efforts to modernize all IT systems and the logistics organization that Corporate manages on behalf of the Group's brands.

5 – PARENT COMPANY NET INCOME

In 2022, the parent company generated net income of €1,552 million, compared to €2,769 million in 2021. The 2022 figure includes €1,624 million of dividends received from subsidiaries (versus €2,025 million in 2021).

6 – TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties in 2022 are described in the notes to the consolidated financial statements (Note 29 – Transactions with related parties).

7 – SUBSEQUENT EVENTS

Share Buyback Program

The fourth tranche of the Share Buyback Program was completed on December 15, 2022. Between October 24 and December 15, 2022, 650,000 shares (representing around 0.5% of the share capital) were repurchased at an average price of €511.71 per share.

The Board of Directors decided in its meeting of February 14, 2023 that the 650,000 shares repurchased in this tranche would be canceled by the end of 2023.

Appointment of Gucci's new creative director

On January 28, 2023, Kering and Gucci announced the arrival of Sabato De Sarno as Creative Director of Gucci. Sabato De Sarno will present his first collection during Milan Women's Fashion Week in September 2023.

As part of his new role, Sabato De Sarno will lead the House's creative studio and will report to Marco Bizzarri, President and Chief Executive Officer of Gucci. He will be responsible for defining and expressing the House's creative vision through Womenswear, Menswear, Leather Goods, Accessories and Lifestyle collections.

Sabato De Sarno grew up in Naples, Italy. He started his career at Prada in 2005, before moving to Dolce & Gabbana and then Valentino in 2009. At Valentino, he took on increasing responsibilities until he was appointed Fashion Director, overseeing menswear and womenswear collections.

Raffaella Cornaggia appointed Chief Executive Officer of Kering Beauté

On February 3, 2023, Kering announced the appointment of Raffaella Cornaggia as CEO of Kering Beauté. Based in Paris and reporting to Jean-François Palus, Group Managing Director of Kering, she is a member of the Group's Executive Committee.

In her new role, and supported by a team of seasoned professionals, she will help develop expertise in the Beauty category for Bottega Veneta, Balenciaga, Alexander McQueen, Pomellato and Qeelin.

The creation of Kering Beauté will enable the Group to support these brands in the development of this category, which is a natural extension of their universes.

Kering is confident it can create value for the Group and its Houses, drawing on each of their unique identities in a way that is fully consistent with their strategy and market positioning.

Dual-tranche bond issue for a total amount of 1.5 billion euros

On February 27, 2023, Kering has issued a dual-tranche bond for a total of EUR 1.5 billion, consisting of:

- a EUR 750 million tranche with a 6-year maturity and a 3.25% coupon
- and a EUR 750 million tranche with a 10-year maturity and a 3.375% coupon.

The issue, in line with the Group's active liquidity management, enables Kering to enhance its funding flexibility through refinancing of existing debt.

The great success of this issue with investors underscores the market's confidence in the credit quality of the Group. Kering's long-term debt is rated "A" with a stable outlook by Standard & Poor's.

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

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

On March 17, 2023, during an event held in New York, Kering announced a commitment to reduce its absolute greenhouse gas emissions by 40% by 2035, on a 2021 baseline. This new target covering scopes 1, 2 and 3 of the greenhouse gas protocol was revealed ahead of the publication of Kering's 2020-2023 Sustainability Progress Report on 22 March, six years into the Group's 'Crafting Tomorrow's Luxury' strategy.

Kering's new 40% reduction target in absolute terms represents the next necessary step to accelerate the implementation of the Group's vision of a modern and responsible luxury, complementing the evolution of its sustainability strategy. Over the last three years, Kering not only continued to make significant strides towards attaining its original social and environmental 2025 targets, but also augmented them through a series of ambitious new targets. Under dedicated strategies for climate, biodiversity and circularity, these additional goals, combined with Kering's new absolute target and its historical objectives, will continue to drive the transformation of the Group's business model.

8 – OUTLOOK

To achieve its long-term vision, Kering invests in the development of its Houses, so that they continuously strengthen their desirability and the exclusivity of their distribution, strike a perfect balance between creative innovation and timelessness, and achieve the highest standards in terms of quality, sustainability, and experience for their customers.

In an environment of ongoing economic and geopolitical uncertainty in the near term, Kering will continue to execute on its strategy and vision, in pursuit of two key ambitions: to maintain a trajectory of profitable growth resulting in high levels of cash flow generation and return on capital employed, and to confirm its status as one of the most influential groups in the Luxury industry.

9 – DEFINITIONS OF NON-IFRS FINANCIAL INDICATORS

"Reported" and "comparable" growth

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

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

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

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

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

Recurring operating income

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

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

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

EBITDA

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

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

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

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

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

Net debt

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

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

Effective tax rate on recurring income

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

10 – INVESTMENT POLICY

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

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

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

Financial investments

Financial investments represented net cash outflows of €2,770 million in 2022, relating mainly to the acquisition of Maui Jim (compared to €452 million of net cash outflows for 2021, mainly reflecting the acquisition of Lindberg).

The cash impact of discontinued operations (mainly Girard-Perregaux and Ulysse Nardin) restated in accordance with IFRS 5 is shown in the "Net cash received from (used in) discontinued operations" item (Chapter 6 - Financial statements as of December 31, 2022 - 1.5 consolidated statement of cash flows) and represented a net cash outflow of €8 million in 2022 (compared to net cash outflow of €2 million in 2021).

Operating investments

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

The Group's investment policy is focused on the development of its store network, the conversion and renovation of its existing points of sale, the establishment and maintenance of manufacturing units in the luxury sector, and the development of IT systems. Gross operating investments amounted to €1,071 million in 2022, up 15% or €137 million relative to 2021. The seasonality of operating investments was very similar to the pattern seen in 2021, with a large majority of investments (almost two thirds) taking place in the second

As of December 31, 2022, the Group had a network of 1,659 directly operated stores. Net store additions compared to December 31, 2021 totaled 100. A large proportion (almost 40%) of the new store openings were in the Asia-Pacific region, but some brands also expanded their distribution networks with openings in Japan, North America and Western Europe. The year-on-year increase was also driven to a very large extent by the scheduled expansion of the Balenciaga and Yves Saint Laurent networks and completion of efforts to streamline Gucci's distribution.

Gucci

As of December 31, 2022, Gucci operated 528 stores directly. Gucci opened 27 net new stores during the year, mainly in Asia-Pacific. Gucci's focus is on achieving organic growth by maximizing the productivity of the existing store network, but it is also continuing to identify opportunities that will enable it to enhance its distribution in certain regions or sales channels.

Gucci's gross operating investments amounted to €408 million in 2022, 26% more than in 2021. Those investments were split fairly evenly between refurbishments, openings and relocations on the one hand, and projects related to the supply chain, digital and support functions on the other.

Yves Saint Laurent

As of December 31, 2022, the House had 280 directly operated stores. There were 12 net store openings during 2022, reflecting the brand's store network expansion plan implemented over the past few years. New stores were opened during the year in all the markets in which Yves Saint Laurent already operates directly. Although growth in the number of stores clearly reverted to a more normal level in 2022, the House nonetheless has the potential to manage a network of 300 to 350 stores in the medium term.

The House's operating investments totaled €112 million, up €40 million relative to 2021.

Bottega Veneta

As of December 31, 2022, Bottega Veneta had 271 directly operated stores. There were 8 net store openings during the year. As in 2021, the brand focused its investment efforts on relocating and refurbishing its existing stores, while pursuing its strategy of gradual and targeted openings as opportunities arose, notably with the establishment of new flagships.

Operating investments totaled €92 million in 2022, higher than in 2021 but broadly stable as a proportion of the House's sales (roughly 5%).

Other Houses

The Other Houses directly operated 580 stores as of December 31, 2022, an increase of 53 year-on-year. This rise was mainly attributable to store openings by Balenciaga and Alexander McQueen. Another key development was the expansion of the Jewelry Houses' store network, with new openings again focused in Asia.

These developments led to an increase in the Other Houses' operating investments, which totaled €221 million, €41 million higher than in 2021.

Kering Eyewear and Corporate

Investments by Kering Eyewear and Corporate totaled €238 million. They were €53 million lower than in 2021. Investment peaked in 2020 and remained very high in 2021, in tandem with efforts to modernize all IT systems and the logistics organization that Corporate manages on behalf of the Group's brands. Expenditure relating to major strategic programs coordinated by the Group (e.g., the deployment of SAP and a new logistics hub in Italy) were to a large extent concentrated in the previous three financial years. As a result, Kering Eyewear and Corporate's share of the Group's operating investments fell from 31% to 22%.

CHAPTER 3
Corporate governance

1 - KERING'S GOVERNANCE

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

The Board of Directors approved the full report, including the remuneration policy for corporate officers, at its meeting on March 2, 2023 in accordance with the provisions of Articles L. 225-37 and L. 22-10-8 of the French Commercial Code (*Code de commerce*).

1.1 Reference Corporate Governance Code

The Company refers to the Corporate Governance Code of Listed Corporations resulting from the October 2003 consolidation of the AFEP and MEDEF reports, the January 2007 and October 2008 AFEP-MEDEF recommendations on the remuneration of executive corporate officers, the April 2010 recommendations on strengthening the representation of women on boards, the June 2013 recommendations on Say-on-Pay shareholder votes, stricter "comply or explain" requirements and the establishment of the High Committee on Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*), the November 2016 recommendations relating in particular to independence, CSR and the remuneration of executive corporate officers, the June 2018 recommendations relating notably to the tasks of the Board of Directors, as amended on January 30, 2020 and their December 2022 recommendations on the Board's role as the guardian of the company's CSR strategy (the "AFEP-MEDEF Code").

1.2 Combination of executive management roles

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

Following discussions within the Appointments Committee, the Board elected to combine the roles of Chairman of the Board and Chief Executive Officer and to renew this choice after the Combined General Meeting of June 18, 2013, when the shareholders decided to reappoint François-Henri Pinault as a Director, considering that this arrangement was more in tune with Kering's specific characteristics. The decision to combine the roles of Chairman of the Board and Chief Executive Officer was considered best suited to the Group's organization, operating procedures and activities. Following the Annual General Meeting of April 22, 2021, the Board of Directors confirmed its decision to appoint François-Henri Pinault as Chief Executive Officer.

In its decision, the Board, in particular, had regard to the special position of François-Henri Pinault who is related to the controlling shareholder and his active involvement in conducting the Group's business affairs, of which he has in-depth operational knowledge and extensive experience. The Board also underlined the benefits of combining executive management roles following the Group's transformation drive on the grounds that this makes for an effective strategic decision-making process, helps to optimize the Group's economic and financial performance, and provides strong, consistent communication.

This arrangement is also aligned with the Group's shareholder structure, which includes individual investors, a controlling shareholder and institutional shareholders, all of whom have a stake in Kering's long-term development.

François Pinault, founder of the Group, is Honorary Chairman of the Board of Directors, but is not a Director.

In addition, given that the roles of Chairman of the Board and Chief Executive Officer are combined and to provide additional assurance with regard to the Board's operating rules and balance of power, the Board of Directors decided at its meeting on February 11, 2019, on the recommendation of the Appointments and Governance Committee, to create the role of Lead Independent Director, with the duties described in section 1.5 of this chapter, as well as in the Board of Directors' Internal Rules.

1.3 Complementary nature of the duties of the Chairman and Chief Executive Officer and the Group Managing Director

Pursuant to a decision made on February 26, 2008, Jean-François Palus, at that time PPR's Chief Financial Officer, was appointed as a Director and Group Managing Director. At the Combined General Meetings of June 18, 2013, April 27, 2017 and April 22, 2021, the shareholders decided to reappoint him as a Director for four years. At their meetings held subsequent to each of the Combined General Meetings, the Board of Directors also decided to reappoint him as Group Managing Director for the same period, acting on a recommendation of the Chairman and Chief Executive Officer.

Alongside the Chairman and Chief Executive Officer, the Group Managing Director is directly responsible for operations at several of Kering's Houses and participates actively in formulating the Group's overall strategy.

In his capacity as Group Managing Director and in compliance with the authorizations expressly granted to the Group Managing Director by the Board of Directors pursuant to the Company's Articles of Association, the Board has granted Jean-François Palus the same powers to represent and bind the Company vis-à-vis third parties as those conferred upon the Chief Executive Officer.

1.4 Balance of power on the Board of Directors

With a view to achieving and maintaining an effective balance of power on its Board, the Group takes steps to ensure that membership is suitably balanced and diverse. Members of the Board have backgrounds in a variety of industries and are mainly independent (six out of the eleven Board members, not counting the Directors representing employees, or 55%), including the Lead Independent Director. As of March 2, 2023, five of the Board's thirteen members are women (a percentage of 45% calculated excluding the Directors representing employees in accordance with Article L. 225-27 of the French Commercial Code). This demonstrates that women are well represented on the Board of Directors, with a proportion in line with the requirements of the French Commercial Code, which states that at least 40% of Board members must be women.

The operating rules and procedures of the Board of Directors are defined by law and the Company's Articles of Association, along with the internal rules of the Board and its four specialized Committees, as presented in section 2.3.3 of this chapter:

- Audit Committee;
- Remuneration Committee;
- Appointments and Governance Committee;
- Sustainability Committee.

The specific provisions of the Company's Articles of Association regarding Directors are in line with basic legal requirements. There are special provisions for the term of office of Directors (four years, renewable), the age limit (no more than one third of the Directors may be over 70), the Directors representing employees (one appointed by Kering's Social and Economic Committee and the other by the European Works Council) and the minimum number of shares (50) that must be owned by each Director, except the Directors representing employees, in accordance with Article L. 225-25 of the French Commercial Code.

In order to ensure a smooth renewal process for membership of the Board of Directors, the shareholders decided at the Combined General Meeting of May 7, 2009 to stagger reappointments of Directors.

Directors are expected to attend meetings and be fully committed to the work of the Board and its Committees, which benefit from the diverse backgrounds, skills and expertise of their members. Directors with in-depth, long-standing knowledge of the Group are a perfect complement to newly appointed Directors, who bring a fresh perspective on the Group and help it move forward.

Notwithstanding the legal provisions governing the authorizations that must be granted by the Board (related-party agreements, endorsements, suretyships and guarantees, divestments of shareholdings or sale of real estate, etc.), Article 15 of the Company's Articles of Association states that the following decisions require the prior approval of the Board:

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

The internal rules of the Board provide that Directors must inform the Board of any existing or potential conflict of interest with Kering SA or any other Group company, and must not attend deliberations of or vote on any matters that concern them directly or indirectly. Each year, the Board of Directors assesses the position of the Directors with regard to conflicts of interest.

The internal rules are revised on a regular basis to bring them into line with changes in governance rules and practices. The latest changes to date are presented in detail in section 2.2.1 of this chapter.

The internal rules are published in full on the Company's website.

As indicated above, each Committee has its own internal rules, which are updated on a regular basis. The most recent update concerned the internal rules of the Audit Committee, which now include rules for the approval of non-audit services that may be provided by Statutory Auditors or their networks.

All Directors are entitled to attend specific meetings of Committees of which they are not a member, if they so wish, but without voting rights.

In accordance with the recommendations of the AFEP-MEDEF Code, every three years the Board of Directors appoints an independent expert to carry out a formal assessment. Each year, the Board also organizes a discussion on its work. This annual assessment by the Board concerns its membership, organization and operating rules. It takes place in two stages:

- a questionnaire is issued to each Director;
- each Director meets with the Chairman of the Board or the Lead Independent Director or a person designated by the Chairman, using the questionnaire as the starting point for discussions.

At the end of these meetings, the Directors set new objectives for improving the quality of their organization and ensure that all important issues have been suitably prepared and addressed.

To ensure the balance of power among the Company's governance bodies, meetings are organized without the executive corporate officers at least once a year, in line with the recommendations of the AFEP-MEDEF Code.

In addition, the Company is holding more and more meetings with its shareholders at the initiative of its Board of Directors in order to promote long-term value creation and establish and maintain dialogue on environmental, social and governance (ESG) issues. It is also meeting more regularly with all its other stakeholders.

The conditions of preparation and organization of the work of the Board of Directors are described in section 2.2 of this chapter.

1.5 Role and responsibilities of the Lead Independent Director

1.5.1 Presentation of the Lead Independent Director

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

Acting on the recommendation of the Appointments and Governance Committee, the Board of Directors created at its meeting on February 11, 2019 the position of Lead Independent Director and appointed Sophie L'Hélias to serve in that role.

At the Board of Directors' meeting of March 4, 2022, Sophie L'Hélias announced her resignation from her position as director on Kering's Board owing to her recent appointment as Chairwoman of the Board of Directors of a company outside the Group.

Following the appointment of Véronique Weill at the Annual General Meeting of April 28, 2022, the Board of Directors appointed her as the Lead Independent Director. She brings to Kering's Board of Directors her extensive experience, particularly in corporate governance.

1.5.2 Lead Independent Director's responsibilities and powers

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

The Lead Independent Director:

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

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

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

Relationship of the Lead Independent Director with shareholders

The Lead Independent Director:

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

Resources

The Lead Independent Director:

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

Reporting

The Lead Independent Director reports to the Board of Directors on the performance of its duties once a year. It may also be asked by the Chairman to report on its actions during Annual General Meetings.

At the end of each Lead Independent Director's term of office, the Board of Directors reviews the resources made available to the Lead Independent Director to perform their tasks and the associated powers with a view to making adjustments, if necessary.

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

Work carried out in 2022

Sophie L'Hélias, Lead Independent Director until March 4, 2022, held regular discussions with the Directors and Executive Management.

On April 28, 2022, Véronique Weill succeeded Sophie L'Hélias as Lead Independent Director.

Since her appointment, Véronique Weill has spent the bulk of her time meeting with all the Directors, the CEOs of the Group's Houses and the Executive Committee members. She also met with members of the legal, human resources, investor relations, finance and sustainability teams, as well as several operating teams.

During 2022, she notably:

- met regularly with the Chairman and Chief Executive Officer and the Group Managing Director;
- participated in the preparation of meeting agendas for the Board of Directors;
- contributed to dialogue with the Company's main shareholders, by meeting during the *ESG roadshow* held in November 2022 with key investors representing around 38.6% of the free float (and 21.8% of total share capital). The goal was to promote constructive dialogue on strategic governance and sustainability issues (ESG) (the presentation used at the roadshow is available from the Company's website);
- reported to Directors on discussions with investors;
- organized and chaired a meeting with Board members on December 8, 2022, without the Chairman and CEO and the Group Managing Director;
- participated in the process of assessing the Board;
- attended all the meetings of the specialized Committees.

1.6 Role and duties of the Climate Change Lead

In line with the Group's commitments in terms of climate action, the Board of Directors decided during its meeting on February 16, 2022 to appoint a member of the Board as Climate Change Lead.

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

- ensuring that the Board at large and each of the Directors individually have a clear grasp and understanding of the climate change priorities and impacts, generally and specifically for Kering and the luxury sector;
- proposing any actions deemed relevant to enhance the Board's overall expertise in the area (training, involvement of experts, etc.);
- regularly informing the Board about the latest advances in scientific knowledge about global warming (IPCC's work in particular) and recent developments in reporting obligations for businesses in the area (regulatory news and watch);
- assessing and ranking risks and opportunities raised by climate change within the governance framework to guarantee the issue is addressed strategically as part of a long-term approach;

- ensuring the Group's climate ambitions comply with the Paris Agreement and are aligned with the highest international standards and practices (SBT, Net Zero trajectory, TCFD, Taxonomy, shareholders' expectations, investors and other stakeholders, etc.) and able to extend the Group's climate leadership;
- participating in strategic direction discussions concerning the climate and transition financing trajectory (resilience and realignment of the Group's business model with climate change priorities);
- ensuring the climate dimension is a factor in all key decisions made by the business (innovation, technology decisions, investments, etc.);
- reporting to the Board at least twice a year, in coordination with the Board's Sustainability Committee, of which he is a member, on deployment of the climate strategy within the Group, on the implementation of the action plans and the results obtained in terms of mitigation and adaption to climate change.

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

Since his appointment, Jean-Pierre Denis has held regular conversations with Executive Management, the Lead Independent Director, the Chair of the Sustainability Committee and the Group's Chief Sustainability Officer with the goal of proposing a climate action roadmap, multi-annual targets and action plan. He has spoken at a number of internal and external conferences.

There are plans to spend a Board meeting during 2023 training Directors on climate issues and the challenges and opportunities these contain for the Group. In addition, the annual meeting concerning the Group's strategy will in 2023 include in its agenda the setting of the Group's multi-annual CSR strategy, with a clear focus on the climate and targets set for different time horizons.

1.7 Dialogue with Executive Management and operational divisions

The Directors can take up matters with Executive Management at any time and with complete transparency, and Executive Management keeps the Directors regularly informed of all important events concerning the Company's business affairs. The Board has the resources to freely discuss all matters that concern it, particularly issues relating to the Group's strategic direction, the implementation of that direction and its monitoring. The Directors are also provided in advance with all of the information they need to make free and informed decisions and participate in developing the agendas for the meetings in conjunction with Executive Management.

The Board may also call on any advisors or consultants to obtain an independent expert opinion on any topics presented to it by the Company.

The Board can meet with Group senior executives at certain meetings of the Board of Directors or its Committees.

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

The Board's membership and modus operandi guarantee it always acts in the best interests of the Group. It serves as a forum for reflection providing invaluable support for Executive Management and ensures the interests of all stakeholders are protected.

As part of the regular procedure for reviewing agreements entered into in the ordinary course of business and at arm's length, as described in section 2.2.1 of this chapter, the Directors may consult the Legal Department and, where necessary, the Finance Department from time to time.

2 - MEMBERSHIP OF THE BOARD OF DIRECTORS AND INFORMATION ON CORPORATE OFFICERS

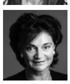
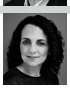
2.1 Members of the Board of Directors at March 2, 2023

The Board is composed of Directors with wide and diversified experience, relating in particular to corporate strategy, finance, governance, insurance, economics, corporate social and environmental responsibility, retail sector, industry, accounting, management and supervision of commercial and financial corporations. The Articles of Association provide for a renewable four-year term of office for Directors.

In order to avoid reappointing the entire Board simultaneously and to facilitate a smooth renewal process, at the Combined General Meeting held on May 7, 2009 the shareholders adopted an amendment to Article 10 of the Company's Articles of Association staggering reappointments of Directors.

After reviewing the Board of Directors' report and the favorable opinion issued by the Company's Social and Economic Committee, the shareholders decided at the General Meetings of May 6, 2014 and June 16, 2020 to amend Article 10 of the Articles of Association in order to establish the procedure for appointing Directors representing employees in accordance with the French law of June 14, 2013 in relation to job security.

On March 2, 2023, the Board of Directors had 13 members, six of them independent Directors (55%, excluding Directors representing employees) according to the AFEP-MEDEF Code and the Board of Directors' criteria (see section 2.2.5 of this chapter), and two of them appointed to represent employees – one by Kering's Social and Economic Committee and the other by the European Works Council.

			Age	Gender	Nationality	Start of 1st term of office (AGM)	End of current term of office	Seniority on the Board	Membership of a Committee: Audit	Remuneration	Appointments and Governance	Sustainability
Chairman and CEO	François-Henri Pinault		60	M	French	1993 (2)	2025	29				●
Independent Directors (1)	Véronique Weill *Lead Independent Director*		63	W	French	2022	2026	1	●	C	●	●
	Yonca Dervisoglu		53	W	Turkish and British	2022	2026	1			●	●
	Daniela Riccardi		62	W	Italian	2014	2026	8	●			●
	Tidjane Thiam		60	M	French and Ivorian	2020	2024	2	C	●		
	Emma Watson		32	W	British	2020	2024	2				C
	Serge Weinberg		72	M	French	2022	2026	1	●	●	C	
Non-independent Directors	Jean-Pierre Denis *Climate Change Lead*		62	M	French	2008	2024	14	●	●		●
	Jean-François Palus *Group Managing Director*		61	M	French	2009	2025	13				●
	Financière Pinault represented by Héloïse Temple-Boyer		44	W	French	2018	2025	4	●	●	●	
	Baudouin Prot		71	M	French	1998 (3)	2025	24			●	
Directors representing employees	Concetta Battaglia		54	W	Italian and British	2020	2024	2			●	●
	Vincent Schaal		54	M	French	2022	2026	1		●		

57
average age of Directors

55%
independent Directors (4)

7.5
years' average seniority

● Committee member **C** Committee Chair
(1) According to the criteria of the AFEP-MEDEF Code and the Board of Directors.
(2) Member of the Executive Board from 1993 to 2001 and the Supervisory Board from 2001 to 2005.
(3) Member of the Supervisory Board until 2005.
(4) In accordance with the provisions of the AFEP-MEDEF Code, Directors representing employees are not included in the calculation of the degree of independence.

Acting on the recommendation of the Appointments and Governance Committee, at its meeting of February 11, 2020, the Board of Directors decided to remove the role of non-voting Director (censor) as of that date. At the same time, it noted that, depending on the topics addressed, inviting the CEOs of the Group's Houses to attend certain Board meetings provides Directors with very useful insights from an operational perspective.

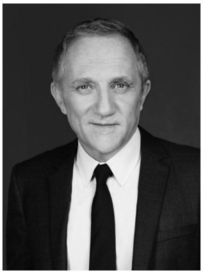
The Board has set up four Committees responsible for assisting it in performing its duties: the Audit Committee, the Remuneration Committee, the Appointments and Governance Committee, and the Sustainability Committee. They are described in section 2.3.3 of this chapter.

List of members of the Board of Directors with information on their positions in other companies

The following information is presented separately for each Director:

- professional experience and expertise in the area of business management;
- directorships and positions held in 2022;
- directorships and positions held in the last five years, but now expired.

Among Kering's corporate officers holding directorships or positions in 2022, only François-Henri Pinault, Jean-François Palus and Héloïse Temple-Boyer, permanent representative of Financière Pinault, serve or have served as corporate officers at the Group's subsidiaries.



François-Henri Pinault

Chairman and Chief Executive Officer

CSR

Number of shares held: 36,201

Born on May 28, 1962 (60 years old)
French citizen

Kering
40, rue de Sèvres
75007 Paris
France

First appointed in 1993

Term of office last renewed on April 22, 2021

Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2024

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

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

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

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

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

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

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

He attended the nine Board meetings held in 2022 and the Sustainability Committee meeting, representing an attendance rate of 100%.

François-Henri Pinault is legal manager and managing partner of Financière Pinault, which directly and indirectly held 42.01% of Kering's share capital as of December 31, 2022.

Director expertise

Leadership | Finance and accounting | Innovation | Economics | Technology/ Digital/ Cybersecurity | Industry | Marketing | CSR Corporate social and environmental responsibility | Risk management | Corporate governance

Directorships and positions held as of December 31, 2022:

Position	Company	Country	Start dates
at the level of the majority shareholder group:			
Legal manager	Financière Pinault SCA	France	June 2000
Chairman	Artémis (SAS)	France	July 2018
Member of the Management Board	SC Château Latour	France	July 1993
Chairman of the Board of Directors	Pinault Collection SAS	France	May 2016
Chairman	Sonova Management (SAS)	France	July 2015
Representative of Sonova Management, legal manager	Sonova SCS	France	September 2015
Chairman	Artémis 28 (SAS)	France	January 2018
Representative of Artémis 80, director	Deezer (formerly I2PO) (SAS)	France	June 2021
Chairman	RRW France (SAS)	France	May 2018
within the Kering group:			
Director	Kering International Ltd	United Kingdom	May 2013
Director	Kering UK Services Ltd	United Kingdom	May 2014
Director	Kering Eyewear SpA	Italy	November 2014
Director	Yves Saint Laurent SAS	France	June 2013
Chairman of the Strategy Committee	Boucheron SAS	France	August 2020

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

Position	Company	Country	End dates
Chairman of the Strategy Committee	Boucheron Holding SAS	France	July 2020
Director	Stella McCartney Ltd	United Kingdom	July 2019
Director	Manufacture et fabrique de montres et chronomètres Ulysse Nardin le Locle SA	Switzerland	November 2019
Manager	Volcom LLC	United States	April 2019
Director	Sapardis SE	France	2018
Vice-Chairman of the Supervisory Board	PUMA SE (1)	Germany	April 2017
Director	Soft Computing (1)	France	September 2017
Chairman of the Board of Directors	Artémis SA	France	December 2017
Deputy General Manager	Artémis SA	France	January 2018
Chairman and Chief Executive Officer	Artémis SA	France	July 2018

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

Jean-François Palus

Director and Group Managing Director

CSR

Number of shares held: 70,129

Born on October 28, 1961 (61 years old)
French citizen

Kering
40, rue de Sèvres
75007 Paris
France

First appointed in 2009

Term of office last renewed on April 22, 2021

Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2024

Jean-François Palus began his career in 1985 with Arthur Andersen as an Auditor and Financial Advisor.

He joined the Pinault group (which became PPR, then Kering) in 1991 where he successively held several executive management positions in various subsidiaries of the Group. In 2001, he joined Artémis as an executive and Director.

After being responsible for mergers and acquisitions at Kering, Jean-François Palus was appointed as the Group's Chief Financial Officer in 2005 and Managing Director in 2008. In this capacity, he contributed to the development of the Group's strategy, managed its implementation and focused on enhancing the Group's operational efficiency.

Jean-François Palus also headed Kering's Sport & Lifestyle activities until the exceptional stock dividend was paid out in the form of PUMA SE shares in May 2018. He is a member of the Supervisory Board of PUMA SE, having served as Chairman of the Supervisory Board until May 2022.

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

Jean-François Palus has been a Director of Kering since 2009. His term of office was renewed by the Combined General Meeting on April 22, 2021 and will expire at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2024.

Jean-François Palus is also a member of the Sustainability Committee.

At its meeting following the Combined General Meeting of April 22, 2021, the Board of Directors decided to reappoint him as Group Managing Director for a term of four years.

He attended all nine Board meetings held in 2022 and the Sustainability Committee meeting, representing an attendance rate of 100%.

Director expertise

Leadership | Finance and accounting | Innovation | Economics | Technology/ Digital/ Cybersecurity | Industry | Marketing | CSR Corporate social and environmental responsibility | Risk management | Corporate governance

Directorships and positions held as of December 31, 2022:

Position	Company	Country	Start dates
at the level of the majority shareholder group:			
Deputy General Manager	Artémis (SAS)	France	December 2017
Member of the Supervisory Board	Financière Pinault	France	January 2018
Deputy General Manager	Artémis 28	France	January 2018
Director	Sonova Management	France	July 2016
Non-executive Director	Christie's International	United Kingdom	February 2018
within the Kering group:			
Director	Kering Americas Inc.	United States	June 2011
Director	Guccio Gucci SpA	Italy	June 2014
Director	Gucci America Inc.	United States	May 2014
Director	Kering Asia Pacific Ltd	Hong Kong	May 2014
Director	Kering South East Asia Pte Ltd	Singapore	October 2014
Director	Birdswan Solutions Ltd	United Kingdom	May 2014
Director	Paintgate Ltd	United Kingdom	May 2014
Director	Kering Eyewear SpA	Italy	November 2014
Chairman	Boucheron SAS	France	July 2020
Member of the Strategy Committee	Boucheron SAS	France	August 2020
Director	Kering Canada Services Inc	Canada	December 2021
Chairman	Kering Beauté SAS	France	December 2021
outside the Kering group:			
Member of the Supervisory Board	PUMA SE[(1)]	Germany	December 2012
Director	Bureau Veritas[(1)]	France	June 2022

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

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

Position	Company	Country	End dates
Chairman of the Supervisory Board	PUMA SE [(1)]	Germany	May 2022
Director	Sowind Group SA	Switzerland	May 2022
Director	Vestiaire Collective SA	France	January 2022
Director	Kering Tokyo Investment Ltd	Japan	December 2021
Director	Yugen Kaisha Gucci	Japan	December 2021
Chairman	Boucheron Holding SAS	France	July 2020
Member of the Executive Committee	Boucheron Holding SAS	France	July 2020
Director	Tomas Maier Holding LLC	United States	March 2020
Director	Altuzarra LLC	United States	November 2020
Director	Tomas Maier Distribution LLC	United States	December 2019
Director	Pomellato SpA	Italy	May 2019
Chairman	Volcom LLC	United States	April 2019
Director	Christopher Kane Ltd	United Kingdom	February 2019
Director	Manufacture et fabrique de montres et chronomètres Ulysse Nardin le Locle SA	Switzerland	November 2019
Director	Tomas Maier LLC	United States	February 2019
Director	Stella McCartney Ltd	United Kingdom	July 2019

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

Véronique Weill

Lead Independent Director

Chair of the Remuneration Committee

Number of shares held: 50

Born on September 16, 1959 (63 years old)
French citizen

CNP Assurances

4, place Raoul Dautry

75716 Paris Cedex 15

France

First appointed in 2022

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

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

A graduate of the Institute of Political Studies (IEP) in Paris and holder of a literature degree from the Sorbonne University, Véronique Weill began her career at Arthur Andersen Audit in Paris.

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

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

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

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

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

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

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

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

In 2022, following her appointment, she attended all the Board meetings and all meetings of the four Committees on which she sits (seven Board meetings, three Audit Committee meetings, one Remuneration Committee meeting, one Appointments and Governance Committee meeting and one Sustainability Committee meeting), representing an attendance rate of 100%.

Director expertise

Leadership | Finance and accounting | Innovation | Economics | Technology/ Digital/ Cybersecurity | Industry | Marketing | CSR Corporate social and environmental responsibility | Risk management | Corporate governance

Directorships and positions held as of December 31, 2022:

Position	Company	Country	Start dates
Chair of the Board of Directors	CNP Assurances[1]	France	2020
Director	CNP Seguros Holding Brasil	Brazil	2020
Director	Holding XS1	Brazil	2020
Member of the Supervisory Board, Co-Chair of the Campaign Committee	Gustave Roussy foundation	France	2011
Member of the Supervisory Board	Rothschild & Co[1]	France	2020
Director and member of the Audit and Risk Committee, the Governance, Appointments and Corporate Social Responsibility Committee and the Remuneration Committee	Valeo[1]	France	2016

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

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

Position	Company	Country	End dates
Chief Customer Officer	Axa Group[1]	France	2017
Chief Executive Officer	Axa Global Asset Management	France	2017
Member of the Scientific Committee	Axa fund for research	France	2017
Chair of the Board of Directors	Axa Assicurazioni SpA	Italy	2017
Chair of the Board of Directors	Axa Aurora Vida, SA de Seguros y Reaseguro	Spain	2017
	Axa Pensiones SA, Axa Seguros Generales SA de Seguros y Reaseguros		
	Axa Vida SA de Seguros y Reaseguros		
Chair of the Board of Directors	Axa Global Direct SA	France	2017
Chair of the Board of Directors	Axa Banque Europe	Belgium	2017
Director	Axa Assistance SA	Italy	2017
	Axa MPS Assicurazioni Danni SpA		
	Axa MPS Assicurazioni Vita SpA		
Director	Translate Plus – Publicis Groupe	United Kingdom	2020
Director	BBH Holding Ltd	United Kingdom	2020
Director	Prodigious UK	United Kingdom	2020
Director	George Besse foundation	France	2020
Director	Musée du Louvre	France	2020
Member of the Advisory Board	Salesforce	United Kingdom	2022

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

Tidjane Thiam

Independent Director

Chair of the Audit Committee

Number of shares held: 95

Born on July 29, 1962 (60 years old)
French and Ivorian citizen

40, rue de Sèvres
75007 Paris
France

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

Tidjane Thiam is the Executive Chairman of Freedom Acquisition Corporation I, a company he founded in 2021.

Tidjane Thiam served as Chief Executive Officer of Credit Suisse from 2015 to 2020.

Throughout his career, Tidjane Thiam has led organizations in both the private and public sectors and developed projects and programs that make a positive contribution to the economy and to society.

At Credit Suisse, he set up a three-year restructuring program recognized by Euromoney with the Banker of the Year Award in 2018. Under his leadership, Credit Suisse delivered in 2019 its highest profits since 2010.

His tenure as Group Chief Executive of Prudential plc from 2009 to 2015 saw the group's market capitalization treble to more than USD 60 billion. He was elected Chairman of the Board of the Association of British Insurers, a role he held from 2012 to 2014.

Prior to that, he held a variety of leadership roles at Aviva from 2002 to 2007 including CEO of Aviva Europe and Executive Director.

From 1994 to 1999, Tidjane Thiam returned to Cote d'Ivoire to serve as a Cabinet Secretary, CEO of the National Bureau for Technical Studies and Development, and represented Côte d'Ivoire vis-à-vis the World Bank and the IMF. He led one of the largest emerging markets privatization and infrastructure development program.

He featured among the Young Global Leaders of Tomorrow by the World Economic Forum in 1997 and was named a member of the WEF's Dream Cabinet in 1999.

Earlier in his career, Tidjane Thiam spent a decade with McKinsey & Company where he was a partner.

Tidjane Thiam has been a member of the Group of Thirty (G30) think tank since 2014.

He was appointed Chairman of the Board of Directors of Rwanda Finance in November 2020, in charge of promoting Rwanda as an international financial center.

Since 2019, Tidjane Thiam has sat on the Global Board of Advisors of the Council on Foreign Relations (CFR).

Tidjane Thiam has also been awarded the title of Knight of the French Legion of Honor.

In 2019, he became a member of the International Olympic Committee (IOC), and joined the IOC Finance Commission in 2020.

Tidjane Thiam is a member of the Council on State Fragility chaired by former British Prime Minister David Cameron.

From 2014 to 2019, he served on the Board of Directors of 21st Century Fox.

He was named on the Time 100 list in 2010.

He is a graduate of the *École Polytechnique* and the *École Nationale Supérieure des Mines de Paris*, and holds an MBA from INSEAD.

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

Tidjane Thiam chairs the Audit Committee and is a member of the Remuneration Committee.

He attended the nine Board meetings in 2022, and all meetings of the Committees on which he sits (five Audit Committee meetings, two Remuneration Committee meetings), representing an attendance rate of 100%.

Director expertise

Leadership | Finance and accounting | Innovation | Economics | Technology/ Digital/ Cybersecurity | Industry | Marketing | CSR Corporate social and environmental responsibility | Risk management | Corporate governance

Directorships and positions held as of December 31, 2022:

Position	Company	Country	Start dates
Executive Chairman	Freedom Acquisition Corporation I[1]	United States	March 2021
Chairman of the Board of Directors	Rwanda Finance	Rwanda	November 2020
Member	Council on State Fragility	United Kingdom	April 2020
Member	International Olympic Committee (IOC)	Switzerland	2019
Member	Group of Thirty (G30)	United States	2014

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

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

Position	Company	Country	End dates
Member/Guardian	Council for Inclusive Capitalism	United States	2022
Chief Executive Officer and Chairman of the Executive Board	Crédit Suisse[1]	Switzerland	February 2020
Member of the Board of Directors	21st Century Fox	United States	2019

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

Serge Weinberg

Independent Director

Chair of the Appointments and Governance Committee

Number of shares held: 100

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

1, rue Euler
75008 Paris
France

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

A French national, Serge Weinberg is Chairman of Sanofi's Board of Directors since 2010 and Chairman of the investment firm Weinberg Capital Partners since 2005.

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

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

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

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

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

In 2022, he attended five of the six Board meetings held following his appointment, and all meetings of the Committees on which he sits (three Audit Committee meetings and one Appointments and Governance Committee meeting, with the Remuneration Committee not having met since his appointment), representing an attendance rate of 90%.

Director expertise

Leadership | Finance and accounting | Innovation | Economics | Technology/Digital/Cybersecurity | Industry | Marketing | Corporate social and environmental responsibility | Risk management | Corporate governance

Directorships and positions held as of December 31, 2022:

Position	Company	Country	Start dates
Chairman	Weinberg Capital Partners	France	March 2005
Chairman	Maremma SAS	France	January 2015
Chairman of the Board of Directors	Sanofi(1)	France	May 2010
Director	Piasa SA	France	May 2008
Legal manager	Alret	France	March 2008
Chairman	Sagra SAS	France	November 2018

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

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

Position	Company	Country	End dates
Chairman	Guetaria	France	November 2022
Representative of WCP	ADIT	France	October 2019
Chairman of the Supervisory Board	Financière Climater	France	January 2018
Chairman	Financière Piasa	France	June 2018
Chairman of the Supervisory Board	Financière Tess	France	October 2019
Director	Madrigall	France	June 2019
Chairman	Piasa Holding	France	June 2018

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

Emma Watson

Independent Director

Chair of the Sustainability Committee

CSR

Number of shares held: 50

Born on April 15, 1990 (32 years old)

British citizen

55 Loudoun Road – London NW8 0DL
United Kingdom

First appointed in 2020

Term of office expires at the Annual General Meeting called to approve the financial statements for the year ending December 31, 2023

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

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

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

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

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

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

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

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

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

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

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

Emma Watson is Chair of the Sustainability Committee.

She attended five of the nine Board meetings held in 2022 and the Sustainability Committee meeting, representing an attendance rate of 60%.

Emma Watson did not hold any other directorships or positions as of December 31, 2022, and has not held any other corporate office over the past five years.

Director expertise

Leadership | Finance and accounting | Innovation | Economics | Technology/Digital/Cybersecurity | Industry | Marketing | CSR Corporate social and environmental responsibility | Risk management | Corporate governance

Jean-Pierre Denis

Director

Climate Change Lead

CSR

Number of shares held: 500

Born on July 12, 1960 (62 years old)
French citizen

40, rue de Sèvres
75007 Paris
France

First appointed in 2008

Term of office last renewed on June 16, 2020

Term of office expires at the Annual General Meeting called to approve the financial statements for the year ending December 31, 2023

Jean-Pierre Denis is a Finance Inspector and a graduate of HEC and ENA. He served as Chairman and Chief Executive Officer of the Oséo group from 2005 to 2007, and member of the Executive Board of Vivendi Environnement, which became Veolia Environnement (2000 to 2003), Chairman of Dalkia (Vivendi group then Veolia Environnement) (1999 to 2003), Advisor to the Chair of CGE, which became Vivendi (1997 to 1999) and Deputy General Secretary of the Office of the President of the Republic of France (1995 to 1997). Jean-Pierre Denis was Chairman of Crédit Mutuel Arkéa and of the Fédération du Crédit Mutuel de Bretagne until May 2021 and has been Vice-Chairman of the Paprec Group since October 2021.

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

Jean-Pierre Denis is a member of the Audit Committee, the Remuneration and the Sustainability Committees.

Jean-Pierre Denis was appointed as Climate Change Lead on the Board of Directors on April 28, 2022. His role and duties are presented in section 1.6 of this chapter.

He attended the nine Board meetings in 2022 and all meetings of the Committees on which he sits (five Audit Committee meetings, two Remuneration Committee meetings and the Sustainability Committee meeting), representing an attendance rate of 100%.

Director expertise

Leadership | Finance and accounting | Innovation | Economics | Technology/ Digital/ Cybersecurity | Industry | Marketing | CSR Corporate social and environmental responsibility | Risk management | Corporate governance

Directorships and positions held as of December 31, 2022:

Position	Company	Country	Start dates
Vice-Chairman	Paprec Group	France	October 2021
Director	Paprec Holding	France	November 2010
Director	Avril Gestion	France	December 2014
Non-voting Director (censor)	Altrad Investment Authority	France	July 2018
Chairman	Altrad endowment fund	France	February 2023
Non-voting Director (censor)	Tikehau Capital[(1)]	France	May 2018
Chairman	Château Calon-Ségur SAS	France	December 2012
Chairman	Les Terroirs de Suravenir SAS	France	September 2020
Director	Caisse de Crédit Mutuel du Cap Sizun	France	May 2008

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

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

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

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

Concetta Battaglia

Director representing employees

CSR

Number of shares held: 50

Born on January 28, 1969 (54 years old)
Italian and British citizen

Kering
40, rue de Sèvres
75007 Paris
France

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

Concetta Battaglia is Head of Operations at Kering UK Services. After joining Gucci Group in 2005 as personal assistant to the Worldwide Store Planning Director, she moved into the facilities team before progressing to her current role. Among other responsibilities, she is in charge of the development and implementation of health and safety policies and procedures within Kering and its Houses in the United Kingdom, where ESG comes into play.

Before joining Kering, Concetta Battaglia worked in sales and customer services.

An Italian and British citizen, Concetta Battaglia has lived in Switzerland and Italy and currently resides in London.

She graduated from Sapienza University of Rome, Italy, in 1996 with a degree in political science.

Concetta Battaglia was elected as the second Director representing employees by the Kering European Works Council on September 2, 2020 for a term of office of four years.

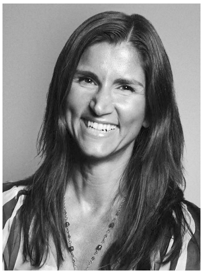
Concetta Battaglia is a member of the Appointments and Governance and the Sustainability Committees.

She attended the nine Board meetings held in 2022, the four Appointments and Governance Committee meetings and the Sustainability Committee meeting, representing an attendance rate of 100%.

Concetta Battaglia did not hold any other directorships or positions as of December 31, 2022, and has not held any other corporate office over the past five years.

Director expertise

Leadership | Finance and accounting | Innovation | Economics | Technology/ Digital/ Cybersecurity | Industry | Marketing | CSR Corporate social and environmental responsibility | Risk management | Corporate governance



Yonca Dervisoglu

Independent Director

CSR

Number of shares held: 186

Date of birth: October 28, 1969 (53 years old)

Turkish and British citizen

Google UK
1-13 St Giles High Street
London
WC2H 8AG
United Kingdom

First appointed in 2022

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

A Turkish and British national, Yonca Dervisoglu is Google's Vice President of Marketing for Europe, Middle East and Africa. She joined Google in 2006 and manages teams across 35 countries, working across all product categories: hardware, B2C applications and corporate campaigns. In particular, she co-founded Google Arts and Culture, and Grow with Google.

Prior to joining Google 15 years ago, Yonca Dervisoglu held senior international marketing roles, spending 10 years at Unilever and then 4 at Yahoo!.

She sits on the Board of EQL:Her of the Founders Forum. Previously, she served on the Supervisory Board of Heineken, the Supervisory Board of Mavi, and the Digital Advisory Board of the Natural History Museum in London.

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

Yonca Dervisoglu is a member of the Appointments and Governance Committee and the Sustainability Committee.

She attended four of the six Board meetings held in 2022 following her appointment and the meeting of the Appointments and Governance Committee, but did not attend the Sustainability Committee meeting, representing an attendance rate of 62%.

Directorships and positions held as of December 31, 2022:

Position	Company	Country	Start dates
Director	EQL:Her	United Kingdom	2015

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

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

Position	Company	Country	End dates
Member of the Supervisory Board	Heineken(1)	Netherlands	April 2019
Director	Mavi	Turkey	May 2022

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

Director expertise

Leadership · Finance and accounting · Innovation · Economics · Technology/ Digital/ Cybersecurity · Industry · Marketing · Corporate social and environmental responsibility · Risk management · Corporate governance

Financière Pinault, represented by Héloïse Temple-Boyer

Director

Permanent representative of Financière Pinault

Number of shares held by Financière Pinault: 500

Born on March 22, 1978 (44 years old)
French citizen

Financière Pinault
12, rue François-1er
75008 Paris
France

First appointed in 2018
Term of office last renewed on April 22, 2021
Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2024

Financière Pinault is the Pinault family holding company. In addition to Luxury group Kering, Financière Pinault owns auction house Christie's, a number of prestigious vineyards including Château Latour, polar cruise specialist Compagnie du Ponant, the Stade Rennais Football Club, weekly magazine *Le Point*, a Franco-US technology investment fund, a vast collection of contemporary art, and numerous other assets in a variety of areas.

Héloïse Temple-Boyer has been Deputy General Manager of Artémis since January 2018. She joined Artémis in 2013 as Chief Investment Officer. Prior to that, she held the positions of Executive Assistant to the CEO and then Director of International Purchasing at Casino group. She began her career in finance, where she spent more than five years, first as an associate with Rothschild & Cie's M&A team and later as an associate with private equity firm Advent International.

Héloïse Temple-Boyer is a graduate of *Institut d'études politiques de Paris* and ESSEC, and holds an MBA from Harvard Business School.

Financière Pinault, represented by Héloïse Temple-Boyer, was appointed as a Director of Kering on December 14, 2018 (appointment ratified at the Annual General Meeting of April 24, 2019). Her term of office was renewed by the Combined General Meeting on April 22, 2021 and will expire at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2024.

Financière Pinault, represented by Héloïse Temple-Boyer, is a member of the Audit, the Remuneration and the Appointments and Governance Committees.

She attended the nine Board meetings held in 2022 and all meetings of the Audit, the Remuneration and the Appointments and Governance Committees, representing an attendance rate of 100%.

Director expertise

Leadership | Finance and accounting | Innovation | Economics | Technology/ Digital/ Cybersecurity | Industry | Marketing | CSR Corporate social and environmental responsibility | Risk management | Corporate governance

Directorships and positions held by Financière Pinault as of December 31, 2022:

Position	Company	Country	Start dates
Director	Garuda	France	October 1998

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

Financière Pinault has not held any other corporate office in the past five years.

Directorships and positions held by Héloïse Temple-Boyer as of December 31, 2022:

Position	Company	Country	Start dates
Deputy General Manager	Artémis (SAS)	France	January 2018
Deputy Chief Executive Officer	Financière Pinault	France	March 2018
Chair and Chief Executive Officer	Arok International SA	France	February 2018
Chair and Chief Executive Officer	TER Obligations	France	May 2015
Deputy General Manager	Artémis 28	France	January 2018
Chair of the Supervisory Board	Puma SE[(1)]	Germany	May 2022
Member of the Supervisory Board	Puma SE[(1)]	Germany	April 2019
Member of the Executive Board	Compagnie du Ponant	France	December 2015
Director	Giambattista Valli	France	June 2017
Director	Sebdo Le Point	France	May 2018
Non-executive director	Christie's International	United Kingdom	March 2014
Director	Palazzo Grassi	Italy	March 2018
Member of the Supervisory Board	Royalement Vôtre Editions	France	July 2018
Director	ACHP	United Kingdom	September 2018
Member of the Strategy Committee	Pinault Collection (formerly Collection Pinault – Paris)	France	December 2020
Member of the Supervisory Board	Le Point Communication	France	November 2019
Permanent representative of Artémis, Chair	ARVAG	France	January 2018

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

Directorships and positions held by Héloïse Temple-Boyer in the last five years, but now expired:

Position	Company	Country	End dates
Representative of Artémis, director	Pinault Collection	France	December 2020
Director	Fnac Darty[(1)]	France	March 2017
Director	Courrèges Group	France	April 2017

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

Baudouin Prot
Director

Number of shares held: 600

Born on May 24, 1951 (71 years old)
French citizen

BNP Paribas
14, rue Bergère
75009 Paris, France

First appointed in 1998

Term of office last renewed on April 22, 2021

Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2024

After graduating from HEC in 1972 and from ENA in 1976, Baudouin Prot joined the Inspectorate-General for Finance where he spent four years before serving as Deputy Director of Energy and Raw Materials at the French Ministry of Industry for three years.

He joined BNP in 1983 as Deputy Director of Banque Nationale de Paris Intercontinentale, before becoming the Director for Europe in 1985. He joined the Central Networks Department in 1987 and was promoted to Central Director in 1990 then Deputy Chief Executive Officer of BNP in charge of networks in 1992. He became Chief Executive Officer of BNP in 1996 and Deputy Chief Executive Officer of BNP Paribas in 1999. In March 2000, he was appointed Director and Deputy Chief Executive Officer of BNP Paribas, then Director and Chief Executive Officer of BNP Paribas in May 2003. From December 2011 to December 2014, he was Non-Executive Chairman of BNP Paribas.

He is an Officer of the French National Order of Merit and a Knight of the Legion of Honor.

Baudouin Prot has been a Director of Kering since May 19, 2005, after having served as a member of the Supervisory Board (from March 11, 1998 to May 19, 2005). His term of office was renewed by the Combined General Meeting on April 22, 2021 and will expire at the end of the Annual General Meeting called to approve the financial statements for the year ended December 31, 2024.

Baudouin Prot is a member of the Appointments and Governance Committee.

He attended the nine Board meetings held in 2022 and the four meetings of the Appointments and Governance Committee, representing an attendance rate of 100%.

Directorships and positions held as of December 31, 2022:

Position	Company	Country	Start dates
Chairman of the Board of Directors	Fraikin Group	France	September 2020
Chairman of the Board of Directors	Foncia	France	March 2017
Director	Finastra	France	November 2017
Director	Alstom[(1)]	France	July 2018

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

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

Position	Company	Country	End dates
Director	BGL BNP Paribas[(1)]	Luxembourg	April 2015
Director	Veolia Environnement SA[(1)]	France	April 2019
Director	Lafarge SA[(1)]	France	August 2016

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

Director expertise

Leadership | Finance and accounting | Innovation | Economics | Technology/ Digital/ Cybersecurity | Industry | Marketing | CSR Corporate social and environmental responsibility | Risk management | Corporate governance

Daniela Riccardi

Independent Director

CSR

Number of shares held: 500

Born on April 4, 1960 (62 years old)
Italian citizen

Moleskine Viale Piceno 17 Milan Italy

First appointed in 2014
Term of office last renewed on April 28, 2022
Term of office expires at the Annual General Meeting called to approve the financial statements for the year ended December 31, 2025

Since April 2020, Daniela Riccardi has been Chief Executive Officer of Moleskine, an iconic brand that makes design objects for cultural and creative projects. She brings to Kering's Board of Directors her considerable international experience gained over many years in business development and branding in the field of consumer retail and distribution. Before joining Moleskine, Daniela Riccardi served for seven years as Chief Executive Officer of Baccarat, the French luxury brand known globally for its exclusive crystal items. Prior to Baccarat, she was Chief Executive Officer of Diesel, the Italian fashion and lifestyle company.

Before joining Diesel, she also spent 25 years at Procter & Gamble in senior management roles around the world, including ten years in various Latin American markets, then as Vice President for Eastern Europe, based in Moscow, and finally as President of P&G in Greater China, based in Guangzhou.

Since the beginning of her career, Daniela Riccardi – who is a member of Kering's Sustainability Committee – has championed inclusion and diversity as a strategy for growth.

Daniela Riccardi studied political science and international relations at Sapienza University of Rome (Italy).

Daniela Riccardi has been a Director of Kering since May 6, 2014. Her term of office was renewed at the Annual General Meeting on April 28, 2022 and will expire at the end of the Annual General Meeting called to approve the financial statements for the year ending December 31, 2025.

Daniela Riccardi is a member of the Sustainability and the Audit Committees.

She attended eight of the nine Board meetings held in 2022 and the Sustainability Committee meeting. She was unable to attend the Audit Committee meetings, and so her attendance rate was 69%.

Directorships and positions held as of December 31, 2022:

Position	Company	Country	Start dates
Chief Executive Officer	Moleskine	Italy	April 2020

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

Position	Company	Country	End dates
Chief Executive Officer	Baccarat(1)	France	March 2020
Director	WPP plc(1)	United Kingdom	June 2020

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

Director expertise

Leadership | Finance and accounting | Innovation | Economics | Technology/ Digital/ Cybersecurity | Industry | Marketing | CSR Corporate social and environmental responsibility | Risk management | Corporate governance

Vincent Schaal

Director representing employees

Number of shares held: 40 (via an employee investment fund)

Born on February 1, 1969 (54 years old)
French citizen

Kering
40, rue de Sèvres
75007 Paris
France

First appointed in 2022
Term of office expires on July 31, 2026

Vincent Schaal is Head of Infrastructure at Kering Technologies. He started out his career with Renault in 1994, where he worked as a network & telecoms engineer. He subsequently moved to Carrefour as Network Global Manager in 1997. He joined the PPR group in 1999, again as Network Global Manager, before gaining promotion to his current role of Head of Infrastructure at the Kering group.

Vincent Schaal, a French citizen, graduated from the *ENS de Physique* school in Strasbourg and holds a postgraduate DEA degree in photonics.

Vincent Schaal was chosen as a Director representing employees by Kering's Social and Economic Committee at its meeting on June 22, 2022, serving for a four-year term starting on August 1, 2022.

Vincent Schaal is a member of the Remuneration Committee.

Following his selection, he attended the three Board meetings in 2022, with the Remuneration Committee not having met since his appointment, representing an attendance rate of 100%.

Vincent Schaal did not hold any other directorships or positions as of December 31, 2022, and has not held any other corporate office over the past five years.

Director expertise

Leadership | Finance and accounting | Innovation | Economics | Technology/ Digital/ Cybersecurity | Industry | Marketing | CSR Corporate social and environmental responsibility | Risk management | Corporate governance

Changes in the membership of the Board of Directors and the Committees in 2022

	Departure	Appointment	Reappointment
Board of Directors	*March 4, 2022:* Sophie L'Hélias *April 28, 2022:* Yseulys Costes *July 27, 2022:* Jean Liu *July 31, 2022:* Claire Lacaze	*April 28, 2022:* Yonca Dervisoglu Véronique Weill Serge Weinberg *August 1, 2022:* Vincent Schaal	*April 28, 2022:* Daniela Riccardi
Audit Committee	*March 4, 2022:* Sophie L'Hélias *April 28, 2022:* Yseulys Costes	*April 28, 2022:* Daniela Riccardi Véronique Weill Serge Weinberg	-
Remuneration Committee	*March 4, 2022:* Sophie L'Hélias *April 28, 2022:* Yseulys Costes	*April 28, 2022:* Véronique Weill Serge Weinberg *August 1, 2022:* Vincent Schaal	-
Appointments and Governance Committee	*March 4, 2022:* Sophie L'Hélias *April 28, 2022:* Yseulys Costes	*April 28, 2022:* Yonca Dervisoglu Véronique Weill Serge Weinberg	-
Sustainability Committee	*March 4, 2022:* Sophie L'Hélias	*April 28, 2022:* Yonca Dervisoglu Véronique Weill	*April 28, 2022:* Daniela Riccardi

2.2 Conditions of preparation and organization of the work of the Board of Directors

2.2.1 Duties of the Board of Directors

The Board of Directors performs the duties and exercises the powers granted to it by law and the Company's Articles of Association.

It determines and assesses the strategic direction, objectives and performance of the Company and ensures their implementation. Subject to the powers expressly granted to Annual General Meetings and within the limit of the corporate purpose, the Board reviews all issues concerning the smooth running of the Company and acts on all matters over which it has authority.

The Board carries out the controls and verifications it deems appropriate.

In compliance with AMF recommendation no. 2012-05, the Board has adopted internal guidelines on the identification, control and evaluation of related-party and ordinary agreements to ensure that agreements entered into in the ordinary course of business and at arm's length actually meet the required criteria, in accordance with Article L. 22-10-12 of the French Commercial Code.

In addition to reiterating the regulations applicable to the identification and classification of related-party and ordinary agreements (notably by the Company's Legal Department, with the assistance, where necessary, of the Finance Department), the guidelines also provide for the regular control and evaluation of related-party and ordinary agreements by the Audit Committee and the Board of Directors. Anyone directly or indirectly involved in an agreement cannot participate in its evaluation.

The conditions of preparation and organization of the work of the Board of Directors are defined by law, the Company's Articles of Association, the internal rules of the Board and the work of its specialized Committees. The Board has established internal rules for each Committee.

Under its internal rules and by law, the Board of Directors meets at least four times a year. To allow Directors to prepare as effectively as possible for the topics to be considered during the meeting, a comprehensive information pack is sent to them in due time ahead of the meeting; it includes the necessary information on all items on the agenda. These documents are made available to the Directors on a collaborative platform specially set up for Board members so that documents can be shared securely.

In line with the relevant regulatory requirements, the internal rules also set the rules applicable to Directors in relation to restrictions on trading in the securities of the Company, or more generally the Group, by establishing black-out periods. To this end:

- the Directors must refrain from trading directly or indirectly in the listed securities and financial instruments of the Company and the Group for a period of 30 calendar days preceding each of the periodic publications relating to the annual and half-year consolidated financial statements and 15 calendar days preceding each of the quarterly publications relating to consolidated revenue and ending at the close of the trading day following the publication of the relevant official press release. In no way does this black-out period replace the legal and regulatory provisions regarding insider trading with which each member of the Board must comply at the time they decide to trade, no matter when this might occur outside the defined black-out periods;
- the same obligations apply to each Director insofar as they have knowledge of inside information. In compliance with current regulations, the internal rules also require Directors to declare trading in these securities.

The internal rules set the frequency and conditions of Board meetings and provide for meeting participation by videoconference and/or conference call.

They also establish the principle of regular assessment of the Board's operating rules and set the terms and conditions for allocating the annual remuneration for Directors' activities.

According to the internal rules, Directors are required to inform the Chairman of the Board of any conflicts of interest, even potential conflicts, between their duties to the Company and their private interests and/or other duties, and they may not vote on any matters that concern them directly or indirectly.

The Chairman of the Board of Directors may ask the Directors at any time for a written statement confirming that they do not face any conflicts of interest.

To make its operating procedures more effective and in the interests of good governance, the internal rules of the Board of Directors set forth and formally lay down the rules governing the organization and operating procedures of the Board as well as the role of its four specialized Committees: the Audit Committee, the Remuneration Committee, the Appointments and Governance Committee, and the Sustainability Committee.

Executive Management may in all circumstances be invited to attend these Committee meetings.

The Internal Rules of the Board of Directors, which are published in full on the Company's website, were updated and approved at the Board meeting of February 16, 2021 to reflect the amendments to the Articles of Association approved by the Annual General Meeting of June 16, 2020 concerning: i) the remit and powers of the Board in view of social and environmental issues, ii) a new section concerning the Lead Independent Director, including their remit and powers, and special remuneration, iii) the reduction in the number of shares that Directors must hold; and iv) the removal of the role of non-voting director (censor).

Board's commitment to non-financial performance

The Board of Directors ensures the strategic direction of the Company is implemented in accordance with its corporate interests, while paying close attention to the social and environmental issues linked to its activities. The four specialized Board Committees play a role in formulating and monitoring the non-financial strategy. Each operates within its respective area of expertise, while coordinating their activities to provide a cross-disciplinary approach to CSR issues, as described below.

Audit Committee:

- ensures the effectiveness of internal control and risk management systems in the Group;
- ensures it is aware of the sustainable development and environmental protection policies implemented within the Group.

Remuneration Committee:

- makes recommendations to the Board of Directors concerning the remuneration of the executive corporate officers, including the non-financial targets for annual and multi-annual variable remuneration.

Appointments and Governance Committee:

- discusses governance issues related to the operation and organization of the Board, including the gender diversity policy for the Board and the senior management bodies.

Sustainability Committee:

- makes proposals to the Board concerning the Group's strategic direction on the sustainability front.

These four Committees coordinate their activities on the issues they work on during the year and report back to the Board with their non-financial recommendations.

In addition, a Climate Change Lead was named by the Board, and his role and duties are presented in section 1.6 of this chapter. In coordination with the various Committees, the Climate Change Lead ensures that climate issues are addressed as part of a long-term approach.

In addition, Kering created in 2022 a department focused on Sustainable Finance. Its mission includes:

- overseeing non-financial performance (social and environmental), which helps with financial planning relating to energy transition and the decarbonization of the Group's business;
- ensuring that the Group complies with the current and future non-financial reporting and green finance regulatory framework; and
- ensuring that social and environmental issues are addressed in the Group's management and decision-making processes, particularly regarding investments and M&A.

Gender diversity policy for the Group's senior management bodies

The Board sets gender diversity targets for the Group's management bodies, on the recommendation of Executive Management. The diversity principles applied to membership of the Board of Directors are also applied more broadly across the Group via a gender diversity policy for its management bodies. Pursuant to this policy, as of the date of this Report on corporate governance, the Executive Committee includes five women out of a total of thirteen members, i.e. more than one-third are women.

The establishment in 2019 of a Diversity and Inclusion Department marked a new milestone in Kering's commitment to accelerating and expanding its actions in support of diversity, equality and inclusion – in the broadest sense of the term. In addition, in line with the Group's 2025 sustainability strategy, a diversity in the workforce criterion, with a particular emphasis on achieving gender balance, is incorporated in the process of determining the annual and multi-annual variable remuneration of the Group's executive corporate officers. These criteria are described in section 4 of this chapter.

Going further than its commitment to social responsibility, the Group believes that diversity and inclusion are a source of creativity and innovation, and as such of economic performance. This is why Kering makes every effort to establish a culture of equality at all levels of the organization.

Kering has defined and put in place an action plan to achieve a balanced gender mix – especially within the Group's senior management (Top 450 roles) – by 2025. This will notably involve:

- measuring the representation of women in talent pools and succession plans;
- integrating gender equality in the recruitment process;
- monitoring promotions within the Group by gender and management level;
- measuring gender parity at each management level on a quarterly basis in all the Group's Houses using key indicators.

Efforts made to achieve these objectives include:

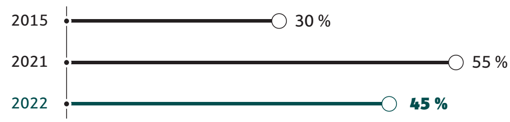
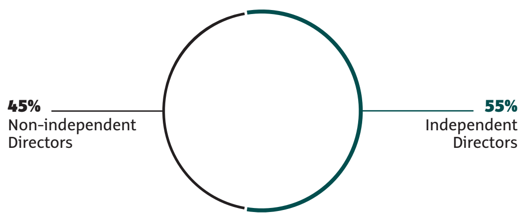
- encouraging participation in women's leadership programs;
- introducing a mentoring program for women at the international level;
- developing an employee training program;
- implementing a global parental policy;
- giving women a voice via the Diversity & Inclusion Committees put in place at all of the Group's Houses.

2.2.2 Principles relating to membership of the Board of Directors

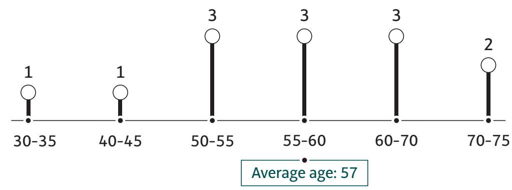
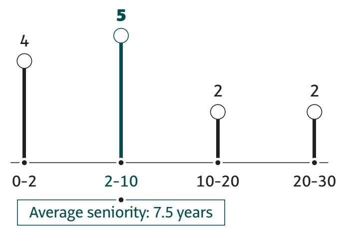
The Board of Directors regularly reflects upon the desirable balance of its membership and that of the specialized Committees, particularly in terms of diversity (gender representation, nationality, age, qualifications, professional experience, etc.).

Pursuant to Article L. 22-10-10 of the French Commercial Code and the recommendations of the AFEP-MEDEF Code, the table below describes the diversity policy applied to members of the Board of Directors. It indicates the criteria taken into consideration, the objectives set by the Board, the measures implemented and the results achieved during 2022.

Diversity policy applied to the Board of Directors

Criteria	Objectives	Measures implemented and results achieved in 2022
Board membership	Balanced representation of women and men on the Board	**Proportion of women**[1] 
	Complementary and diverse profiles in terms of nationality, expertise and experience	**Experience:** • Finance/Executive Management: Véronique Weill, Tidjane Thiam, Serge Weinberg, Jean-Pierre Denis, Financière Pinault represented by Héloïse Temple-Boyer, and Baudouin Prot • Industry knowledge: Emma Watson, Financière Pinault, represented by Héloïse Temple-Boyer, and Daniela Riccardi • Technology, Digital and Cybersecurity: Véronique Weill, Yonca Dervisoglu and Vincent Schaal • Innovation: Véronique Weill and Yonca Dervisoglu • Governance: Véronique Weill, Serge Weinberg, Concetta Battaglia and Financière Pinault represented by Héloïse Temple-Boyer • Corporate social responsibility: Emma Watson, Jean-Pierre Denis, Concetta Battaglia, Yonca Dervisoglu and Daniela Riccardi
	Appointment of two Directors representing employees	Inclusion of a Director representing employees since 2014 In 2020, appointment of a second Director representing employees by the European Works Council, in compliance with the Company's Articles of Association and the requirements of France's PACTE law
Director independence	At least one-third independent members, in line with the AFEP-MEDEF Code's recommendations for controlled listed companies	**Degree of independence**[1] **of the Board of Directors**  

(1) Percentage not taking into account Directors representing employees, in accordance with the recommendations of the AFEP-MEDEF Code.

Criteria	Objectives	Measures implemented and results achieved in 2022
Age profile of the Board of Directors	No more than one third of members over 70	**Average age**  
Average length of service on the Board		
Nationality	Broadest possible representation of the Group's geographic mix and largest number of nationalities	The Board of Directors includes members from France, Italy, the United Kingdom, Côte d'Ivoire and Turkey. In addition, the Directors have significant international experience and exposure, as they hold, or have held, positions or directorships in international companies or key positions outside France.

Selection process for Directors

The Board of Directors pays particular attention to the selection of its members. In addition to their ability to act in the interest of all shareholders, the Directors are also chosen for their expertise, experience and understanding of the strategic challenges in the market in which the Group operates. The membership of the Board of Directors must be as diverse as possible, with a wide range of technical skills.

The Board of Directors first considers how it wishes its membership to evolve in the short and medium term, particularly by assessing the skills it wishes to bring to the Board, and by taking into account the findings of the external assessment of its work carried out every three years by an external consultant responsible for mapping expertise and identifying possible needs.

Accordingly, with the support of Executive Management and the Appointments and Governance Committee, the Board defines diversity objectives for its members in terms of nationality, independence, representation between men and women, cultural origin, expertise and seniority, with the aim of achieving a balanced representation of Directors with complementary backgrounds.

For this purpose, the Appointments and Governance Committee has established a procedure for selecting future members of the Board of Directors. The procedure reflects the Board of Directors' focus on its membership and particularly on the diversity of its members, which is considered a source of creativity and performance.

Accordingly, when considering potential profiles for appointment as Director, the Appointments and Governance Committee should discuss the experience, expertise, special skills and talents of each candidate in relation to the objectives and characteristics of the diversity policy for members of the Board of Directors, particularly in terms of nationality, representation between men and women, cultural origin, expertise and seniority.

When a seat falls vacant or, more generally, when the Board has expressed its intention to appoint additional members or change its membership, those elements are reviewed.

2.2.3 Executive Management

After the Combined General Meeting on May 19, 2005, when the shareholders adopted the new Articles of Association of Kering SA (then PPR), introducing governance by a Board of Directors, the Board of Directors opted to combine the duties of Chairman and Chief Executive Officer, and maintained this option in May 2009. This choice has contributed to effective governance in light of the organization of the Kering group, within which François-Henri Pinault is the Chairman and Chief Executive Officer of Kering SA, the Group's parent company. He is related to the controlling shareholder, is heavily involved in conducting the Group's business, and has specific operational knowledge and in-depth experience of this business. At the proposal of the Chairman and Chief Executive Officer, the Board of Directors appointed a Group Managing Director (*Directeur général délégué*) whose term of office was renewed on April 22, 2021. The Group Managing Director has the same powers with regard to dealings with third parties as the Chief Executive Officer. The Group Managing Director was appointed as a Director at the Combined General Meeting on May 7, 2009 for a four-year term, renewed on April 22, 2021 for another four years.

The Chairman and Chief Executive Officer and the Group Managing Director both participate in the work of the Board of Directors, 55% of whose members are independent Directors. The Board operates effectively as a result of frequent meetings, the regular attendance of its members, the assistance of its specialized Committees, and the presence of a Lead Independent Director.

2.2.4 Limitations set by the Board of Directors on the powers of the Chief Executive Officer and Group Managing Director

In connection with the Board of Directors' statutory role of determining the strategic direction of the Company and ensuring its implementation, and without prejudice to the legal provisions governing the authorizations that must be granted by the Board (related-party agreements, endorsements, suretyships and guarantees, divestments of shareholdings or sales of real estate, etc.), the Company's Articles of Association provide that certain decisions of the Chief Executive Officer and Group Managing Director, by virtue of their nature or significance, require the prior approval of the Board of Directors:

a) matters and transactions that have a substantive effect on the Group's strategy, its financial structure or its scope of business activity;

b) except in the event of a decision by the Annual General Meeting, issues of securities of all types, that are liable to cause a change in the share capital;

c) the following transactions effected by the Company or by any entity controlled by the Group, insofar as they each exceed an amount set annually by the Board of Directors (€500 million in 2022):
   - all investments or divestments, including the acquisition, sale or exchange of holdings in all existing or future businesses,
   - all purchases or sales of Company real estate.

These transactions are regularly submitted to the Board of Directors, which examines them carefully.

2.2.5 Director independence

In order to assess whether a Director can be classified as independent and to avoid possible risks of conflicts of interest, the Board applies the criteria defined in the AFEP-MEDEF Code, whereby a Director cannot:

- be an employee or executive corporate officer of the Company, or have been in such position in the past five years;
- be an employee, executive corporate officer or Director of the Company's parent company or of a company that the latter consolidates, or have been in such a position in the past five years;
- be an executive corporate officer of a company in which the Company holds a directorship, directly or indirectly, or in which an employee appointed as such or a corporate officer of the Company (currently in office or having held office within the past five years) is a Director;
- be a significant customer, supplier, investment banker or commercial banker of the Company or the Group, or for which the Company or the Group represents a significant portion of the activity;
- have any close family ties with a corporate officer;
- have been the auditor of the Company within the past five years;
- be a Director of the Company for more than twelve years, the maximum period for which a Director is considered independent.

Each year, the Appointments and Governance Committee reviews the independence of each Director in light of the criteria set out in the AFEP-MEDEF Code. In reviewing independence with regard to the direct or indirect business relationship criteria, an additional quantitative and qualitative analysis is performed, if necessary, in order to determine the independence of individual Directors where any such business relationship exists.

In 2022, further to a review by the Appointments and Governance Committee, the Board of Directors meticulously analyzed – along with all other criteria – any business relationships that may exist between the Kering group and the entities or groups in which independent Directors exercise their duties. Based on the Board's analysis, with the exception of Yseulys Costes, a Director until April 28, 2022, Tidjane Thiam, Serge Weinberg and Yonca Dervisoglu, none of the independent Directors and none of the entities or groups in which they hold executive responsibilities have a business relationship with the Company, its Group or its management team.

The Board of Directors carried out a qualitative and quantitative review of the situation of Yseulys Costes, Chair and Chief Executive Officer of Numberly - 1000mercis Group, along with the business relationships between Numberly - 1000mercis Group and Kering in 2022. Global business between these two companies for all activities and for each of the parties was well below the 1% materiality threshold set by the Board of Directors.

The Board of Directors therefore considered Yseulys Costes to be an independent Director until April 28, 2022, particularly because there is no economic dependence either way.

In addition, the Board of Directors analyzed Tidjane Thiam's situation when he established Freedom Acquisition Corporation I, a special purpose acquisition company (SPAC) in which Artémis (the Company's controlling shareholder) has invested alongside other investors. Prior to this investment, Tidjane Thiam consulted the Chairman of the Board to ensure there was no conflict of interest. The Appointments and Governance Committee regularly conducts an analysis to confirm the independence situation and establish whether any conflict of interest exists, and the results are shared with the Lead Independent Director. This analysis found that Tidjane Thiam has this business relationship with Artémis (the Company's controlling shareholder, but not Kering) which is among other investors in the SPAC. Accordingly, the Board of Directors considers Tidjane Thiam to be an independent Director.

Lastly, the Board of Directors conducted a quantitative and qualitative review of Serge Weinberg's status. Besides the fact he was a senior executive of the Group more than fifteen years ago (until 2005), Serge Weinberg accepted the Group's investments in investment funds managed by Weinberg Capital, the asset management company he founded and in which he serves as chairman of the board of directors. An analysis was carried out by the Appointments and Governance Committee to confirm his independence and establish whether there is any conflict of interest. The analysis showed that the investments remain well below the 1% materiality threshold adopted by the Board of Directors, and, secondly, they do not fall within the scope of a business relationship as stated in the AFEP-MEDEF Code.

Accordingly, the Board of Directors considers Serge Weinberg to be an independent Director.

Lastly, the Board of Directors conducted a quantitative and qualitative review regarding the status of Yonca Dervisoglu, Vice-President, Marketing at Google for the EMEA region, and of business relations between Google and Kering in 2022.

Global business between these two companies for all activities and for each of the parties was well below the 1% materiality threshold set by the Board of Directors, and is not likely to influence the way Ms. Dervisoglu votes at the Board's meetings. Furthermore, Ms. Dervisoglu does not herself have any business connections and is not a member of any governance body capable of giving rise to a conflict of interest.

For these reasons, the Board of Directors considers Yonca Dervisoglu to be an independent Director.

Accordingly, six of the eleven[1] Directors (serving on the Board as of March 2, 2023) were therefore classified as independent (Yonca Dervisoglu, Daniela Riccardi, Emma Watson, Véronique Weill, Tidjane Thiam and Serge Weinberg). The Group thus satisfies the recommendations of the AFEP-MEDEF Code, namely that "at least one third" of Board members should be independent Directors in companies with controlling shareholders, which is the case for Kering.

2.2.6 Succession plan

In collaboration with the Company's management, the Appointments and Governance Committee periodically reviews the succession plan at two levels. The first of these covers executive corporate officers, i.e., the Chairman and Chief Executive Officer and the Group Managing Director, and the second covers the current or prospective Executive Committee members, Houses CEOs and their designers/ Creative Directors. This allows it to establish and update succession plans that cover different time frames:

- short term: unplanned succession (resignation, death, sudden inability to perform the role);
- medium term: accelerated succession (performance problem, management error);
- long term: planned succession (retirement, end of term of office).

The process of drawing up a succession plan for the Chairman and Chief Executive Officer and the Group Managing Director, was scrutinized thoroughly by the Appointments and Governance Committee at its meeting on February 4, 2022 and at a special meeting on November 21, 2022. The Chairman and Chief Executive Officer and the Group Managing Director were also involved in the Committee's work on this assignment. The method selected takes into account the Group's specific characteristics, particularly in terms of governance. Various phases have been defined. The first involves determining the potential changes in governance that would be required in the event of a change at the Company's helm, based on an extensive study of organizational practices in the industry and among Kering's CAC 40 peers. The Committee also identified the most appropriate characteristics to implement the strategic plan drawn up by the Board and the principles that govern the relationship between the Corporate and the Group's House teams. This lays the groundwork for the final phase, which consists in drawing up a list of potential candidates.

Collaboration between the Appointments and Governance Committee and the Company's management team ensures the overall coherence of the succession plan and monitoring of key positions. The effectiveness of the approach has been demonstrated, when the arrival of executives or Creative Directors of certain of the Group's Houses has led to a rebound or an acceleration in organic growth for the Houses concerned.

The Appointments and Governance Committee continues to apply the same method to prepare a succession plan for the Executive Committee and for a certain number of key positions within the Group.

2.2.7 Director induction and training

Upon joining the Board and throughout their term of office, Directors may receive training tailored to their specific needs within the Board, should they deem it necessary. Meetings are organized with the Lead Independent Director, the Group Managing Director and with the Group's executives to give them an insight into the Group and into each of its businesses.

Following the appointment of three new members at the Annual General Meeting of April 28, 2022, these new Directors followed an onboarding program that introduced them to and gave them an understanding of the Group and its business activities. They also learned about its strategic challenges and priorities, the culture of the Group and its Houses, and its governance framework. More specifically, they were given:

- an information pack containing the requisite documents to understand the Group's business activities, the Board's internal rules, the stock market code of conduct and conflicts of interest prevention rules, the Articles of Association, the minutes of meetings over the past five years of the Board and of the specialized Committees of which they are members; and
- individual conversations with the Chairman and Chief Executive Officer, the Group Managing Director, the Houses CEOs, the Group's Chief Financial Officer, the Chief Sustainability Officer, the Chief Communications Officer, the Chief People Officer, the Internal Audit Director and the Group General Counsel.

Training specially designed for Directors representing employees is also arranged. These internal and external training sessions are arranged and paid for solely by the Company.

Lastly, special training on CSR and climate issues facing the Group is planned during 2023. Various internal and external experts have been lined up to speak to the Directors.

In addition, the Board's work is assessed regularly, as described in section 2.3.2 of this chapter.

(1) The AFEP-MEDEF Code does not include Directors representing employees when calculating the percentage of independent Directors on the Board. This is why the proportion of independent Directors on the Board is calculated based on 11 rather than 13 Directors.

2.3 Activity of the Board of Directors and its specialized Committees

2.3.1 Activity of the Board of Directors in 2022 and up to March 2, 2023

Activity of the Board of Directors in 2022

During 2022, the Board met nine times (including videoconference and conference calls).

Agenda and attendance rate of Board of Directors' meetings

The work by the Board of Directors focused on:

Financial statements and financial management	• Review and approval of the 2021 financial statements • Proposed appropriation of net income/dividend amount/payment date • Review and approval of the 2022 interim financial statements • Review of quarterly activities • Review of the 2022 budget • Share buyback program • Interim dividend • Endorsements, suretyships and guarantees in favor of third parties and authorizations to carry out certain transactions • Related-party agreements • Renewal of the EMTN program • Review of the Statutory Auditors' reports and analysis of the work and approval of the Audit Committee's recommendations
Corporate governance	• Adoption of the Board of Directors' management report and the report on corporate governance • Review of the Universal Registration Document • Review of the membership of the Board of Directors and its Committees, in particular following the departure of Sophie L'Hélias, Yseulys Costes, Jean Liu and Claire Lacaze, and the arrival of Yonca Dervisoglu, Véronique Weill, Serge Weinberg and Vincent Schaal • Appointment of Véronique Weill as Lead Independent Director following the departure of Sophie L'Hélias • Appointment of a Jean-Pierre Denis as Climate Change Lead • Assessment of the Directors' independence • Assessment of the organization and operating rules of the Board and of each of its Committees • Notice of the Combined General Meeting of April 28, 2022 (review of the resolutions submitted to a shareholder vote) • Review of the work and recommendations submitted by the Appointments and Governance Committee
Remuneration	• Review of the allocation of the remuneration awarded to members of the Board of Directors • Review of the remuneration policy for executive corporate officers and the remuneration policy for directors to be put to a vote at the Annual General Meeting • Review of the variable remuneration for 2021 of the executive corporate officers, after establishing the achievement rate of the performance targets based on the Group's 2021 results • Pay ratios • Adoption of a free performance share plan • Review of the work and recommendations submitted by the Remuneration Committee
Activity of the Group and strategy	• Regular updates on business trends • Review of the *KeringForYou* employee shareholder plan • Review of the ESG impacts • Review of the Non-Financial Information Statement • Anti-slavery declaration(*Modern Slavery Act*) • Review of the work and recommendations submitted by the Sustainability Committee Every year, one Board meeting is set aside for a presentation on strategic issues by operational and functional teams, in addition to matters presented regularly during the year at other Board meetings. In 2022, the strategic meeting considered the following matters: • Strategy • Positioning of the Houses in 10 years • Annual review of the risks This annual session provides an ideal opportunity for meetings and discussions between Directors and the management teams of the Group and its Houses.
Session arranged by the Lead Independent Director without executive corporate officers	• Review of the points raised by investors during the ESG roadshow • Feedback of the specialized Committees • Milestone review on the measures adopted following the external assessment of the Board of Directors conducted in 2021 and preparations for the next internal assessment of the Board's work This meeting was held on December 8, 2022 and attended by ten Directors, but not by the Chairman and Chief Executive Officer and the Group Managing Director. Following this meeting, a decision was made to schedule two meetings every year, without the executive corporate officers.

The Board of Directors met nine times in 2022 with an average attendance rate of 89%, breaking down by meeting as follows:

Date	Attendance rate
February 16, 2022	85%
March 4, 2022	85%
April 28, 2022 (before the AGM)	92%
April 28, 2022 (after the AGM)	93%
May 23, 2022	86%
July 27, 2022	85%
October 4, 2022	92%
October 27 and 28, 2022	92%
December 8, 2022	92%

The following persons attended Board meetings:

- Directors;
- the Board secretary (the Group General Counsel);
- the Social and Economic Committee representative;
- at some meetings and depending on the topics addressed, the Statutory Auditors, the Chief Financial Officer, the Chief Strategy Officer, the Internal Audit Director, the Chief Sustainability Officer, the Chief People Officer, the CEOs of certain Houses and external speakers.

Board meeting agendas are drawn up by the Board secretary following discussions with the Chairman and Chief Executive Officer and the Group Managing Director and taking into account the agendas of specialized Committee meetings, as well as proposals from the Lead Independent Director, who can add specific items to the agenda of Board meetings.

Several days before each Board meeting, each Director receives a copy of the agenda, the draft minutes of the previous meeting, and documentation relevant to the items on the agenda via a secure file-sharing system.

The minutes of each Board meeting are submitted for approval at the subsequent meeting.

In compliance with the Board's internal rules, certain matters undergo preliminary examination by the relevant Committees, which can therefore issue their opinions for submission to the Board of Directors. The relevant Committee Chair reports on these preliminary meetings at each Board meeting.

In addition, at the Lead Independent Director's initiative, members of the Board met on December 8, 2022 to consider the agenda set forth in the above table, without the Company's executive corporate officers (the Chairman and Chief Executive Officer and the Group Managing Director). The Lead Independent Director also met individually with the Directors during the year.

To maintain ongoing dialogue with its investors, the Company continued to organize meetings with its shareholders and other members of the financial community in 2022.

At the initiative of its Board of Directors, the Company has forged a stronger dialogue with investors since 2018, particularly on governance issues. Given the approach was unanimously applauded by the investors involved, it was continued in subsequent years, broadening the scope to include environmental, social and governance (ESG) issues. A roadshow program dedicated to the ESG issues was prepared by the Lead Independent Director (whose role is described in detail in section 1.5 of this chapter). She was supported in this task by the Board secretary, the Chief Sustainability Officer, the Investor Relations Department, the Chief Financial Officer and the Chief People Officer.

Activity of the Board of Directors in 2023 up to March 2

Since the beginning of 2023, the Board of Directors has met three times on February 1, February 14 and March 2, 2023, to, among other things, approve the 2022 annual financial statements and reports to be submitted to the Annual General Meeting, including this report on corporate governance, and to convene the Meeting. It also heard a report on the Group's financial position. The Board then granted and allocated the Directors' remuneration for 2022 in accordance with the criteria adopted by the Board.

In addition, at its meeting on March 2, 2023, the Board of Directors took action following the controversy over a Balenciaga's advertising campaign.

2.3.2 Assessment of the Board of Directors' operating rules

Since 2004, in accordance with its internal rules, the Board of Directors has dedicated one item on its agenda, at least once a year, to a discussion of its operating rules every three years, this discussion is backed up by a formal assessment of the Board's operating rules by an independent member or a third-party expert.

The previous assessment was carried out in 2021 by a third-party expert, management consulting and recruitment firm Egon Zehnder, with respected experience in the governance of boards of directors of listed companies. The assessment consisted of a questionnaire and individual meetings with each Director. In addition to an assessment of the individual contribution made by each Director, the assessment also covered the following points:

- the membership and role of the Board of Directors;
- induction arrangements for new Directors;
- the contribution by the Board to the Group's strategy;
- the role of the Board on ESG issues.

This assessment revealed a very positive view of the Board's operating rules, with freedom of self-expression, the driving force provided by the Chairman of the Board and the Group Managing Director, and the in-depth analysis of issues were identified as strengths. At the initiative of the Chairman and Chief Executive Officer, the Board of Directors is very mindful of ESG issues and has incorporated them in its enterprise performance metrics. The quality of the work performed by the four Committees was also unanimously applauded.

The strategic sessions and presentations were greatly appreciated, backing up the decision to involve the entire Board in these issues. That said, the Directors expressed the desire for certain strategic points to be examined in greater depth.

Areas of improvement were identified in terms of Board membership to reflect the forthcoming expiration of certain terms of office.

The Lead Independent Director carried out the internal assessment of the operating rules of the Board of Directors and its Committees in 2022. The internal assessment consisted of a questionnaire and individual meetings with each of the Directors. In addition to an assessment of the individual contribution made by each Director, the meetings addressed issues including the membership of the Board, its organization and its operating rules. The Directors were asked to give fresh consideration to the main governance issues, including the diversity of the Board members' backgrounds and skill sets, the contribution made by the Board to the Group's strategy, the sessions held without the executive Directors, the Directors' induction and training program.

The Lead Independent Director presented an analysis of the conclusions drawn from this assessment to the Board of Directors at its meeting on March 2, 2023. The assessment revealed a positive view of the operating rules of the Board of Directors and its Committees. The composition of the Board is regarded as having improved, especially after the three new independent Directors joined in 2022. The size of the Board, its gender balance, and the age and length of service profile of its members were also deemed to be appropriate. The Directors all emphasized the high quality of discussions and the relevance of the issues addressed, as well as the climate of trust and openness that exists between Board members, fostering a full and frank exchange of views on all matters. The quality of the work performed by the Committees and their contribution to the Board's decision-making were also highlighted. Directors are appreciative the degree of transparency between the Board and Executive Management, which fosters real trust, and of the leadership provided by the Chairman and Chief Executive Officer. Several areas were identified in which the Board's operating rules could be improved: (i) a stronger composition in terms of sectoral expertise and representation of the Group's key markets; (ii) greater focus on certain strategic issues and more time to be spent on examining the Committees' reports; (iii) improvement of attendance rate at Board of Directors and Committees' meetings; (iv) greater interaction between the Board and the operational executives and more site visits.

The Board will draw up specific measures to address these various points during 2023.

2.3.3 Specialized Committees

Audit Committee

Members at March 2, 2023

Tidjane Thiam	Independent Chairman
Jean-Pierre Denis	Director (Climate Change Lead)
Financière Pinault, represented by Héloïse Temple-Boyer	Director
Daniela Riccardi	Independent Director
Véronique Weill	Lead Independent Director
Serge Weinberg	Independent Director

67% of independent Directors

86% attendance rate in 2022

5 meetings in 2022

Duties

Set up in December 2002, the main role of the Audit Committee, within the limit of the duties of the Board of Directors, is to review the annual and interim financial statements, to verify the relevance, consistency and reliability of accounting methods applied in the Company and at the Group's main subsidiaries and the implementation of internal control and risk management procedures in the Group, to be familiar with the policies implemented within the Group in relation to sustainability and respect for the environment, and to hear from and put questions to the Statutory Auditors. The Committee is notified of the main issues identified by the Kering group's Internal Audit Department.

The Audit Committee reports to the Board on a regular basis and provides it with opinions or recommendations on all matters within its scope of duties. Meetings of the Audit Committee are recorded in a written and approved report.

In exercising its role, the Committee is supported, in addition to the external auditors, by the Chief Financial Officer and the Group's Internal Audit Director, plus the General Counsel, who are brought in to present their work and answer the Committee's questions. The Committee can also retain external specialists and hear from any other individuals.

Each year, it reviews the fees charged by the Company's Statutory Auditors and assesses their independence. The Audit Committee also considers potential Statutory Auditors for appointment.

In addition, the Committee issues recommendations to the Board of Directors in relation to the regular assessment of the terms of the Group's related-party and ordinary agreements. In this context, it reviews payments made under the agreement entered into between Kering and Artémis (described in Note 29.1 to the consolidated financial statements, included in this document), as well as any changes in such payments, on an annual basis.

The Audit Committee members all have recognized financial or accounting skills, bringing to bear their combined expertise in general and operational management of banks and businesses as evidenced by their professional career (see section 2.1 of this chapter). Tidjane Thiam, Chair of the Audit Committee and notably Executive Chairman of SPAC Freedom Acquisition Corporation I and former Chief Executive Officer of Crédit Suisse, brings to this Committee his renowned expertise and financial skills. Jean-Pierre Denis was previously Chairman of Crédit Mutuel Arkéa and a Finance Inspector, and has gained considerable executive management experience. Véronique Weill has held various responsibilities in financial services, with investment banking her key focus. Héloïse Temple-Boyer, Deputy Chief Executive Officer of Artémis, and Serge Weinberg, Chairman of an asset management company, also possess respected executive management experience. Given their professional experience (described in section 2.1 of this chapter: "List of terms of office and positions held by members of the Board of Directors") and their first-class knowledge of the accounting and financial procedures applicable to groups of companies, all the Audit Committee members have the requisite skills for their roles.

In accordance with the AFEP-MEDEF Code, two thirds of the members of the Audit Committee are independent Directors, and no member is an executive corporate officer.

Tender process for the reappointment of the Statutory Auditors

For the record, PricewaterhouseCoopers Audit was appointed as a Statutory Auditor of the Group at the Annual General Meeting held on April 28, 2022.

A tender procedure was held ahead of this appointment. It consisted of the review of the bids submitted by an internal selection committee (consisting of the Internal Audit Director, General Counsel, the Financial Control Director and the Chief Financial Officer), follow-up on interviews with the various bidders, and the Audit Committee's review and approval.

The same transparent and fair tender methodology will be used when the Statutory Auditors next come up for reappointment.

Work performed by the Audit Committee in 2022

The Committee met five times in 2022, with an average attendance rate of 86%.

During 2022, the Chief Financial Officer and Group Internal Audit Director were regularly invited to present their work and answer questions at meetings of the Committee.

The Audit Committee discussed the following:

The process of preparing accounting and financial information	• Review of the annual and interim parent company and consolidated financial statements, off-balance sheet commitments, and the activity report • Review of the services performed by Artémis in 2021 • Update on the Group's financing and cash management • Review of the Company's share price performance
Internal audit	• Review of the internal audit activities (audit engagements and follow-up on action plans) during 2022 and early 2023 • Presentation and approval of the audit plan
Internal control and risk management	• Review of the internal control activities • Review of the risk management system including the approach to preparing the Group's risk map and presentation of the risk hierarchy (including CSR priorities) • Review of the Group's cybersecurity (mapping of cyber risks, action plans and related training) • Review of the Group's compliance program
Statutory Auditors	• Review of the scope of the Statutory Auditors' engagement, the independence of the Statutory Auditors, and their general program for audit work • Presentation by the Statutory Auditors of their work on the annual and interim financial statements
Other	• Review of disputes • Review of the Group's intellectual property policy – examination of the protection of the brand portfolio • Review of data protection

The Audit Committee reported to the Board of Directors on its work and issued its recommendations.

Remuneration Committee

Members at March 2, 2023

Véronique Weill	Chair (Lead Independent Director)
Jean-Pierre Denis	Director (Climate Change Lead)
Financière Pinault, represented by Héloïse Temple-Boyer	Director
Vincent Schaal	Director representing employees
Tidjane Thiam	Independent Director
Serge Weinberg	Independent Director

60 % of independent Directors

100 % attendance rate in 2022

2 meetings in 2022

Duties

The Remuneration Committee's role is to review and make proposals to the Board of Directors on all components and terms of remuneration of the Chairman and Chief Executive Officer and the Group Managing Director (as explained in section 4 of this chapter). Likewise, it reviews and proposals the remuneration policy for corporate officers, the method of allocating remuneration awarded to members of the Board by the Annual General Meeting, the remuneration policy for senior executives, and the remuneration and benefits received or deferred, stock options, free share grants, including performance shares and/or similar benefits, including retirement benefits and benefits in kind, granted to members of the Group's Executive Committee.

Accordingly, with regard to the criteria of the AFEP-MEDEF Code, independent Directors represent the majority of the Remuneration Committee's members.

Work performed by the Remuneration Committee in 2022

The Committee met twice in 2022, with an attendance rate of 100%.

During 2022, the Chief People Officer and the Head of Remuneration and Employee Benefits were regularly invited to present their work and answer questions at meetings of the Committee.

The Remuneration Committee discussed the following:

Remuneration of executive corporate officers and the Group's key executives	• Review of the variable remuneration for 2021 of the executive corporate officers, after establishing the achievement rate of the performance targets based on the Group's 2021 results • Review of the 2022 remuneration policy for executive corporate officers • Review of the variable remuneration for 2021 and the principles of the Executive Committee members' remuneration for 2022, as well as the remuneration applicable to the Chief Compliance Officer • Review of the 2022 pay ratios • Presentation and analysis of the points raised by investors during the November 2022 ESG roadshow
Remuneration awarded to the Directors	• 2022 remuneration policy for the Directors
Employee share ownership	• Review of the employee share ownership transaction

The Remuneration Committee reported to the Board of Directors on its work and issued its recommendations.

Appointments and Governance Committee

Members at March 2, 2023

Serge Weinberg	Independent Chairman
Concetta Battaglia	Director representing employees
Yonca Dervisoglu	Independent Director
Financière Pinault, represented by Héloïse Temple-Boyer	Director
Baudouin Prot	Director
Véronique Weill	Lead Independent Director

60 % of independent Directors

100 % attendance rate in 2022

4 meetings in 2022

Duties

The role of the Appointments and Governance Committee, which was established in March 2003, is to review the proposed appointment of Directors, particularly in light of the Board's diversity policy, as well as their status with regard to the independence criteria defined by the Board. This review must be carried out prior to each appointment and may otherwise be conducted at any time deemed appropriate. The Committee provides its opinions and recommendations on these matters to the Board. This Committee conducts a regular analysis on the Company's governance structure. It is also responsible for preparing a succession plan for executive corporate officers and members of the Group Executive Committee, which it reviews regularly, in order to be able to propose succession solutions at any time in the event of an unforeseen vacancy.

Accordingly, with regard to the criteria of the AFEP-MEDEF Code, independent Directors represent the majority of the Appointments and Governance Committee's members.

Work by the Appointments and Governance Committee in 2022

In 2022, the Appointments and Governance Committee met four times, with an attendance rate of 100%.

During 2022, the management and recruitment firm Egon Zehnder was invited to present its report on the assessment of the Board and the specialized Committees, as well as to answer questions from the Appointments and Governance Committee.

The Appointments and Governance Committee discussed the following:

Appointment	• Changes in and membership structure of the Board and its Committees, especially with regard to the complementary nature of skills and profiles
Assessment	• Review of the external assessment of the operating rules of the Board and its Committees • Review of the independence criteria applicable to Directors
Succession planning	• Review of the process for implementing succession plans for the Group's executive corporate officers and Executive Committee members

The Appointments and Governance Committee reported to the Board of Directors on its work and issued its recommendations.

Sustainability Committee

Members at March 2, 2023

Emma Watson	Independent Chair
François-Henri Pinault	Chairman and Chief Executive Officer
Concetta Battaglia	Director representing employees
Jean-Pierre Denis	Director (Climate Change Lead)
Yonca Dervisoglu	Independent Director
Jean-François Palus	Group Managing Director
Daniela Riccardi	Independent Director
Véronique Weill	Lead Independent Director

57 % of independent Directors

87 % attendance rate in 2022

1 meeting in 2022

Duties

The Sustainability Committee's role is to support the Company and the Group in establishing, implementing and monitoring good corporate governance policies and sustainability and corporate citizenship practices.

Work performed by the Sustainability Committee in 2022

The Sustainability Committee met once in 2022, with an attendance rate of 87%.

The Sustainability Committee:

- reviewed the sustainability projects implemented in 2022 and progress towards the 2025 targets;
- discussed the Group's policies and outcomes in the areas of climate, biodiversity, human rights, ethics, animal welfare and the circular economy;
- had conversations about Kering's ESG performance and the new regulations regarding sustainability reporting;
- reviewed the Group's carbon strategy and the initiatives needed to strengthen the mechanisms for addressing climate change risks throughout the value chain with the Group's suppliers, in light of the "Green Taxonomy" Regulation;
- monitored the progress achieved by the Kering Foundation's actions to combat violence against women.

The Chief Sustainability Officer attended the meeting.

Attendance rate of Directors at Board and Committee meetings in 2022

	Attendance at Board of Directors' meetings	Attendance at Audit Committee meetings	Attendance at Remuneration Committee meetings	Attendance at Appointments and Governance Committee meetings	Attendance at Sustainability Committee meetings	Overall attendance rate
François-Henri Pinault	100%	n.m.	n.m.	n.m.	100%	100%
Jean-François Palus	100%	n.m.	n.m.	n.m.	100%	100%
Véronique Weill(1)	100%	100%	N/A(2)	100%	100%	100%
Tidjane Thiam	100%	100%	100%	n.m.	n.m.	100%
Serge Weinberg(1)	83%	100%	N/A(2)	100%	n.m.	90%
Emma Watson	56%	n.m.	n.m.	n.m.	100%	60%
Concetta Battaglia	100%	n.m.	n.m.	100%	100%	100%
Jean-Pierre Denis	100%	100%	100%	n.m.	100%	100%
Yonca Dervisoglu(1)	67%	n.m.	n.m.	100%	0%(3)	62%
Financière Pinault, represented by Héloïse Temple-Boyer	100%	100%	100%	100%	n.m.	100%
Baudouin Prot	100%	n.m.	n.m.	100%	n.m.	100%
Daniela Riccardi	89%	0%(4)	n.m.	n.m.	100%	69%
Vincent Schaal(5)	100%	n.m.	N/A(2)	n.m.	n.m.	100%
Sophie L'Hélias(6)	100%	100%	100%	100%	-	100%
Yseulys Costes(7)	100%	100%	100%	100%	-	100%
Jean Liu(8)	0%	50%	n.m.	n.m.	-	14%
Claire Lacaze(9)	100%	n.m.	100%	n.m.	n.m.	100%

(1) Term of office started on April 28, 2022
(2) No meeting between her/his appointment and December 31, 2022
(3) Yonca Dervisoglu did not attend the single Sustainability Committee meeting held since her appointment on April 28, 2022.
(4) Member of the Audit Committee since April 28, 2022
(5) Term of office started on August 1, 2022
(6) Term of office as a member of the Board ended on March 4, 2022
(7) Term of office as a member of the Board ended on April 28, 2022
(8) Term of office as a member of the Board ended on July 27, 2022
(9) Term of office as a member of the Board ended on July 31, 2022

Number of meetings of the Board of Directors: 9

Number of Audit Committee meetings: 5

Number of Remuneration Committee meetings: 2

Number of Appointments and Governance Committee meetings: 4

Number of Sustainability Committee meetings: 1

n.m.: Not a member

N/A.: Not applicable

2.4 Other information on the Company's Board of Directors

Honorary Chairman of the Board of Directors

In accordance with the option provided for under the Company's Articles of Association, at its meeting on April 26, 2018, which followed the Combined General Meeting, the Board of Directors decided to confirm François Pinault, founder of the PPR group, since renamed Kering, as Honorary Chairman of the Board of Directors. In this capacity, François Pinault is invited to attend the meetings of the Board of Directors on a consultative basis.

He did not attend any of these meetings in 2022.

2.5 Compliance with the AFEP-MEDEF Corporate Governance Code of Listed Corporations

On October 22, 2008, the Board of Directors announced that it had examined and adopted the AFEP-MEDEF recommendations of October 6, 2008 on the remuneration of corporate officers of listed companies as a reference corporate governance framework, and had deemed that the aforementioned recommendations were all line with the corporate governance approach already implemented by the Company.

Accordingly, the Company refers to the Corporate Governance Code of Listed Corporations resulting from the consolidation of the October 2003 AFEP and MEDEF reports, the aforementioned January 2007 and October 2008 AFEP-MEDEF recommendations and the April 2010 AFEP-MEDEF recommendation to strengthen the representation of women within boards, as revised in June 2013, November 2015, November 2016 and June 2018 and amended in January 2020 (the "AFEP-MEDEF Code") and its January 2020 application guide. These principles were notably applied for the preparation of this report on corporate governance. The AFEP-MEDEF Code is available in English on the AFEP website at www.afep.com and the MEDEF website at www.medef.com.

In accordance with Article L. 22-10-10, paragraph 4 of the French Commercial Code, Kering refers to the AFEP-MEDEF Code, and complies with all its recommendations.

Attendance at Annual General Meetings

All shareholders are entitled to attend Annual General Meetings in accordance with the conditions provided for by law. The terms and conditions of their attendance are specified in the provisions of Article 19 of the Articles of Association and are set out in Chapter 8 of this Universal Registration Document.

Information likely to have an impact in the event of a public offer

No information other than that related to (i) Kering's current shareholding structure (Artémis being the majority shareholder, with 42.01% of the share capital and 58.69% of the theoretical voting rights of Kering as of December 31, 2022), (ii) the double voting right provided for under the Articles of Association, (iii) the Company's share buyback program, and (iv) the authorizations given by the Annual General Meeting to increase the share capital, as expressly described in this Universal Registration Document, is liable to have an impact in the event of a public tender offer for the Company's shares or could have the effect of delaying, deferring or preventing a change of control of the Company.

To the best of the Company's knowledge, there are no agreements between the Company's shareholders that could restrict the transfer of Kering shares or the exercise of the corresponding voting rights.

3 - REGULATORY INFORMATION ON CORPORATE OFFICERS

To the best of the Company's knowledge:

- none of the Directors or corporate officers has been convicted for fraud in the last five years;
- none of the Directors or corporate officers has been associated in the last five years with insolvency, receivership, liquidation or court-ordered administration proceedings as a member of an administrative, management or supervisory body or as Chief Executive Officer or managing partner;
- no court order has been made over the last five years against any of the Directors or corporate officers that prohibits them from acting as a member of an administrative, management or supervisory body of an issuer or from being involved in the management or running of the business of an issuer;
- no charge and/or official public penalty has been made or ordered against any of the Directors or corporate officers of the Company by statutory or regulatory authorities (including designated professional bodies);
- none of the Directors or corporate officers has been given a commitment by the Company or any of its subsidiaries corresponding to components of remuneration, indemnities or benefits payable or potentially payable on account of the commencement, termination or change of their duties or subsequent thereto;
- none of the Directors or corporate officers has indicated the existence of an agreement with a main shareholder, customer or supplier of the Company pursuant to which they were designated as Director or corporate officer.

Moreover, no service contract providing for the granting of benefits binds the Directors to the Group.

No assets belonging directly or indirectly to the Company's senior executives are used in Group operations.

To the best of the Company's knowledge, none of the Directors or corporate officers faces a potential conflict of interest between their duties with regard to the Company and their private interests or other duties or has existing family ties with another Director or corporate officer of the Company.

Trading in Kering securities by senior executives, their families and similar parties

Pursuant to the provisions of Article 223-26 of the AMF's General Regulations, trading in the Company's securities reported to the AMF in 2022 by senior executives and equivalent as well as persons closely related to them, as referred to in Article L. 621-18-2 of the French Monetary and Financial Code *(Code monétaire et financier)*, is summarized below:

	Type of transaction	Transaction date	Average price
Véronique Weill, member of the Board of Directors	Purchase of 50 shares	September 20, 2022	€497.79
Yonca Dervisoglu, member of the Board of Directors	Purchase of 186 shares	August 25, 2022	€538.83
Serge Weinberg, member of the Board of Directors	Purchase of 100 shares	May 25, 2022	€452.10
Tidjane Thiam, member of the Board of Directors	Purchase of 35 shares	March 25, 2022	€578.40
Artémis	Purchase of 4,861 shares	March 10, 2022	€549.35
Artémis	Purchase of 5,000 shares	March 8, 2022	€535.18
Artémis	Sale of 10,000 shares (put options)	March 8, 2022	€31(1)
Artémis	Purchase of 10,000 shares	March 4, 2022	€568.50
Artémis	Purchase of 455 shares	March 2, 2022	€603.87
Artémis	Purchase of 10,000 shares	February 28, 2022	€619.31
Artémis	Purchase of 4,417 shares	February 25, 2022	€626.37
Artémis	Purchase of 30,000 shares	February 24, 2022	€615.40
Artémis	Sale of 50,000 shares (put options)	February 18, 2022	€32.19(1)
Artémis	Sale of 25,000 shares (put options)	January 14, 2022	€30.17(1)
Artémis	Sale of 25,000 shares (put options)	January 13, 2022	€33.22(1)
Artémis	Sale of 50,000 shares (put options)	January 11, 2022	€35.01(1)

(1) Refers to the price of the sold options.

Related-party agreement

The support agreement between Kering and Artémis, which was approved in a previous fiscal year, remained in force in 2022. This agreement is described in the Statutory Auditors' report in Chapter 6 of this Universal Registration Document.

4 – REMUNERATION OF CORPORATE OFFICERS

The information contained in this section sets out Kering's remuneration policy for corporate officers, which is defined by the Board of Directors based on recommendations from the Remuneration Committee. The policy takes account of the recommendations set out in the AFEP-MEDEF Corporate Governance Code of Listed Corporations as revised in June 2018, updated in January 2020, and the December 2022 recommendations on the board's role as a guardian of the CSR strategy. It also reflects the guide to developing universal registration documents published by the French financial markets authority (*Autorité des marchés financiers* - AMF) on January 5, 2022 and the reports on corporate governance and executive remuneration in listed companies issued by the AMF and the High Committee on Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*). The remuneration policy for all corporate officers is an integral part of Kering's report on corporate governance.

4.1 Remuneration policy applicable to the Chairman and Chief Executive Officer and the Group Managing Director (executive corporate officers) for 2023, subject to approval by the Annual General Meeting of April 27, 2023 (*ex-ante* vote)

Acting on a recommendation of the Remuneration Committee, the Board of Directors approved on March 2, 2023 the remuneration policy applicable to the Chairman and Chief Executive Officer and the Group Managing Director for 2023.

In compliance with the provisions of Articles L. 22-10-8 and R. 22-10-14 of the French Commercial Code, the 2023 remuneration policy described below includes the general principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components making up total remuneration and benefits in kind granted to executive corporate officers in respect of their duties. It will be submitted for the approval of the shareholders at Kering's Annual General Meeting to be held on April 27, 2023.

4.1.1 General principles of the remuneration policy for the Chairman and Chief Executive Officer and the Group Managing Director

The Company's remuneration policy for executive corporate officers is set by the Board of Directors, based on recommendations from the Remuneration Committee, in compliance with the Company's interests to ensure the long-term success and development of the business and embeds social and environmental issues arising from its activities. The remuneration structure and the criteria on which it is based are defined and modified over time to ensure that the amounts paid are closely aligned with the extent to which the Group's strategic financial and non-financial objectives have been met. The Company's remuneration policy for executive corporate officers is approved each year by shareholders at the Annual General Meeting.

A large proportion of the remuneration of executive corporate officers are subject to performance conditions (84% for the Chairman and Chief Executive Officer and 80% for the Group Managing Director), reflecting their obligation to create medium- and long-term value.

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

The decision approved at the Annual General Meeting of June 16, 2020 to replace Kering Monetary Units (KMUs) with performance shares in the long-term incentive component of executive corporate officers' remuneration illustrates the Group's desire to make the alignment between executive remuneration and shareholder interests even clearer.

The performance criteria for the executive corporate officers' annual and multi-annual variable remuneration are clear, specific and varied. They include both financial criteria – recurring operating income and free cash flow from operations – and non-financial criteria, relating in particular to sustainability, compliance, and organization and talent management.

The level of achievement of the financial targets is determined by the Group's Finance Department. The level of achievement of the non-financial targets is first assessed by the Remuneration Committee, which reports thereupon to the Board of Directors. This assessment is based on information provided by the Legal, Sustainability and Human Resources Departments, members of which may be present during the meeting to provide commentary.

Decisions about the composition of the executive corporate officers' remuneration and its modification over time - whether in relation to the balance between fixed and variable components or the choice of performance criteria - are based on proposals made by the Remuneration Committee. These proposals are predicated, in turn, on analyses and recommendations provided by the Group's Sustainability, Human Resources, Remuneration and Employee Benefits, and Legal Departments.

A review of the existing system is carried out annually to assess whether changes should be made, based on continuous monitoring of market practice and in line with any legislative developments. Where appropriate, it may be supported by an assignment conducted by external consultants. When market practices are benchmarked (both in terms of remuneration levels and the principles for determining and managing remuneration), comparisons are made with reference companies selected from the French and international markets on the basis of their size and sector of activity.

The remuneration policy applicable to the Chairman and Chief Executive Officer and the Group Managing Director and the payment of the variable components due to them based on the principles applied are discussed and decided on by the Board of Directors, based on recommendations from the Remuneration Committee and following the approval of the financial statements for the previous fiscal year.

The components that make up the remuneration policy are approved by the shareholders at the Annual General Meeting, in compliance with Article L. 22-10-8 of the French Commercial Code.

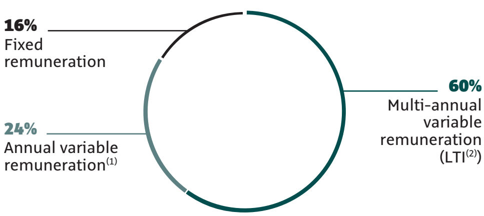
The Chairman and Chief Executive Officer and the Group Managing Director do not participate in either the discussion or the vote during Remuneration Committee or Board meetings on these topics.

4.1.2 Components of the remuneration policy for the Chairman and Chief Executive Officer and the Group Managing Director

For 2023, the remuneration structure for executive corporate officers will comprise three components: fixed remuneration, annual variable remuneration and multi-annual variable remuneration.

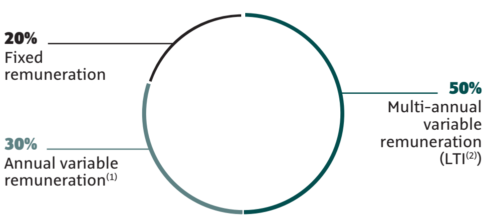
The relative weight of each component will be as follows:

Chairman and Chief Executive Officer



(1) Annual variable remuneration: 150% of fixed remuneration.
(2) LTI: 150% of the fixed remuneration for year Y + annual variable remuneration due for year Y-1.

Group Managing Director



(1) Annual variable remuneration: 150% of fixed remuneration.
(2) LTI: 100% of the fixed remuneration for year Y + annual variable remuneration due for year Y-1.

Fixed remuneration

The fixed remuneration of the Chairman and Chief Executive Officer and the Group Managing Director is determined by taking into account various factors, including:

- the level and complexity of the tasks and responsibilities associated with the roles of Chairman and Chief Executive Officer and of Group Managing Director in a group of Kering's size;
- the incumbents' experience, background and level of expertise;
- market research and analyses relating to the remuneration of people in similar positions in comparable companies. The proposed amount of fixed remuneration is in line with executive pay practices implemented by the Group's CAC 40 and (international) luxury market peers.

Fixed remuneration serves as the basis for calculating annual variable remuneration and determining the value of long-term remuneration. In line with recommendation 26.3.1 of the AFEP-MEDEF Code, it is not reviewed systematically each year.

The Board of Directors therefore proposes leaving the annual fixed remuneration of the Chairman and Chief Executive Officer and the Group Managing Director at €1,200,000 each, a level it had been at for the last six years[1].

Annual variable remuneration

Variable remuneration is designed to align the reward accruing to executive corporate officers with the Group's annual financial performance and its strategic long-term environmental, social and governance (ESG) objectives. It is stated as a percentage of annual fixed remuneration.

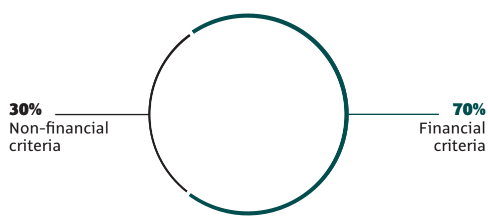
Following approval of the remuneration policy at the Annual General Meeting of April 28, 2022, annual variable remuneration is, when targets are met, equal to 150% of fixed remuneration for the Chairman and Chief Executive Officer and the Group Managing Director (versus 120% of fixed remuneration for the Chairman and Chief Executive Officer and 100% of fixed remuneration for the Group Managing Director). With fixed remuneration remaining stable over time, this shift in the relative weighting of annual variable remuneration is intended, in line with international practice, to link the overall remuneration awarded to the executive corporate officers even more closely with the Group's performance.

When targets are exceeded, annual variable remuneration may amount to 203% of fixed remuneration for the Chairman and Chief Executive Officer and the Group Managing Director, provided that the achievement of the financial targets reaches or exceeds 125% of the thresholds set and that all non-financial targets are met.

In line with the Group's long-term strategy on ESG issues, achievement of equally-weighted non-financial performance criteria affects 30% of annual variable remuneration. The criteria are based on three key areas: organization and talent management, compliance, and sustainability.

As a result, the annual variable remuneration of the Chairman and Chief Executive Officer and of the Group Managing Director is determined as follows:

Distribution of the annual variable remuneration criteria



(1) In light of the COVID-19 pandemic and its impact on business activity, and following the decision made by the Chairman and Chief Executive Officer, at its meeting of April 21, 2020, the Board of Directors decided, as an exceptional measure, to reduce the amount of the fixed remuneration proposed for the Chairman and Chief Executive Officer for 2020 to an amount of €960,000.

Financial criteria	Weighting
Consolidated recurring operating income	35%
Consolidated free cash flow from operations	35%
Subtotal	**70%**

Non-financial criteria	2023 targets	Weighting
Sustainability	• Establish in 2023 a quantified medium-term commitment to reduce in absolute terms the carbon footprint of the Group's supply chain (Scope 3 of the GHG Protocol) • Raise a total of €180 million in funding for the *Climate Fund For Nature* by year-end 2023 • Achieve a high level of employee engagement on sustainability issues and train at least 90% of Kering's corporate department employees at the Kering Sustainability Academy	10%
Compliance	• Strengthen the implementation of the Group compliance program within the recently acquired eyewear companies Lindberg and Maui Jim, and ensure their integration into the Group corruption risk map • Push ahead with efforts to embed the compliance culture within the Group by issuing messages and reminders about compliance issues (i) during strategy meetings, and (ii) for all employees worldwide • Increase awareness of human rights by adding a section about this issue to the "*Ethics & Compliance*" e-training and ensure at least 90% of the Group's employees complete this module	10%
Organization and talent management	• Increase the number of women on the Group's Executive Committee by 25% in 2023 • Arrange training in inclusive leadership during 2023 for 100% of the central management committees • Increase by 10% in 2023 the number of Group employees who attend training to learn new skills • Introduce certification in 2023 for the wage parity monitoring process within the Group • Guarantee the introduction during 2023 of a process to protect the Houses' intangible assets and reputation by: - establishing internal control mechanisms for the various marketing events[1] - promoting a culture that nurtures both independent judgment and collective discussion	10%
Subtotal		**30%**
TOTAL		100%

(1) Advertising campaigns, fashion shows, public events, partnerships with celebrities and artists.

Annual variable remuneration is calculated and decided on by the Board of Directors after the end of the financial year to which it refers.

Criteria for the non-financial targets defined for 2023 are listed above. For confidentiality reasons, the targets associated with financial criteria are not disclosed at the time they are set but disclosed *ex-post* for assessing the achievement rate of these targets.

On the recommendation of the Remuneration Committee, non-financial targets are assessed each year by the Board, which takes into account the performance of the Chairman and Chief Executive Officer and of the Group Managing Director based on reports and presentations that describe the level of achievement of each target and justify the corresponding remuneration awarded to the executive corporate officers.

This assessment is based on a detailed proposal prepared by the Remuneration Committee, which relies in particular on objective information reported by the Chief People Officer, the Head of Remuneration and Employee Benefits, the Chief Sustainability Officer and the Chief Compliance Officer, in relation to the strategic goals defined at the beginning of the year.

The above-described principles for the determination of annual variable remuneration of the executive corporate officers will be pursued in 2023 subject to the approval of the shareholders at the forthcoming Annual General Meeting.

Total variable remuneration due for 2023 will be paid in 2024, following the Annual General Meeting's approval of the financial statements. Payment is also subject to the Annual General Meeting's approval of the 2023 remuneration policy.

Factors determining the payment of annual variable remuneration

The factors determining payment of annual variable remuneration are the same as for previous years and function as described in the table below.

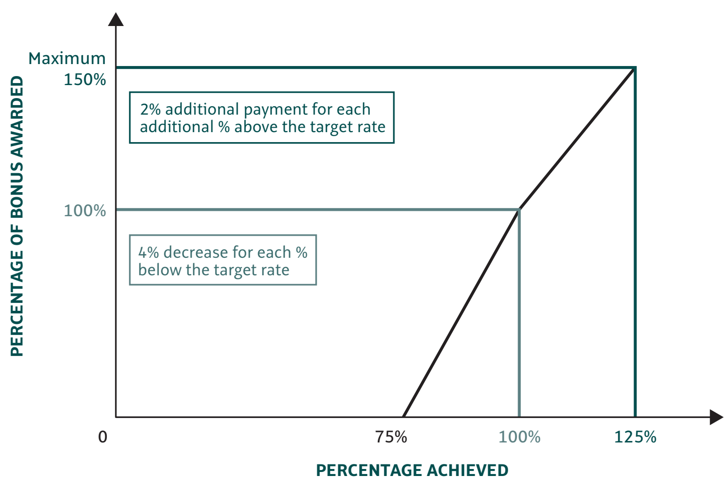
For the financial targets (70% of annual variable remuneration), the achievement rate must be at least 75% for each target for variable remuneration to be paid. If targets are met exactly, the variable remuneration awarded corresponds to 100% of the target amount. If the achievement rate reaches or exceeds 125%, 150% of the target amount is paid out.

The percentage payment for the non-financial targets (30% of annual variable remuneration) may vary between 0% and 100% depending on the assessment made by the Board of the achievement rate of the targets.

	Percentage of bonus awarded	As a % of fixed remuneration Chairman-CEO and GMD (150% of fixed remuneration)
Achievement rate of financial targets (70% of the bonus)[1]		
≤ 75%	0%	0%
100%	100%	105%
≥ 125%	150%	158%
Achievement rate of non-financial targets (30% of the bonus)		
Criterion 1	0% to 100%	0% to 15%
Criterion 2	0% to 100%	0% to 15%
Criterion 3	0% to 100%	0% to 15%
Maximum bonus (for achieving 125% of the financial targets and 100% of the non-financial targets)		**203%**

(1) See graph below illustrating the rate of payment of the bonus depending on the achievement of financial targets.

Share of the bonus relating to financial targets



Any achievement falling between the minimum (75%) and the target (100%) achievement rates or between the target and the maximum (125%) achievement rates will give rise to annual variable remuneration calculated on a straight-line basis between the relevant thresholds. For example, for 90% achievement of the target, an executive corporate officer would receive 60% of the annual variable remuneration; or for 110% achievement of the target, 120% of the annual variable remuneration.

Multi-annual variable remuneration

Long-term remuneration

Since 2020, the executive corporate officers' long-term remuneration has been based on free grants of performance shares, which have replaced the Kering Monetary Units (KMUs).

This system serves to tighten the link between the remuneration of executive corporate officers and their direct contribution to the long-term performance of the company, while also aligning its interests with the interests of shareholders.

The performance share award plan for executive corporate officers is accompanied by a share award plan for other employees in key positions within the Group. In addition, the annual award of performance shares to the Chairman and Chief Executive Officer and the Group Managing Director is capped by the Board of Directors at 20% of the total shares granted by the Board of Directors during each fiscal year.

Following approval of the remuneration policy at the Annual General Meeting of April 28, 2022, the target multi-annual variable remuneration is for the Chairman and Chief Executive Officer and for the Group Managing Director respectively 150% and 100% of the sum of fixed remuneration and annual variable remuneration due in respect of 2022 (versus 100% of fixed remuneration for the Chairman and Chief Executive Officer and 80% for the Group Managing Director previously). With fixed remuneration remaining stable over time, this shift in the relative weighting of multi-annual variable remuneration is also intended, in line with international practices, to link the overall remuneration awarded to the executive corporate officers even more closely with the Group's performance.

The duration of vesting period of the shares is three years, in line with the measurement period of the performance conditions and customary market practice.

Performance conditions

The combination of performance conditions governing the multi-annual variable remuneration of both the executive corporate officers presented below aims to:

- make the number of shares actually obtained following the three-year vesting period conditional, not only on the achievement of financial targets, but also on a broader performance metric reflecting the Group's strategic commitment to ESG issues;
- increase the assessment of the percentage achievement of the financial criteria;
- maintain the emphasis on the performance of the Kering share relative to that of a reference index of luxury goods companies.

These criteria, which applied in the previous year, will again be implemented for 2023.

Accordingly, the number of performance shares awarded to executive corporate officers that ultimately vest is initially subject to the criteria and weightings indicated in the table below:

Criteria	Relative weighting	Performance assessment method
Consolidated recurring operating income	40%	Increase observed between the average amount over the three-year vesting period and the amount observed for the year preceding the year of the grant • No increase: 0 shares • Increase < 5%: 50% of the shares relating to the criterion • Increase ≥ 5%: 100% of the shares relating to the criterion
Consolidated free cash flow from operations	40%	Increase observed between the average amount over the three-year vesting period and the amount observed for the year preceding the year of the grant • No increase: 0 shares • Increase < 5%: 50% of the shares relating to the criterion • Increase ≥ 5%: 100% of the shares relating to the criterion
Proportion of women in executive management roles	10%	Lift the proportion of women in Top 500 roles to 50% by the end of the vesting period • Representation rate of women < 42%: 0 shares • Representation rate of women ≥ 42% and < 48%: 50% of the shares relating to the criterion • Representation rate of women between ≥ 48% and < 50%: 80% of the shares relating to the criterion • Representation rate of women between ≥ 50%: 100% of of the shares relating to the criterion
Biodiversity	10%	Switchover to regenerative agriculture practices by 2025 on 1,000,000 hectares of land linked to Kering's supply chain and protection of 1,000,000 hectares in key areas that are not part of the supply chain • No targets met: 0 shares • One target met: 50% of the shares relating to the criterion • Both targets met: 100% of the shares relating to the criterion
Subtotal	**100%**	

The number of performance shares that ultimately vest subject to the fulfillment of the financial and non-financial performance conditions described above and the service condition described below is then adjusted upward or downward by a maximum proportion of 50%, depending on the performance of the Kering share price (difference in price between the award date of the performance shares and the end of the vesting period) relative to the performance of a reference index over the same period. The reference index comprises the shares of the following eight listed companies: Burberry, Ferragamo, Hermès, LVMH, Moncler, Prada, Richemont and Swatch.

It follows that the number of vested shares based on financial and non-financial criteria may be reduced by half if the Kering share underperforms the reference index by more than 50%. Conversely, if the Kering share outperforms, the number of vested shares based on financial and non-financial criteria may be increased in proportion to this outperformance by up to 50%.

As a result, the number of shares vesting at the end of the vesting period may vary from 0% to 150% of the number of shares awarded under the plan based on the assessment of financial performance, non-financial performance and share price performance.

Service condition

Vesting of the performance shares awarded to the Chairman and Chief Executive Officer and the Group Managing Director is also subject to their continued presence within the Group on the vesting date.

Lock-in obligation

In compliance with the provisions of Article L. 225-197-1 of the French Commercial Code, the Chairman and Chief Executive Officer and the Group Managing Director must hold a number of the performance shares awarded in this way throughout their term of office, in registered form, corresponding to the value set by the Board of Directors, which is two years of their annual fixed and variable remuneration at the date of delivery of the shares.

In addition, the Chairman and Chief Executive Officer and the Group Managing Director undertake to refrain from using hedging instruments, throughout their term of office, on any of the shares awarded to them under the performance share award mechanism.

Exceptional remuneration

Executive corporate officers will not be awarded any exceptional remuneration for 2023.

Remuneration due in respect of duties as a director (formerly known as Directors' fees)

The remuneration policy applicable to Board members is described in section 4.2 of this chapter.

The Group Managing Director will also receive remuneration for some of the offices he holds within the Group, as specified in Table 2 in section 4.3.1.

Benefits for taking up a position or termination payments

Executive corporate officers will not be eligible for any benefits for taking up a position or termination payments.

Supplementary pension plan

Executive corporate officers will not be eligible for any supplementary pension plans.

Non-competition indemnities

Executive corporate officers will not be eligible for any such indemnities.

Benefits in kind

The Chairman and Chief Executive Officer will benefit from international health insurance policy and a company car with a driver.

The Group Managing Director will benefit from international health insurance, life and disability insurance policy and a company car with a driver.

Draft resolution regarding the remuneration policy for executive corporate officers

Seventh resolution: Approval of the remuneration policy for executive corporate officers

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings and having reviewed the Board of Directors' report on corporate governance, the Annual General Meeting approves, pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the remuneration policy for executive corporate officers as described in the aforementioned report, which is included in the 2022 Universal Registration Document, Chapter 3 "Report on corporate governance", section 4.1 "Remuneration policy applicable to the Chairman and Chief Executive Officer and the Group Managing Director (executive corporate officers) for 2023, subject to approval by the Annual General Meeting of April 27, 2023 (*ex-ante* vote)".

4.2 Remuneration policy applicable to the members of the Board of Directors for 2023, subject to approval by the Annual General Meeting of April 27, 2023 (*ex-ante* vote)

4.2.1 General principles of the remuneration policy for members of the Board of Directors

In accordance with the recommendations of the AFEP-MEDEF Code, the remuneration policy applicable to the Directors provides that variable remuneration should account for the majority of the total (60%, versus 40% for fixed remuneration). This is also in line with the Company's strategy of aligning Directors' remuneration with the corporate interest.

The variable remuneration allocated to the Directors is notably based on their actual presence at meetings of the Board and its specialized Committees and on the time and efforts required of them to prepare for and participate in these meetings. The Lead Independent Director receives additional remuneration, which is subject to the achievement of predefined objectives relating to his duties. The Lead Independent Director's duties are described in section 1.5.2 of this chapter. The Climate Change Lead also receives a higher level of remuneration for performing his duties, as presented in section 1.6 of this chapter.

The Remuneration Committee prepares and monitors the remuneration policy for Directors. The total amount of remuneration allocated to the Directors and the allocation criteria are approved by shareholders at the Annual General Meeting.

The Board and Remuneration Committee meetings that deal with the remuneration policy are carried out in strict compliance with the procedures for preventing and managing conflicts of interest, which are described in the Board's internal rules, and Directors do not participate in discussions or votes on resolutions that relate to their own remuneration.

Corporate Board member (and controlling company) Financière Pinault has waived all remuneration in respect of its duties as a Director within the Group (including as a Director of Kering SA) or as a member of the specialized Board Committees.

Concetta Battaglia and Vincent Schaal, the Directors representing employees, both have a permanent employment contract with the Company or a Group company.

4.2.2 Components of the remuneration policy for members of the Board of Directors

Acting on the recommendation of the Board of Directors and following shareholders' approval at the Annual General Meeting on April 22, 2021, the total remuneration allocated to the Directors was lifted from €877,000, its level since 2017, to €1,400,000. The higher figure reflects the increased number of Board members, the additional remuneration allocated to the Lead Independent Director, and the special portion allocated to the Sustainability Committee Chair in order to align this Committee Chairmanship with the others.

Directors' remuneration is allocated on the basis of the actual presence of members at meetings of the Board and its specialized Committees.

The breakdown between fixed and variable remuneration remains unchanged, at 40% fixed and 60% variable.

Directors' remuneration is thus allocated in the following manner:

- a fixed portion, minus (i) a special portion corresponding to the remuneration of the Chairs of the Audit, Remuneration, Appointments and Governance, and Sustainability Committees, respectively (€23,000 each), (ii) a special portion allocated to the Lead Independent Director for her role on the Board (€50,000 for 2023), and (iii) a special portion allocated to the Climate Change Lead (€23,000), with the remainder being allocated with a coefficient of 1 per Board membership, increased by 0.5 per Committee;
- a variable portion, allocated with a coefficient of 1 per presence at each meeting of the Board and 0.5 for each attendance of a Committee meeting.

The remuneration allocated to the Lead Independent Director will be subject to the achievement of objectives set in advance by the Board of Directors.

The Lead Independent Director's objectives for 2023 will be the following:

- promote and maintain a good relationship between the Board and its shareholders and investors;
- coordinate the assessment of the Board and its members;
- facilitate and build relationships within the Board, including by holding meetings without executive corporate officers;
- ensure the effective implementation of mechanisms to prevent and resolve potential conflicts of interest;
- report, on a quarterly basis, to the Chairman of the Board on the performance of her duties.

Draft resolution regarding the remuneration policy for Directors

Eighth resolution: Approval of the remuneration policy for Directors

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings and having reviewed the Board of Directors' report on corporate governance, the Annual General Meeting approves, pursuant to the provisions of Article L. 22-10-8 of the French Commercial Code, the remuneration policy for Directors as described in the aforementioned report, which is included in the 2022 Universal Registration Document, Chapter 3 "Report on corporate governance", section 4.2 "Remuneration policy applicable to the members of the Board of Directors for 2023, subject to approval by the Annual General Meeting of April 27, 2023 (*ex-ante* vote).

4.3 Report on the remuneration paid during or awarded for 2022 to corporate officers in respect of their duties (*ex-post* vote)

4.3.1 Remuneration paid during or awarded for 2022 to the Chairman and Chief Executive Officer and the Group Managing Director (executive corporate officers) in respect of their duties

The remuneration of the executive corporate officers for 2022 includes a fixed portion and a variable portion. The Board of Directors establishes the rules for setting the remuneration each year based on the recommendations of the Remuneration Committee.

The components of remuneration – including the way in which they contribute to the Company's long-term performance and the way performance criteria have been applied – have been established in compliance with the remuneration policy for the executive corporate officers approved by shareholders at the Annual General Meeting of April 28, 2022 (11th resolution).

Summary of remuneration, options and performance shares awarded to each executive corporate officer

(Table no. 1 pursuant to the recommendations of the AFEP-MEDEF Code)

François-Henri Pinault *Chairman and Chief Executive Officer* **Gross amounts** *(in €)*	**2022**	**2021**
Remuneration awarded(1)	2,289,899	3,185,636
Value of performance shares granted during the year (see details in Table 6)	4,282,717 (2)	2,501,205 (3)
Value of other long-term remuneration plans	N/A	N/A
TOTAL	6,572,616	5,686,841

(1) The amounts awarded for the year correspond to components of remuneration for services rendered during the year. Multi-annual variable remuneration components are due at the end of a vesting period (of three years, in general), subject to the achievement of certain performance conditions. They are not therefore included in this section.
(2) This amount is based on the number of performance shares awarded in 2022, at their fair value at the grant date. In the consolidated financial statements, this amount is spread over the KMU vesting period, in accordance with IFRS 2.
(3) This amount is based on the number of performance shares awarded in 2021, at their fair value at the grant date. In the consolidated financial statements, this amount is spread over the KMU vesting period, in accordance with IFRS 2.

Jean-François Palus *Group Managing Director* **Gross amounts** *(in €)*	**2022**	**2021**
Remuneration awarded(1)	2,421,718	3,007,643
Value of performance shares granted during the year (see details in Table 6)	2,567,046 (2)	1,818,945 (3)
Value of other long-term remuneration plans	N/A	N/A
TOTAL	4,988,764	4,826,588

(1) The amounts awarded for the year correspond to components of remuneration for services rendered during the year. Multi-annual variable remuneration components are due at the end of a vesting period (of three years, in general), subject to the achievement of certain performance conditions. They are not therefore included in this section.
(2) This amount is based on the number of performance shares awarded in 2022, at their fair value at the grant date. In the consolidated financial statements, this amount is spread over the KMU vesting period, in accordance with IFRS 2.
(3) This amount is based on the number of performance shares awarded in 2021, at their fair value at the grant date. In the consolidated financial statements, this amount is spread over the KMU vesting period, in accordance with IFRS 2.

Table summarizing the remuneration of the Chairman and Chief Executive Officer (Table no. 2 pursuant to the recommendations of the AFEP-MEDEF Code)

François-Henri Pinault *Chairman and Chief Executive Officer* Gross amounts *(in €)*	2022		2021	
	Amounts awarded for year	Amounts paid during the year	Amounts awarded for the year	Amounts paid during the year
Fixed remuneration	1,200,000	1,200,000	1,200,000	1,200,000
Annual variable remuneration	943,200	1,844,208 (1)	1,844,208	– (2)
Multi-annual variable remuneration:				
2017 Plan:		–	–	6,230,128 (3)
2018 Plan:		– (4)		
2019 Plan:		– (5)	–	–
Exceptional remuneration				
2018 Plan:		5,840,000 (6)	–	–
Remuneration paid in respect of duties as a Director *(Kering)*	93,931	91,527 (7)	91,527	62,100 (8)
Benefits in kind(9)	52,768	52,768	49,901	49,901
TOTAL	2,289,899	9,028,503	3,185,636	7,542,129

(1) For 2021.
(2) In light of the COVID-19 pandemic and its impact on business activity, and following the decision made by the Chairman and Chief Executive Officer, the Board of Directors, at its meeting of April 21, 2020, decided to cancel his annual variable remuneration for 2020.
(3) 10,471 KMUs were awarded under the 2017 plan to the Chairman and Chief Executive Officer at €249 per KMU, corresponding to an amount of €2,607,279 at the award date. They were exercised in April 2020 based on a value of €1,168 per unit as of December 31, 2019, corresponding to an amount of €12,230,128. Following the decision made by the Board of Directors of February 16, 2021, a sum of €6,000,000 was paid in 2020 to the Chairman and Chief Executive Officer. The stated amount of €6,230,128 corresponds to the deferred amount resulting from the exercise of these KMUs paid in 2021.
(4) 5,411 KMUs were awarded under the 2018 plan to the Chairman and Chief Executive Officer at €581 per KMU, corresponding to an amount of €3,143,791 at the award date. They were exercised in April 2022 based on a value of €1,387 per unit as of December 31, 2021, corresponding to an amount of €7,505,057. Following the decision made by the Board of Directors on March 2, 2023, payment of this amount was deferred in full.
(5) 4,175 KMUs were awarded under the 2019 plan to the Chairman and Chief Executive Officer at €753 per KMU, corresponding to an amount of €3,143,775 at the award date. Just one of the three performance criteria was met (recurring operating income, ROI), leading to the cashing-in of 50% or 2,088 KMUs. These 2,088 KMUs were exercised in October 2022 based on a value of €954 per unit at June 30, 2022, corresponding to an amount of €1,991,952. Following the decision made by the Board of Directors on March 2, 2023, payment of this amount was deferred in full.
(6) 5,000 KMUs were awarded in 2018 to the Chairman and Chief Executive Officer at €581 per KMU, without any performance condition, following the major transformation of the Group, corresponding to an amount of €2,905,000 at the award date and exercised in April 2020 based on a value of €1,168 per unit as of December 31, 2019, corresponding to an amount of €5,840,000. Following the decision made by the Board of Directors of February 16, 2021 to defer payment, the sum was paid out in full in 2022.
(7) For 2021.
(8) For 2020.
(9) The Chairman and Chief Executive Officer benefits from a company car with a driver and an international health insurance.

Table summarizing the remuneration of the Group Managing Director (Table no. 2 pursuant to the recommendations of the AFEP-MEDEF Code)

Jean-François Palus *Group Managing Director* **Gross amounts** *(in €)*	2022		2021	
	Amounts awarded for the year	**Amounts paid during the year**	**Amounts awarded for the year**	**Amounts paid during the year**
Fixed remuneration	1,200,000	1,200,000	1,200,000	1,200,000
Annual variable remuneration	943,200	1,536,840 (1)	1,536,840 (1)	– (2)
Multi-annual variable remuneration:				
2017 Plan:		-	-	2,004,928 (3)
2018 Plan:		5,808,725 (4)	-	-
2019 Plan:		2,113,788 (5)	-	-
Exceptional remuneration:				
2017 Plan:		-	-	5,840,000 (6)
2018 Plan:		-	-	3,504,000 (7)
Remuneration paid in respect of duties as a Director *(Kering)*	93,931	98,301(8)	98,301	62,100(9)
Remuneration paid in respect of duties as a director *(subsidiaries)*	60,000	60,000 (8)	60,000	60,000 (9)
Benefits in kind(10)	124,587	124,587	112,502	112,502
TOTAL	2,421,718	10,942,241	3,007,643	12,783,530

(1) For 2021.
(2) In light of the COVID-19 pandemic and its impact on business activity, and following the decisions made by the Chairman and Chief Executive Officer and the Group Managing Director, the Board of Directors, at its meeting of April 21, 2020, decided to remove the annual variable remuneration for executive corporate officers for 2020.
(3) 7,196 KMUs were awarded under the 2017 plan to the Group Managing Director at €249 per KMU, corresponding to an amount of €1,791,804 at the award date and exercised in April 2020 based on a value of €1,168 per unit as of December 31, 2019, corresponding to an amount of €8,404,928. Following the decision made by the Board of Directors of February 16, 2021, a sum of €6,400,000 was paid in 2020 to the Group Managing Director. The stated amount of €2,004,928 corresponds to the deferred amount resulting from the exercise of these KMUs, which was paid in 2021.
(4) 3,809 KMUs were awarded under the 2018 plan to the Group Managing Director at €581 per KMU, corresponding to an amount of €2,213,029 at the award date and exercised in October 2021 based on value per unit of €1,525 as of June 30, 2021, corresponding to an amount of €5,808,725. Following the decision made by the Board of Directors of February 16, 2022 to defer payment, the sum was paid out in full in 2022.
(5) 3,047 KMUs were awarded under the 2019 plan to the Group Managing Director at €753 per KMU, corresponding to an amount of €2,294,391 at the award date. Just one of the three performance criteria was met (recurring operating income, ROI), leading to cashing-in of 50% or 1,524 KMUs. These 1,524 KMUs were exercised in April 2022 based on a value of €1,387 per unit at December 31, 2021, corresponding to an amount of €2,113,788, which was paid out in full in 2022.
(6) 5,000 KMUs were awarded under the 2017 plan to the Group Managing Director at €249 per KMU, without any performance condition, in connection with the drive to build the Group into a business exclusively dedicated to Luxury activities, corresponding to an amount of €1,245,000 at the award date and exercised in April 2020 based on a value per unit of €1,168 as of December 31, 2019, corresponding to an amount of €5,840,000. Following the decision made by the Board of Directors of February 16, 2021 to defer payment, the sum was paid out in full in 2021.
(7) 3,000 KMUs were awarded in 2018 to the Group Managing Director at €581 per KMU, without any performance condition, following the Group's major transformation, corresponding to an amount of €1,743,000 at the award date and exercised in April 2020 based on a value per unit of €1,168 as of December 31, 2019, corresponding to an amount of €3,504,000. Following the decision made by the Board of Directors of February 16, 2021 to defer payment, the sum was paid out in full in 2021.
(8) For 2021.
(9) For 2020.
(10) The Group Managing Director receives the benefit of a company car with a driver, as well as international health, disability and life insurance.

Annual remuneration due in respect of their duties as members of the Board of Directors of Kering for 2021 was paid in February 2022 and that payable for 2022 was paid in March 2023.

Details relating to annual variable remuneration awarded for 2022

Achievement rate of targets in 2022 – François-Henri Pinault, Chairman and CEO

			Thresholds								
Indicator	**Target weighting**	**Targets and objectives** *(in € millions)*	**Minimum achievement rate** *as a % of the target*	**Payment** *as a % of the index*	**Target** *as a % of the target*	**Payment** *as a % of the index*	**Maximum achievement rate** *as a % of the target*	**Payment** *as a % of the index*	**Achieved** *as a % of the target*	**Rate of payment**	**Corresponding amount in €**
Financial criteria											
Consolidated recurring operating income	35%	6,279	75%	0%	100%	100%	125%	150%	89%[1]	56%	352,800
Consolidated free cash flow from operations	35%	4,163	75%	0%	100%	100%	125%	150%	77%[2]	8%	50,400
TOTAL FINANCIAL CRITERIA	70%								83%	32%	403,200
Non-financial criteria											
Sustainability	10%	See description on pages 149 to 151			100%	100%	100%	100%	100%	100%	180,000
Corporate social responsibility	10%				100%	100%	100%	100%	100%	100%	180,000
Organization and talent management	10%				100%	100%	100%	100%	100%	100%	180,000
TOTAL NON-FINANCIAL CRITERIA	30%								100%	100%	540,000
TOTAL VARIABLE REMUNERATION PAID											943,200
Variable remuneration achieved *(in €)*										943,200	
Variable remuneration achieved *(as % of fixed remuneration)*										79%	
Target variable remuneration *(in €)*										1,800,000	
Target variable remuneration *(as % of fixed remuneration)*										150%	

(1) Recurring operating income achieved: €5,589 million.
(1) Free cash flow from operations achieved: €3,208 million.

Achievement rate of targets in 2022 – Jean-François Palus, Group Managing Director

			Thresholds								
Indicator	**Target weighting**	**Targets and objectives** *(in € millions)*	**Minimum achievement rate** *as a % of the target*	**Payment** *as a % of the index*	**Target** *as a % of the target*	**Payment** *as a % of the index*	**Maximum achievement rate** *as a % of the target*	**Payment** *as a % of the index*	**Achieved** *as a % of the target*	**Rate of payment**	**Corresponding amount in €**
Financial criteria											
Consolidated recurring operating income	35%	6,279	75%	0%	100%	100%	125%	150%	89% (1)	56%	352,800
Consolidated free cash flow from operations	35%	4,163	75%	0%	100%	100%	125%	150%	77% (2)	8%	50,400
TOTAL FINANCIAL CRITERIA	70%								83%	32%	403,200
Non-financial criteria											
Sustainability	10%	See description on pages 149 to151			100%	100%	100%	100%	100%	100%	180,000
Corporate social responsibility	10%				100%	100%	100%	100%	100%	100%	180,000
Organization and talent management	10%				100%	100%	100%	100%	100%	100%	180,000
TOTAL NON-FINANCIAL CRITERIA	30%								100%	100%	540,000
TOTAL VARIABLE REMUNERATION PAID											943,200
Variable remuneration achieved *(in €)*										943,200	
Variable remuneration achieved *(as % of fixed remuneration)*										79%	
Target variable remuneration *(in €)*										1,800,000	
Target variable remuneration *(as % of fixed remuneration)*										150%	

(1) Recurring operating income achieved: €5,589 million.
(2) Free cash flow from operations achieved: €3,208 million.

Achievement of non-financial targets in 2022

For each target, the Committee concerned drew up a list of criteria to help determine the achievement rate of the non-financial targets. These were presented to and reviewed by the Remuneration Committee in order to align the remuneration of executive corporate officers with the Group's long-term strategy.

On this basis, the Board of Directors then assessed the achievement rate of each of the targets.

Non-financial criteria *(qualitative)* used to calculate annual variable remuneration	2022 targets	Review of achievements	Weighting
Sustainability Objective: Sustainability and, more particularly, a reduction in Kering's environmental impact, in line with the strategy for 2025	• continue to embed an active sustainability culture across all Group entities and supply chains	• In 2022, a Climate Fresk session was held for corporate department employees, plus a special session for the Group's *Luxury Committee*, which includes the Group's CEOs. François-Henri Pinault and Jean-François Palus actively participated in this session. • François-Henri Pinault and Jean-François Palus introduced a greater emphasis on climate issues within the governance framework, leading to the appointment of Jean-Pierre Denis as the Climate Change Lead on the Board of Directors. • Several teams launched an internal initiative under the direct management of François-Henri Pinault and Jean-François Palus to establish the *Climate Fund For Nature*. This measure was announced at the COP15 on biodiversity in late 2022 and is aligned with the policy of offsetting the Group's residual greenhouse gas emissions linked to its operations and its supply chains.	10%
	• eliminate single-use plastics from BtoC packaging	• Both executive corporate officers actively monitored the internal plans to eliminate single-use plastics from BtoC packaging. In addition, research efforts to find alternatives to polybags were launched in 2022 under the Fashion Pact.	
	• step up and run sustainability partnerships and initiatives in conjunction with universities	• Discussions were held with students studying under the French Institut Français de la Mode - Sustainability Chair, various actions coordinated with Tsinghua university in Beijing and a new ESG partnership set up with Bocconi University in Milan.	
	• strengthening the existing list of ESG indicators	• A Sustainable Finance Department was set up with a remit of overseeing non-financial performance (social and environmental), which helps with financial planning relating to energy transition and the decarbonization of the Group's business and of making sure the Group complies with the current and future regulatory framework on non-financial reporting.	
	• lead the Fashion Pact, positioning Kering at the vanguard of the international industry and attracting new members	• François-Henri Pinault's and Jean-François Palus' involvement in the *Fashion Pact* continued in 2022, prompting the Group's Houses and their suppliers to take part in major projects (examples of concrete accomplishments: CVPPA for renewable energy purchases in Europe – regenerative agriculture programs).	
	• establish and lead the Watches and Jewellery Initiative 2030 coalition	• François-Henri Pinault and Jean-François Palus played a key role in the official launch during 2022 of the *Watch & Jewellery Initiative 2030*, in partnership with Cartier. It had 27 member companies at the end of 2022. • Kering played host to the first work group, demonstrating the Group's strong commitment to the initiative.	

Non-financial criteria *(qualitative)* used to calculate annual variable remuneration	2022 targets	Review of achievements	Weighting
Objective: Ethics	• strengthen the culture of ethics within the Group	• Jean-François Palus and François-Henri Pinault were directly involved in updating and circulating the Group framework, an internal reference framework for the principles and values underpinning the Group's culture.	
	• conduct internal communication initiatives to promote this culture	• François-Henri Pinault and Jean-François Palus kickstarted internal initiatives and sent out messages to further strengthen the culture of ethics within the Group. All the Executive Committee members were involved in this.	
	• increase the number of employees who have completed the new Code of Ethics e-learning module	• The mandatory annual "*Ethics & Compliance*" training was completed by 96.5% of the Group's employees in 2022.	
Corporate Social Responsibility	Cultivate senior management's engagement with and drive to improve compliance through several specific communication initiatives	Both executive corporate officers stressed the importance of completing the "Ethics & Compliance" e-learning module in 2022 on the Kering group's intranet ("Workplace"). In October 2022, the Chairman and Chief Executive Officer launched the training campaign in ethics and compliance via a video on Workplace. He reiterated the Group's commitment to apply a zero-tolerance approach in the fight against corruption and to uphold the highest ethics, sustainability and compliance standards. The Group Managing Director and House CEOs also each sent out a message about compliance and the Group's culture of integrity for the occasion and separately via their own personal account on Workplace. Thanks to the impetus injected by these various compliance-related messages, the completion rate of the Ethics & Compliance e-learning module stood at 96.5% of the global workforce (vs. 96.4% in 2021 and 95.1% in 2020). Both executive corporate officers also issued an additional compliance message via a discussion organized with the Group Chief Compliance Officer. They answered various compliance-related questions and talked about the efforts made by the Group to champion a culture of integrity and the desire to raise its standards in this area. The conversation also provided an opportunity to reaffirm the Group's determination to continuously enhance its compliance program, to abide at all times by the various regulations in force and to involve the members of Kering's Executive Committee and the House CEOs in upholding compliance values on an everyday basis. The executive corporate officers threw their weight behind efforts to take the ethics and compliance goals to the next level and restated the view that their personal commitment to compliance can only lead to action if all the Group's employees fully engage with it. They listed the various compliance resources available, such as the applicable procedures and handbooks and the Code of Ethics, and stated the Group's commitment to producing the materials required to safeguard rules-compliant and responsible behavior.	10%

Non-financial criteria *(qualitative)* used to calculate annual variable remuneration	**2022 targets**	**Review of achievements**	**Weighting**
Organization and talent management	Commitment by the executive corporate officers demonstrating by championing, supporting and leading initiatives to:		10%
	• increase diversity in the workforce, with a particular emphasis on achieving gender balance	• The Group's Inclusion & Diversity strategy has six pillars, and progress will be tracked based on quantitative criteria • 12 Global Inclusion & Diversity Committees are coordinated across all the Houses and sponsored by an Executive Committee member • Two charters on multi-generational employment were signed • Representation rate of women at Kering: 63% of total employees and 57% of managers, 33% of the Executive Committee and 45% of the Board of Directors	
	• ensure succession plans are in place for Executive Committee members and key positions, as well as talent development overall	• There was a 20% increase in internal mobility in 2022, with over 2,500 employees changing jobs, region and/or House. • An operational 2022 Talent Review was held by the Executive Committee in June 2022, followed by support Talent Reviews from October to December 2022.	
	• 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	• The Group's major transformation programs (logistics and information systems) moved ahead, achieving major breakthroughs in 2022 • The first employee share ownership plan was launched in eight countries the Group operates in, leading to more than 9,000 employees becoming shareholders • A Data Governance Office function was set up. It aims to deliver gradual improvements in data governance in three priority areas: supply chain, sales and customers.	
Subtotal			**30%**

History of annual variable remuneration payments

Chairman and Chief Executive Officer – François-Henri Pinault

(in €)	2018 (for 2017)	2019 (for 2018)	2020 (for 2019)	2021 (for 2020)	2022 (for 2021)
	1,944,000	1,944,000	947,088	0	1,844,208

Group Managing Director – Jean-François Palus

(in €)	2018 (for 2017)(1)	2019 (for 2018)(1)	2020 (for 2019)	2021 (for 2020)	2022 (for 2021)
	1,565,898	1,650,141	816,699	0	1,536,840

(1) Data restated to reflect the exchange rate as of December 31, 2022 (0.88693) in order to provide information at comparable exchange rates.

Details relating to multi-annual variable remuneration for 2022

Acting on the recommendation of the Board of Directors and following the approval of the shareholders at the Annual General Meeting of June 16, 2020, the executive corporate officers' long-term remuneration was modified, effective from 2020, by replacing Kering Monetary Units (KMUs) with performance share awards.

Acting pursuant to the authorization granted at the Annual General Meeting of April 28, 2022, the Board of Directors decided at its meeting of October 4, 2022 to award 9,281 shares to the Chairman and Chief Executive Officer and 5,563 shares to the Group Managing Director under the 2022 share award plan, subject in both cases to performance conditions and a three-year vesting period.

The award value of this target multi-annual variable remuneration at the award date is equal, for the Chairman and Chief Executive Officer and for the Group Managing Director respectively, to 150% and 100% of the sum of the fixed remuneration and annual variable remuneration in Y-1.

Performance shares awarded during the year to each executive corporate officer (Table no. 6 pursuant to the recommendations of the AFEP-MEDEF Code)

	Plan number and date	Number of shares awarded during the year	Value of shares based on the method used in the consolidated financial statements (1)	Vesting date	Availability date	Performance conditions
François-Henri Pinault ***Chairman and Chief Executive Officer***	2022 Plan of October 4, 2022	9,281	€4,282,717	October 4, 2025	October 5, 2025	100%(2)
Jean-François Palus ***Group Managing Director***	2022 Plan of October 4, 2022	5,563	€2,567,046	October 4, 2025	October 5, 2025	100%(2)

(1) The unit value of the performance shares awarded is assessed by an independent expert applying the Black & Scholes and Monte Carlo methods. It amounts to €461.45.

(2) The performance condition is based on four indicators and the following methods of assessment:

Criteria	Relative weighting	Performance assessment method
Consolidated recurring operating income	40%	Increase observed between the average amount over the three-year vesting period and the amount observed for the year preceding the year of the grant • No increase: 0 shares • Increase < 5%: 50% of the shares relating to the criterion • Increase ≥ 5%: 100% of the shares relating to the criterion
Consolidated free cash flow from operations	40%	Increase observed between the average amount over the three-year vesting period and the amount shown for the year preceding the year of the grant • No increase: 0 shares • Increase < 5%: 50% of the shares relating to the criterion • Increase ≥ 5%: 100% of the shares relating to the criterion
Proportion of women in executive management roles	10%	Lift the proportion of women in Top 450 roles to 48% by 2024 • Proportion < 40%: 0 shares • Proportion between 40% and 48%: 50% of the shares relating to the criterion • Proportion ≥ 48%: 100% of the shares relating to the criterion
Biodiversity	10%	Switchover to regenerative agriculture practices by 2024 on 400,000 hectares of land linked to Kering's supply chain and protection of 500,000 hectares in key areas that are not part of the supply chain • No targets met: 0 shares • One target met: 50% of the shares relating to the criterion • Both targets met: 100% of the shares relating to the criterion
Subtotal	**100%**	

Provided that the above-described performance conditions and the service condition have been met, the number of vested performance shares will be adjusted upward or downward by a maximum proportion of 50%, depending on the performance of the Kering share price (difference in price between the award date of the plan and the end of the vesting period) relative to the performance of a reference index (followed in the same way) over the same period. The reference index comprises the shares of the following eight listed companies: Burberry, Ferragamo, Hermès, LVMH, Moncler, Prada, Richemont and Swatch.

It follows that the number of vested shares based on financial performance may be reduced by half if the Kering share underperforms the reference index by more than 50%. Conversely, if the Kering share outperforms, the number of vested shares based on financial performance may be increased in proportion to this outperformance by up to 50%.

As a result, the number of shares vesting at the end of the vesting period may vary from 0% to 150% of the number of shares awarded under the plan based on the assessment of financial performance, non-financial performance and share price performance.

The performance shares awarded to the Chairman and Chief Executive Officer and the Group Managing Director in 2022 represent 0.007% and 0.004% respectively of the Company's share capital.

Performance shares that became available during the year for each executive corporate officer (Table no. 7 pursuant to the recommendations of the AFEP-MEDEF Code)

Executive corporate officer	Plan number and date	Number of shares that became available during the year
François-Henri Pinault		
Chairman and Chief Executive Officer	N/A	0
Jean-François Palus		
Group Managing Director	N/A	0

Past awards of performance shares (Table no. 9 pursuant to the recommendations of the AFEP-MEDEF Code)

	2020 Plan	2021 Plan	2022 Plan
Date of Annual General Meeting	June 16, 2020	June 16, 2020	April 28, 2022
Date of Board meeting	October 1, 2020	October 1, 2021	October 4, 2022
Total number of shares granted, o/w to:	46,596	42,752	74,274
François-Henri Pinault, Chairman and CEO	3,760	4,018	9,281
Jean-François Palus, Group Managing Director	2,825	2,922	5,563
o/w to the top ten employee beneficiaries (not corporate officers)	13,415	11,402	18,686
Vesting date of the shares	October 1, 2023	October 1, 2024	October 4, 2025
End date of the lock-in period	N/A (1)	N/A (1)	N/A (1)
Performance conditions	100% (2)	100% (3)	100% (4)
Number of shares vested as of March 2, 2023	N/A	N/A	N/A
Aggregate number of shares canceled or forfeited	7,965	4,502	5,938
Performance shares remaining at the end of the reporting period	38,631	38,250	68,336

(1) In compliance with the provisions of Article L. 225-197-1 of the French Commercial Code, the Chairman and Chief Executive Officer and the Group Managing Director must hold a number of the performance shares awarded in this way throughout their term of office, in registered form, corresponding to the amount set by the Board of Directors on February 11, 2020, which is two years of their annual fixed and variable remuneration at the date of delivery of the shares.

(2) The performance condition in the 2020 plan is based on the achievement of recurring operating income, free cash flow from operations and recurring operating margin targets, as follows: - if all three performance criteria increase over the vesting period, 100% of the beneficiary's performance shares will vest; - if two out of three performance criteria increase over the vesting period, 75% of the beneficiary's performance shares will vest; - if one out of the three performance criteria increases over the vesting period, 50% of the beneficiary's performance shares will vest; and - if none of the performance criteria increase over the vesting period, none of the beneficiary's performance shares will vest. The number of performance shares that ultimately vest will be adjusted upward or downward by a maximum proportion of 50%, depending on the performance of the Kering share price (difference in price between the award date of the performance shares and the end of the vesting period) relative to the performance of a reference index (followed in the same way) over the same period. The reference index comprises the shares of the following eight listed companies: Burberry, Ferragamo, Hermès, LVMH, Moncler, Prada, Richemont and Swatch.

(3) The performance condition in the 2021 plan is based on four indicators and the following methods of assessment:

Criteria	Relative weighting	Performance assessment method
Consolidated recurring operating income	40%	Increase observed between the average amount over the three-year vesting period and the amount observed for the year preceding the year of the grant • No increase: 0 shares • Increase < 5%: 50% of the shares relating to the criterion • Increase ≥ 5%: 100% of the shares relating to the criterion
Consolidated free cash flow from operations	40%	Increase observed between the average amount over the three-year vesting period and the amount shown for the year preceding the year of the grant • No increase: 0 shares • Increase < 5%: 50% of the shares relating to the criterion • Increase ≥ 5%: 100% of the shares relating to the criterion
Proportion of women in executive management roles	10%	Lift the proportion of women in Top 450 roles to 45% by 2023 • Proportion < 40%: 0 shares • Proportion between 40% and 45%: 50% of the shares relating to the criterion • Proportion ≥ 45%: 100% of the shares relating to the criterion
Biodiversity	10%	Switchover to regenerative agriculture practices by 2023 on 200,000 hectares of land linked to Kering's supply chain and protection of 500,000 hectares in key areas that are not part of the supply chain • No targets met: 0 shares • One target met: 50% of the shares relating to the criterion • Both targets met: 100% of the shares relating to the criterion
Subtotal	**100%**	
Provided that the above-described performance conditions and the service condition have been met, the number of vested performance shares will be adjusted upward or downward by a maximum proportion of 50%, depending on the performance of the Kering share price (difference in price between the award date of the plan and the end of the vesting period) relative to the performance of a reference index (followed in the same way) over the same period. The reference index comprises the shares of the following eight listed companies: Burberry, Ferragamo, Hermès, LVMH, Moncler, Prada, Richemont and Swatch.		

(4) Performance conditions and adjustment ratio shown in Table 6 above.

Past awards of Kering Monetary Units (KMU)

The previous long-term remuneration system (which applied from 2013 to 2019) was based on Kering Monetary Units (KMUs), which have now been replaced with free grants of performance shares.

The value of these KMUs was indexed equally to both absolute changes in the Kering share price and to changes in the Kering share price relative to a panel of seven luxury stocks (Burberry, Ferragamo, LVMH, Prada, Richemont, Swatch and Tod's).

These KMUs have a vesting period of three years as from January 1 of the year in which they are granted, after which they may be cashed in by the beneficiaries over a two-year period (during two windows each year). At that point, the beneficiaries may receive the cash equivalent of their KMUs based on the last assessed value. A table summarizing the KMUs granted to each executive corporate officer – the Chairman and Chief Executive Officer and the Group Managing Director – that have become available or are still vesting, is shown below.

To align the multi-annual variable remuneration system with the Group's long-term performance, vesting of the KMUs awarded to the Chairman and Chief Executive Officer and the Group Managing Director was subject to the fulfillment of performance criteria based on three financial indicators assessed at Group level:

- recurring operating income;
- free cash flow from operations;
- recurring operating margin.

Under this system put in place in 2017, if an increase was observed in at least one of these three indicators between the average amount over the three-year vesting period and the amount shown in Kering's consolidated financial statements for the year preceding the year of the grant, 100% of the KMUs granted were cashed in (the change in each indicator is measured at constant scope and as reported). Failing this, the KMUs were definitively forfeited.

Starting in 2019, in line with the remuneration policy approved by shareholders at the Annual General Meeting of April 24, 2019, the following system applied:

- three criteria met: 100% of the KMUs vest,
- two of three criteria met: 75% of the KMUs vest,
- one of three criteria met: 50% of the KMUs vest;
- no criteria met: no KMUs may be cashed in.

The financial criteria were based on the indicators used to assess the Group's performance. The mechanism in place meets stricter requirements, since the KMU value is not per se a performance condition but influences the amount actually paid at the exercise date.

Note that the KMUs awarded in 2019 to the executive corporate officers represented the final award of KMUs before they were replaced by free performance share grants starting in 2020.

In accordance with the recommendations of the AFEP-MEDEF Code and of the Remuneration Committee, the Board of Directors decided on March 10, 2017 to remove the lock-in obligation on Kering shares obtained by cashing in KMUs, because these instruments provide exclusively for a cash settlement.

Method applied to value KMUs

Changes in the KMU value are assessed on a six-monthly basis (as of June 30 and December 31 each year), based on the Kering share price during the last 30 trading days. This value is then weighted for the performance of the Kering share relative to the basket of benchmark stocks.

At the end of each six-month period, the value of a KMU is calculated as follows:

$$UV_{s+1} = UV_s \times ([1+VK_{s+1}] + ([1+VK_{s+1}] \times [1+VK_{s+1}] / [1+VPV_{s+1}])) / 2$$

Where:

UV = Unit of Value.

s+1 = the six-monthly closing date at which the unit of value is assessed (06/30 or 12/31).

s = the previous six-monthly closing.

VK = the change in the Kering share price over the six-month period, using the average share price over the 30 days preceding the six-monthly closing as the reference price.

VPV = the change in the price of a panel of stocks over the six-month period, equal to the arithmetic average change in these stocks, using the average share price over the 30 days preceding the six-monthly closing as the reference price.

The following companies were used to compile the benchmark: Burberry, Ferragamo, LVMH, Prada, Richemont, Swatch and Tod's.

Since December 31, 2011, the value of the KMUs has fluctuated as follows:

Date	KMU value
December 31, 2011	€100
June 30, 2012	€102
December 31, 2012	€131
July 21, 2013[(1)]	€152
December 31, 2013	€144
June 30, 2014	€166
December 31, 2014	€167
June 30, 2015	€160
December 31, 2015	€166
June 30, 2016	€157
December 31, 2016	€249
June 30, 2017	€401
December 31, 2017	€581
June 30, 2018	€885
December 31, 2018	€753
June 30, 2019	€988
December 31, 2019	€1,168
June 30, 2020	€1,095
December 31, 2020	€1,219
June 30, 2021	€1,525
December 31, 2021	€1,387
June 30, 2022	€954
December 31, 2022	€910

(1) Date of the first award of KMUs.

The following four scenarios illustrate the sensitivity of the KMUs to the Kering share price and the value of the panel of stocks:

Option	KMU impact
-15% (Kering) vs -15% (panel)	15% decrease in KMU value
-10% (Kering) vs +5% (panel)	16.4% decrease in KMU value
+10% (Kering) vs -5% (panel)	18.7% increase in KMU value
+15% (Kering) vs +15% (panel)	15% increase in KMU value

The KMU value would fall significantly in the event of a collapse in the Kering share price (e.g., of around 80%).

Summary of KMUs granted to each executive corporate officer that have become available

François-Henri Pinault – Chairman and Chief Executive Officer

KMUs

Grant year	KMUs granted[(1)]	Unit value at grant *(in €)*[(2)]	Grant value *(in €)*	Vesting date[(3)]	Target/ Threshold[(4)]	Exercise value	Thresholds
2018	5,411	581 [(5)]	3,143,791	January 2021	Increase in the following three criteria: ROI, FCF or ROM[(7)]	7,505,057 see comment below	Achieved
2019	4,175	753 [(6)]	3,143,775	January 2022	Increase in the following three criteria: ROI, FCF or ROM[(7)]	1,991,952 see comment below	1 criterion met (ROI), 50% of the KMUs vest

(1) From 2017, the value of the KMUs awarded was equal to 100% of the total annual cash-based remuneration paid to the Chairman and Chief Executive Officer and 80% of that paid to the Group Managing Director.
(2) The value of the KMUs is indexed equally to both absolute changes in Kering's share price and to changes in the Kering share price relative to a panel of seven luxury stocks.
(3) The KMU vesting period is three years as from January 1 of the year in which they are granted.
(4) For 2018, 100% of the KMUs could be cashed in since an increase was observed for recurring operating income, free cash flow from operations and recurring operating margin between the average amount over the three-year vesting period and the amount shown in Kering's consolidated financial statements for the year preceding the year of the grant. Otherwise, the KMUs would have been definitively forfeited.
For 2019, these performance criteria became progressive and cumulative, applying as follows: all three criteria met: 100% of the KMUs vest, two of three criteria met: 75% of the KMUs vest; one of three criteria met: 50% of the KMUs vest; - no criteria met: no KMUs may be cashed in.
(5) Unit value as of December 31, 2017.
(6) Unit value as of December 31, 2018.
(7) ROI: recurring operating income; FCF: free cash flow from operations; ROM: recurring operating margin

The 5,411 KMUs awarded under the 2018 plan were exercised by the Chairman and Chief Executive Officer in April 2022 based on a value of €1,387 per unit at December 31, 2021, corresponding to an amount of €7,505,057. Following the decision by the Board of Directors on March 2, 2023, payment of this amount was deferred in full.

4,175 KMUs were awarded under the 2019 plan to the Chairman and Chief Executive Officer at €753 per KMU, corresponding to an amount of €3,143,775 at the award date. Just one of the three performance criteria was met (recurring operating income, ROI), leading to the cashing-in of 50% or 2,088 KMUs. These 2,088 KMUs were cashed-in in October 2022 based on a value of €954 per unit at June 30, 2022, corresponding to an amount of €1,991,952. Following the decision by the Board of Directors on March 2, 2023, payment of this amount was deferred in full.

Jean-François Palus – Group Managing Director

KMUs

The Group Managing Director has no KMUs yet to vest or become available for cashing-in.

The cashing-in of the final KMUs awarded under the 2019 plan was completed in April 2022 based on a value of €1,387 per KMU at December 31, 2021, corresponding to an amount of €2,113,788, which was paid out in full in 2022, as shown in table no. 2.

Summary of annual variable remuneration granted to each executive corporate officer

(Table no. 10 pursuant to the recommendations of the AFEP-MEDEF Code)

Given the switch in the structure of multi-annual variable remuneration made in 2020, information about the KMUs is provided in the summary of KMUs granted to each executive corporate officer that have become available shown above. Information about performance share grants is presented in table no. 9.

Stock options awarded during the year to each executive corporate officer by Kering or any Group company

(Table no. 4 pursuant to the recommendations of the AFEP-MEDEF Code)

	Plan number and date	Type of option (purchase or subscription)	Value of options based on the method used in the consolidated financial statements	Number of options awarded during the year	Exercise price	Exercise period
François-Henri Pinault						
Chairman and Chief Executive Officer	N/A	N/A	N/A	N/A	N/A	N/A
Jean-François Palus						
Group Managing Director	N/A	N/A	N/A	N/A	N/A	N/A

Stock options exercised during the year by each executive corporate officer

(Table no. 5 pursuant to the recommendations of the AFEP-MEDEF Code)

	Plan number and date	Number of options exercised during the year	Exercise price
François-Henri Pinault			
Chairman and Chief Executive Officer	N/A	N/A	N/A
Jean-François Palus			
Group Managing Director	N/A	N/A	N/A

Past awards of stock subscription or purchase options

(Table no. 8 pursuant to the recommandations of the AFEP-MEDEF Code)

Not applicable. No stock subscription or purchase options are outstanding for François-Henri Pinault or Jean-François Palus.

Exceptional remuneration

No exceptional remuneration was paid to the Group Managing Director in 2022.

For details of the exceptional remuneration paid to the Chairman and Chief Executive Officer in 2022, please refer to table no. 2 on page 145.

Summary of the benefits awarded to executive corporate officers (Table no. 11 pursuant to the recommendations of the AFEP-MEDEF Code)

	Employment contract		Supplementary pension plan		Indemnities or benefits owed or that may be payable on termination or change of duties		Indemnities relating to a non-competition clause	
Executive corporate officers	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
François-Henri Pinault								
Chairman and Chief Executive Officer								
Start of term of office: May 19, 2005								
Expiry of term of office: 2025 AGM		X		X		X		X
Jean-François Palus								
Group Managing Director								
Start of term of office: February 26, 2008								
Expiry of term of office: 2025 AGM		X (1)		X		X		X

(1) Employment contract terminated on December 31, 2019.

Other information and commitments

The executive corporate officers have formally undertaken not to use hedges on their performance shares and no such hedges are currently in place.

Pay ratios between the level of remuneration of the Chairman and Chief Executive Officer and the Group Managing Director and the average and median remuneration of Company employees

In accordance with Article L. 22-10-9 of the French Commercial Code, the following table presents the ratios between the level of remuneration of the Chairman and Chief Executive Officer and the Group Managing Director and the average and median remuneration of Company employees on a full-time equivalent basis over the past five years.

These ratios were established in line with the AFEP-MEDEF guidelines on remuneration multiples published on January 28, 2020 and updated in February 2021.

For the executive corporate officers, the components of remuneration taken into account are:

- fixed remuneration in Y;
- annual variable remuneration paid in year Y for year Y-1;
- the value of the long-term remuneration granted during the year;
- remuneration paid in respect of duties as a Director (formerly known as Directors' fees) paid in Y;
- exceptional remuneration (where applicable) granted in Y;
- benefits in kind.

For the employees (on a full-time equivalent basis), the components of remuneration taken into account are:

- fixed remuneration in Y;
- annual variable remuneration paid in year Y for year Y-1;
- individual bonuses paid in Y;
- profit-sharing and incentives paid in year Y;
- the value of performance shares granted during the year at their IFRS value;
- the value of any other long-term incentives awarded;
- benefits in kind.

The ratios are calculated on the basis of remuneration paid and awarded during the year.

To make them more representative, these fairness ratios have been calculated for two different scopes of analysis:

- Kering SA, the listed company, with around 703 employees;
- a broader scope of analysis consisting of the Kering SA employees and the French employees of Saint Laurent, Balenciaga and Gucci, or 3,452 employees, representing 77% of the Group's employees based in France.

Data for the larger scope of analysis are available only from 2019, when the joint payroll system that can provide such consolidated figures was introduced.

François-Henri Pinault and Jean-François Palus held the positions of Chairman and Chief Executive Officer and of Group Managing Director, respectively, during the five-year period in question.

François-Henri Pinault Chairman and Chief Executive Officer	2018	2019	2020	2021	2022
Kering SA scope of analysis					
Ratio versus average remuneration	96.2	53.6	36.5	39.2	69.5
Ratio versus median remuneration	168.9	88.4	54.2	52.3	100.3
Expanded scope of analysis (Kering SA, Saint Laurent, Balenciaga, Gucci – France)					
Ratio versus average remuneration		85.2	57.9	54.6	92.5
Ratio versus median remuneration		135.2	84.9	79.2	120.5

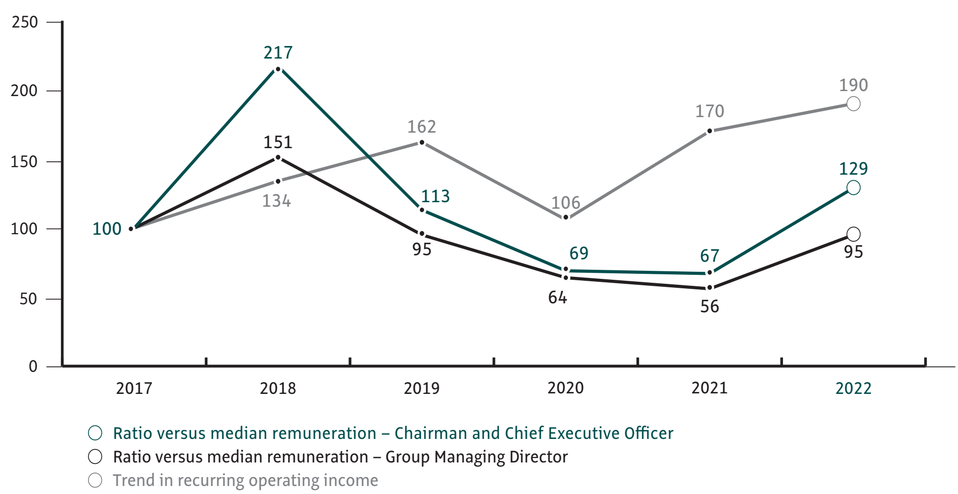
Jean-François Palus Group Managing Director	2018	2019	2020	2021	2022
Kering SA scope of analysis					
Ratio versus average remuneration	68.3	45.5	34.0	33.5	52.0
Ratio versus median remuneration	120.0	75.0	50.4	44.7	75.0
Expanded scope of analysis (Kering SA, Saint Laurent, Balenciaga, Gucci – France)					
Ratio versus average remuneration		72.4	53.9	46.6	69.2
Ratio versus median remuneration		114.8	78.9	67.6	90.1

(in € millions)	2018	2019	2020	2021	2022
Recurring operating income	3,944	4,778	3,135	5,017	5,589

The following chart shows trends in fairness ratios for the Chairman and Chief Executive Officer and the Group Managing Director (ratio with employees' median salaries) based on the Kering SA scope of analysis together with trends in the Group's recurring operating income.

The levels shown for each year indicate the change versus 2017, which has been converted to a baseline figure of 100.

Comparative trends in the fairness ratio for the Chairman and CEO and the Group Managing Director and Recurring Operating Income rebased 100 in 2017 (Kering SA scope of analysis)



The significant increase in the ratios for 2018 reflects the exceptional bonus awarded to the two executive corporate officers in the form of KMUs in recognition of the achievement of the final stage in the creation of a fully integrated Luxury group.

The significant decline in the ratios for 2020 and 2021 is due respectively to:

- the decrease in the variable remuneration paid to the two executive corporate officers in respect of the 2019 results, due to a below-target performance in the available cash flow criterion and decisions made by the Board of Directors on April 20, 2020 in the context of the COVID-19 pandemic;
- the absence of any annual variable remuneration being paid in 2021 to executive corporate officers in respect of 2020 (because it was waived in view of the COVID-19 pandemic).

The key factors behind the increase in the ratios seen in 2022 were:

- the payment of annual variable remuneration for 2021, whereas no annual variable remuneration was paid in 2021 for 2020 (because it was waived in view of the COVID-19 pandemic);
- changes to the target amounts for annual variable remuneration and for multi-annual variable remuneration set for the executive corporate officers.

Draft resolutions regarding the remuneration paid during or awarded for 2022 to executive corporate officers in respect of their duties (*ex-post* vote)

Fifth resolution: Approval of the fixed, variable and exceptional components of total remuneration and benefits in kind paid during or awarded for the year ended December 31, 2022 to François-Henri Pinault, Chairman and Chief Executive Officer

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings, in application of the provisions of Article L.22-10-34, II of the French Commercial Code, and having reviewed the Board of Directors' report on corporate governance, the Annual General Meeting approves the fixed, variable and exceptional components of total remuneration and benefits in kind paid or awarded to François-Henri Pinault, Chairman and Chief Executive Officer, for the year ended December 31, 2022. These components are presented in the 2022 Universal Registration Document in Chapter 3, "Report on corporate governance", section 4.3.1, "Remuneration paid during or awarded for 2022 to the Chairman and Chief Executive Officer and the Group Managing Director (executive corporate officers) in respect of their duties".

Sixth resolution: Approval of the fixed, variable and exceptional components of total remuneration and benefits in kind paid during or awarded for the year ended December 31, 2022 to Jean-François Palus, Group Managing Director

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings, in application of Articles L.22-10-34, II of the French Commercial Code, and having reviewed the Board of Directors' report on corporate governance, the Annual General Meeting approves the fixed, variable and exceptional components of total remuneration and benefits in kind paid or awarded to Jean-François Palus, Group Managing Director, for the year ended December 31, 2022. These components are presented in the 2022 Universal Registration Document in Chapter 3, "Report on corporate governance", section 4.3.1, "Remuneration paid during or awarded for 2022 to the Chairman and Chief Executive Officer and the Group Managing Director (executive corporate officers) in respect of their duties".

4.3.2 Remuneration paid during or awarded for 2022 to the members of the Board of Directors in respect of their duties

(Table no. 3 pursuant to the recommendations of the AFEP-MEDEF Code)

Member of the Board of Directors	Allocation of remuneration	2022 Amounts awarded	2022 Amounts paid	2021 Amounts awarded	2021 Amounts paid
François-Henri Pinault	Remuneration paid in respect of duties as a Director	93,931	91,527	91,527	62,100
	Fixed portion	27,981	27,172	27,172	19,031
	Variable portion	65,950	64,355	64,355	43,070
Jean-François Palus	Remuneration paid in respect of duties as a Director	93,931	98,301	98,301	62,100
	Fixed portion	27,981	27,172	27,172	19,031
	Variable portion	65,950	71,129	71,129	43,070
Concetta Battaglia	Remuneration paid in respect of duties as a Director	102,066	90,385	90,385	11,719
	Fixed portion	32,645	22,643	22,643	4,229
	Variable portion	69,421	67,742	67,742	7,490
Yseulys Costes[(1)]	Remuneration paid in respect of duties as a Director	72,999	163,125	163,125	102,096
	Committee Chair *(until April 28, 2022)*	7,667	23,000	23,000	10,455
	Fixed portion	20,209	45,287	45,287	31,718
	Variable portion	45,124	94,839	94,839	59,923
Jean-Pierre Denis	Remuneration paid in respect of duties as a Director	140,783	151,625	151,625	97,269
	Committee Vice-Chair *(until April 28, 2022)*	3,900	11,500	11,500	12,545
	Fixed portion	46,635	45,287	45,287	28,546
	Variable portion	90,248	94,839	94,839	56,178
Yonca Dervisoglu[(2)]	Remuneration paid in respect of duties as a Director	53,003	-	-	-
	Fixed portion	21,763	-	-	-
	Variable portion	31,240	-	-	-
Ginevra Elkann[(3)]	Remuneration paid in respect of duties as a Director	-	34,216	34,216	65,846
	Fixed portion	-	10,506	10,506	19,031
	Variable portion	-	23,710	23,710	46,815
Financière Pinault, represented by Héloïse Temple-Boyer[(4)]	Remuneration paid in respect of duties as a Director	-	-	-	-
	Fixed portion	-	-	-	-
	Variable portion	-	-	-	-
Sophie L'Hélias[(5)]	Remuneration paid in respect of duties as a Director	67,057	227,570	227,570	155,485
	Lead Independent Director *(until March 4, 2022)*	12,500	75,000	75,000	62,545
	Fixed portion	23,318	54,344	54,344	34,890
	Variable portion	31,240	98,226	98,226	58,051
Claire Lacaze[(6)]	Remuneration paid in respect of duties as a Director	62,586	101,688	101,688	65,846
	Fixed portion	13,991	27,172	27,172	19,031
	Variable portion	48,595	74,516	74,516	46,815
Jean Liu[(7)]	Remuneration paid in respect of duties as a Director	17,461	57,656	57,656	28,242
	Fixed portion	13,990	27,172	27,172	9,516
	Variable portion	3,471	30,484	30,484	18,726
Baudouin Prot	Remuneration paid in respect of duties as a Director	104,345	84,753	84,753	65,846
	Fixed portion	27,981	27,172	27,172	19,031
	Variable portion	76,364	57,581	57,581	46,815
Daniela Riccardi	Remuneration paid in respect of duties as a Director	91,653	98,301	98,301	62,100
	Fixed portion	32,645	27,172	27,172	19,031
	Variable portion	59,008	71,129	71,129	43,070

Member of the Board of Directors	Allocation of remuneration	2022 Amounts awarded	2022 Amounts paid	2021 Amounts awarded	2021 Amounts paid
Vincent Schaal[8]	Remuneration paid in respect of duties as a Director	34,817	-	-	-
	Fixed portion	13,991	-	-	-
	Variable portion	20,826	-	-	-
Sapna Sood[9]	Remuneration paid in respect of duties as a Director	-	-	-	28,241
	Fixed portion	-	-	-	9,515
	Variable portion	-	-	-	18,726
Tidjane Thiam	Remuneration paid in respect of duties as a Director	147,085	137,133	137,133	43,741
	Committee Chair	23,000	23,000	23,000	10,455
	Fixed portion	37,308	36,229	36,229	12,687
	Variable portion	86,777	77,903	77,903	20,599
Emma Watson	Remuneration paid in respect of duties as a Director	89,163	63,720	63,720	26,369
	Committee Chair	23,000	23,000	23,000	
	Fixed portion	27,981	27,172	27,172	9,515
	Variable portion	38,182	13,548	13,548	16,853
Véronique Weill[2]	Remuneration paid in respect of duties as a Director	138,765	-	-	-
	Lead Independent Director and Committee Chair	48,667	-	-	-
	Fixed portion	31,090	-	-	-
	Variable portion	59,008	-	-	-
Serge Weinberg[2]	Remuneration paid in respect of duties as a Director	90,355	-	-	-
	Committee Chair	15,333	-	-	-
	Fixed portion	26,427	-	-	-
	Variable portion	48,595	-	-	-
TOTAL		1,400,000	1,400,000	1,400,000	877,000

(1) The term of office of Yseulys Costes expired on April 28, 2022.
(2) The terms of office of Yonca Dervisoglu, Véronique Weill and Serge Weinberg began on April 28, 2022.
(3) The term of office of Ginevra Elkann expired on April 27, 2021.
(4) Financière Pinault, represented by Héloïse Temple-Boyer, waived its remuneration as a Director.
(5) The term of office of Sophie L'Hélias expired on March 4, 2022.
(6) The term of office of Claire Lacaze expired on July 31, 2022.
(7) The term of office of Jean Liu expired on July 27, 2022.
(8) The term of office of Vincent Schaal began on August 1, 2022.
(9) The term of office of Sapna Sood expired on June 16, 2020.

Neither the Company, nor any company that it controls, has made any commitment to its corporate officers on account of the commencement, termination or change of duties or subsequent thereto.

No non-executive corporate officer or Director has been granted any particular benefit or specific pension plan. They are not entitled to any conditional or deferred remuneration.

At its meeting on March 2, 2023, the Board of Directors decided, upon the recommendation of the Remuneration Committee, to allocate remuneration to Directors in respect of their duties on the basis of the actual presence of members at meetings of the Board and of its specialized Committees during 2022.

Following shareholders' approval at the Annual General Meeting on April 22, 2021, the total remuneration allocated to the Directors was lifted from €877,000, unchanged since 2017, to €1,400,000. The increase reflects the larger number of Board members, the additional remuneration allocated to the Lead Independent Director, and the special portion allocated to the Sustainability Committee Chair.

Out of the total amount set at the Annual General Meeting, the rule followed by the Board in order to comply with the AFEP-MEDEF Code recommendation for a significant variable component with respect to remuneration awarded to Directors is to divide the total amount into a 40% fixed portion and a 60% variable portion. The remuneration is thus allocated in the following manner (Financière Pinault has waived all remuneration in respect of its duties as a Director):

- a fixed portion, minus (i) a special portion corresponding to the remuneration of the Chairs of the Audit, Remuneration, Appointments and Governance, and Sustainability Committees, respectively (€23,000 each), (ii) a special portion corresponding to the remuneration of the Committee Vice-Chair (€11,500), and (iii) a special portion allocated to the Lead Independent Director for her role on the Board (€50,000 for 2022), the balance being allocated with a coefficient of 1 per Board membership, increased by 0.5 per Committee;
- a variable portion, allocated with a coefficient of 1 per presence at each meeting of the Board and 0.5 for each attendance of a Committee meeting.

For 2022, a total amount of €1,400,000 will be paid to the Directors, allocated as follows:

- €560,000 for the fixed portion, of which €88,234 for the special portion awarded to the Chairs of the Audit, Remuneration, Appointments and Governance, and Sustainability Committees and for the Vice-Chair of the Audit Committee (until April 28, 2022), a €12,500 special portion allocated to Sophie L'Hélias for her duties as Lead Independent Director until March 4, 2022 and a €15,334 special portion allocated to Véronique Weill as Lead Independent Director from April 28, 2022, or 40% of the total remuneration awarded to Directors;
- €840,000 for the variable portion (60% of the total remuneration awarded to Directors).

Corporate Board member (and controlling company) Financière Pinault has waived all remuneration in respect of its duties as a Director or participation as a member of the Group's specialized Committees.

Draft resolution regarding the remuneration paid during or awarded for 2022 to corporate officers

Fourth resolution: Approval of the information referred to in Article L. 22-10-9, I of the French Commercial Code relating to remuneration paid during or awarded for the year ended December 31, 2022 to corporate officers

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings and in application of the provisions of Article L. 22-10-34, I of the French Commercial Code, the Annual General Meeting, having reviewed the Board of Directors' report on corporate governance, approves the information referred to in Article L. 22-10-9, I of the French Commercial Code relating to the remuneration and benefits in kind paid during or awarded for the year ended December 31, 2022 to corporate officers, as described in the aforementioned report, which is included in the 2022 Universal Registration Document, Chapter 3 "Report on corporate governance", section 4.3 "Report on the remuneration paid during or awarded for 2022 to corporate officers in respect of their duties (*ex-post* vote)".

The Board of Directors.

CHAPTER 4
Sustainability

This chapter – including references to other parts of the Universal Registration Document – constitutes the Kering group's Non-Financial Information Statement (NFIS) for 2022, and provides all of the information required by Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code relating to the NFIS and by European Regulation 2020/852 of June 18, 2020 (the "Green Taxonomy" regulation). The Group's duty of care plan is presented in Chapter 5 of this document ("Risk management and internal control").

1 – INTRODUCTION: SUSTAINABILITY AT KERING

1.1 A long-standing commitment

For more than 20 years, Kering has pursued and expanded its Sustainability strategy. Key milestones have included the following:

1996

Group's first **Ethics Charter**.

2001

Creation of **SolidarCité**, an association promoting education and integration initiatives among employees.

2003

Establishment of a **Group Sustainability Department** and an environmental reporting platform.

2005

Deployment of the **Code of Business Practice** and creation of the Ethics and Corporate Social Responsibility Committee (ECSRC).

2006

Definition of the Group's Corporate Social Responsibility (CSR) **commitments**.

2007

Creation of a Group Corporate Social Responsibility Department, represented on the Executive Committee and reporting directly to the Chairman.

2008

Membership of the **Global Compact**.

Creation of the PPR Corporate **Foundation** for Women's Dignity and Rights.

2009

Worldwide release of Yann Arthus-Bertrand's documentary ***Home***, financed primarily by PPR.

2010

Sustainability criteria included in performance evaluations of PPR group leaders.

Launch of PPR's **Innovation and Sustainability Awards**.

2011

Publication of the very first **Environmental Profit & Loss** (EP&L) account by PUMA.

2012

Publication of sustainability **targets** to be achieved by 2016.

Creation of a **Sustainability Committee** within the Board of Directors.

2013

Creation of the **Material Innovation Lab** (MIL).

PPR Corporate **Foundation** for Women's Dignity and Rights becomes the Kering Corporate Foundation, with the slogan: "Stop violence. Improve women's lives.".

2014

Signature by Kering of a five-year strategic **partnership** with the London College of Fashion's Centre for Sustainable Fashion to promote more sustainable and innovative design practices in the fashion industry and among its future practitioners.

2015

Kering for the first time publishes the **results** of its Group EP&L and shares its methodology.

2016

Final report on Kering's 2012-2016 sustainability targets.

Kering is the first Luxury group to have its carbon objectives validated by the **Science-Based Targets** initiative.

Establishment of a global **parental policy** for all Group employees.

2017

Publication of Kering's **2025 Sustainability Strategy**.

Publication of the Kering Standards for raw materials and manufacturing processes.

Promotion of high standards of integrity, responsibility and respect towards people through the **Fashion Models Charter**.

2018

Release of the Group's first **Integrated Report**.

2019

Creation of the **Fashion Pact** by Kering and over 250 global fashion brands, committing them to take action to halt climate change, restore biodiversity and protect the oceans.

Publication of Kering's **Animal Welfare Standards**, the first set of such standards for the luxury and fashion industry.

Adoption of **Baby Leave**, offering 14 weeks' paid leave for every parent worldwide welcoming a new child from January 1, 2020.

Launch of Kering project on **gender equality** in the supply chain in Italy with the Camera Nazionale della Moda Italiana.

2020

Introduction of support **measures protocols** for Group employees and suppliers in response to the COVID-19 pandemic.

Creation of dedicated **Inclusion and Diversity Committees** within each of the Group's Houses.

Development and publication by the Foundation of a global **policy on domestic violence** to support victims of domestic violence within the Group.

Publication of the **Biodiversity Strategy** and creation of the Kering Regenerative Fund for Nature from 2021.

2021

Ending the use of fur across the Group from the Fall 2022 collections onward.

Launch of the **Regenerative Fund for Nature** to help drive the transition of a million hectares of land to regenerative agriculture.

Publication of the Human Rights policy.

2022

The sustainability highlights of 2022 are described and explained in the following pages of this NFIS.

2022 highlights	Launch of the **Climate Fund for Nature**, managed by Mirova and supported by L'OCCITANE Group, to invest in nature-based solutions	Investment by Kering Ventures in **VitroLabs,** a startup that is developing the world's first lab-grown leather for the Luxury industry
For the **tenth consecutive year**, Kering is the only Luxury group in the ***Dow Jones Sustainability World Index*** (DJSI), recognizing for its ESG performance	"***KeringForYou***", **the Group's first employee share ownership plan**, providing eligible employees the opportunity to become Kering shareholders on preferential terms, covering 80% of global headcount	Kering achieves the RE100 target of using **100% renewable energy in 2022**, in accordance with the organization's guidelines
Kering Perspectives training seminar held for members of the Group's Executive Committee and heads of global functions, to promote **inclusive leadership**	**50% reduction in Kering's environmental footprint** (EP&L intensity 2015/2022(1))	Official creation of the **Watch & Jewellery Initiative 2030**, in partnership with Cartier and with 27 member companies, at the end of 2022
Stronger **Climate Governance** with the appointment of a **Climate Change Lead** on the Board of Directors and the **creation of a Sustainable Finance department**	Support provided by the Kering Foundation to two new projects led by the ***Maisons des femmes*** women's centers in Marseille and Rennes as part of the **Re#Start** collective sponsored by François-Henri Pinault	**Women in Luxury** (WIL), **the first internal network championing gender equality** and promoting the role of women in the Group, launched by Kering Corporate

2022 key figures

- 47,227 employees as of December 31, 2022
- 62.9% of employees are women(2)
- 94.6% of employees are on permanent contracts(2)
- 56.9% of Group managers are women(2)
- 4.7% of permanent employees work part time(2)
- 37 years is the average age of permanent employees(2)
- 5.5 years is the average length of service of permanent employees (2)
- 644 workers with disabilities(2)
- 606,444 hours of training (excluding safety training), or 47,502 employees trained (including leavers)(2)
- 13,375 permanent employees hired(2)
- 1,912 Group employees, including the Group Executive Committee, trained by specialized associations since 2011 to understand, listen to and help women who are victims of domestic violence(2)
- 553 employees have received training in Inclusive Recruitment(2)
- 11 Inclusion and Diversity committees operating within all the Houses and Kering Corporate(2)
- 4,118 workforce-related audits carried out among the Group's suppliers
- 50% reduction in the intensity of the Group's environmental footprint (€EP&L/€ thousand of revenue) relative to 2015(1)
- EP&L impact of €549 million in 2022

SBT 1.5°C climate trajectory:

- 71% absolute reduction in Scope 1 & 2 emissions compared with 2015
- 52% reduction in Scope 3 intensity compared with 2015

(1) Excluding use phase and end of life. See methodological note on EP&L, available on the Kering website, section Sustainability/Reporting and Indicators, including the 2022 change in method regarding 2021
(2) The Group had 47,227 employees as of December 31, 2022. There were 46,201 total employees within the reporting scope as of December 31, 2022 (excluding Maui Jim). Due to its recent acquisition, Maui Jim is not included in the scope of social reporting for 2022 but will be included from 2023. Maui Jim accounts for around 2.2% of the Group's workforce.

1.2 Our vision and business model

Kering's vision – Creativity for a vision of Luxury that combines heritage and boldness – its ambition and the Group's value creation model and strategy, are presented in Chapter 1 of this Universal Registration Document.

The Group's value chain, which is structured around five key stages, reflects Kering's interactions and collaborations with all of its stakeholders. The aim is to gain a full appreciation of their concerns and expectations, and, as far as possible, to incorporate these aspects into its strategy.

	Employees	Investors	Suppliers	Civil society	Creative talents	Businesses and professional organizations	Clients	Innovation players	Public authorities
Creation									
Research & innovation	●	●	●		●	●	●	●	●
Design	●	●		●	●		●	●	
Merchandising	●	●					●		
Development									
Raw materials sourcing	●	●	●	●		●	●	●	●
Product development	●	●	●		●			●	●
Planning	●	●						●	
Production									
Manufacturing	●	●	●	●	●	●		●	●
Logistics	●	●	●			●			●
Sales and marketing									
Marketing and advertising	●	●		●			●		●
In store distribution and e-commerce	●	●		●	●		●	●	●
Customer experience									
CRM	●	●		●	●		●	●	●
Innovation	●	●		●	●	●	●	●	

1.3 Analysis of materiality and non-financial risks: our priorities

Kering is rolling out its ambitious 2025 Sustainability Strategy that builds on three components: the vision and ambition adopted at the highest level of the Group, the materiality assessment, and its non-financial risk assessment, which accurately identifies key challenges and risks throughout the value chain.

Vision and ambition

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

To be the world's most influential Luxury group in terms of creativity, sustainability and economic performance

Materiality assessment

Highlighting priority topics, consistent with the Group's priorities and stakeholder expectations

Non-financial risk assessment

Identification of the main non-financial risks in relation to sustainability

2025 Sustainability Strategy

Crafting tomorrow's Luxury

Three pillars:

- Care
- Collaborate
- Create

1.3.1 Materiality assessment: targeting the main priorities

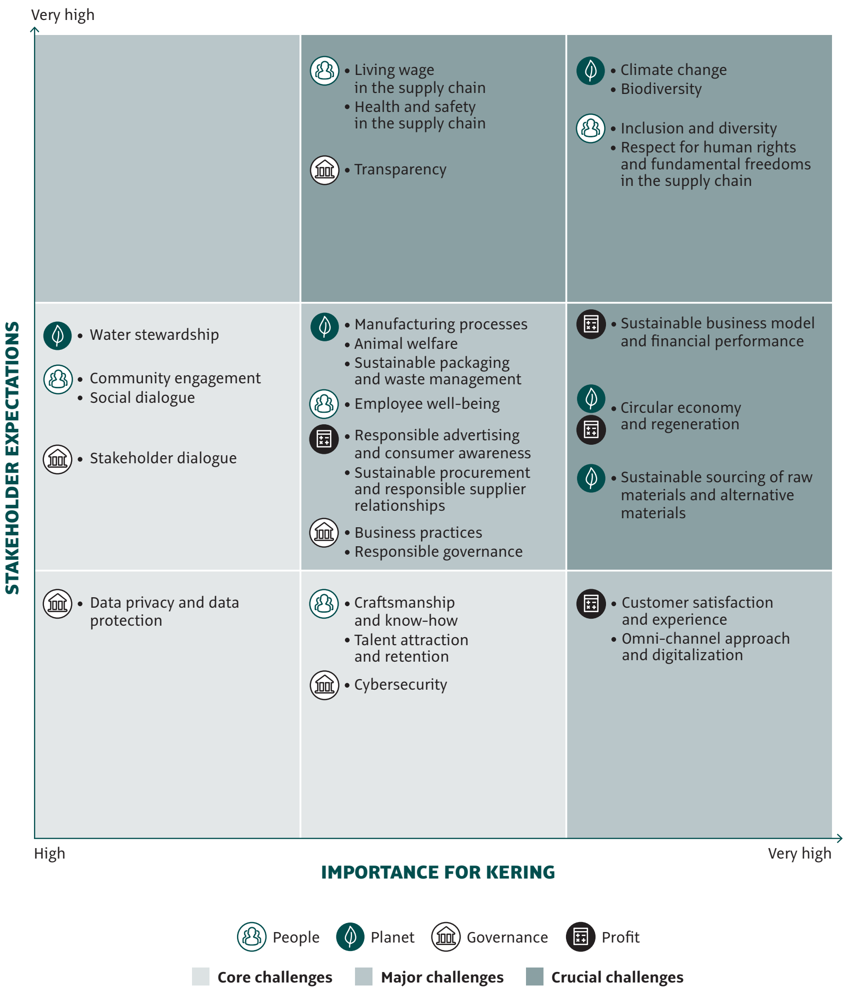
Materiality is at the core of Kering's sustainability approach. Since 2013, this approach has allowed Kering to identify the key challenges relating to its vision and its activities (based on their economic, environmental and social impacts), and also to grasp the related governance issues and the assessment made by the Group's key stakeholders.

1.3.1.1 Materiality assessment methodology and stakeholder engagement process

Kering consulted its stakeholders around the world in 2020 in order to update its materiality assessment. This three-step materiality assessment drew on various existing guidelines for stakeholder engagement (GRI, AA1000, ISO 26000). The first step involved listing 28 topics on which stakeholders were consulted through a quantitative survey and interviews. Almost 70 external stakeholders (investors, suppliers and business partners, distributors and clients, civil society, local communities and NGOs, academics, public authorities and regulators, peers, professional organizations and innovators) and internal stakeholders (management, top management at Kering and its Houses, functional departments) were consulted. A steering committee made up of members of the Group's main functional departments were involved throughout the project, which was supported by a team of independent consultants.

1.3.1.2 Analysis of results

Kering's materiality matrix includes 28 topics with high overall importance, broken down into four categories: planet, people (labor relations and societal topics), profit (business) and governance. These topics are arranged in a three-level hierarchy, which provides useful information that allows the Group to better understand, manage and prioritize its actions in the short and medium term.



The results of the assessment confirm that Kering's strategic pillars defined in its 2025 Sustainability Strategy and its business model, as well as the commitments made since 2020, are consistent with the expectations of external stakeholders. These topics are covered by action plans and key performance indicators as part of Kering's 2025 Sustainability Strategy (see the progress table on the Sustainability Strategy and Kering's contribution to the United Nations Sustainable Development Goals in section 1.4).

Providing insight into the perceived impact of the COVID-19 pandemic, the 2020 stakeholder consultation indicated that the pandemic was an accelerating factor, bringing to the forefront topics that had emerged as important in previous years, especially biodiversity and climate change, and driving the need for faster action. Employee well-being also stands out as a major focus for businesses in terms of dealing with the pandemic and developing new ways of working. On a longer-term perspective, stakeholders identified four topics that are gaining traction: biodiversity, sustainable procurement and responsible supplier relations, employee well-being, and cybersecurity.

The results are also closely linked to trends impacting the luxury goods market. Generations Y (1981-1995) and Z (>1995), with their demand for innovative products and heightened awareness of social and environmental issues, are driving the Group to accelerate its transformation and increase transparency.

In 2022, Kering took part in several intra-and inter-company working groups specifically aimed at gaining an in-depth understanding of expectations and future obligations under the CSRD (Corporate Sustainability Reporting Directive) and the future ESRS (European Sustainability Reporting Standards), particularly regarding the concept of double materiality (i.e. "inside-out" regarding the Group's impacts and "outside-in" regarding financial impacts on the Group).

1.3.2 Stakeholder interaction with the Group and its Houses

To stay closely attuned to its stakeholders' priority challenges and contribute to the movement toward more sustainable luxury, Kering has defined a policy based on dialogue and analysis of stakeholder expectations at the Group level, and encourages each House to develop its own dialogue at a more operational level.

Accordingly, beyond its materiality assessment, Kering takes action at the local, national and international levels and participates in many initiatives and associations with its stakeholders or as part of multi-party stakeholder coalitions. Kering has developed a dedicated factsheet, available on the Group's website, that gives a non-exhaustive overview of the materiality analysis and the main expectations identified and the ways in which the Group interacts with each stakeholder category.

1.3.3 Non-financial risk assessment

Each year, Kering carries out a detailed analysis of the risks that the Group may face, including non-financial risks liable to 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 this Universal Registration Document.

Risks relating to the categories included in the Non-Financial Information Statement (NFIS) as defined in Article L. 225-102-1 of the French Commercial Code – environment, social/societal, human rights, corruption and tax evasion – are accordingly an integral part of the Group's overall risk identification and management process, and as such are described in Chapter 5 of this document.

The Sustainability department is involved in the process of identifying and classifying the risks that fall within its scope. This risk assessment extends beyond Kering's operations and covers the entire value chain from the sourcing of raw materials to the use of products made by the Group's Houses, fully consistent with the materiality matrix, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and other analytical work conducted by Kering, including the EP&L. As a result, nine principal risks out of the NFIS categories have been identified.

This dual approach – the analysis of risks that could challenge the Group's ability to maintain its performance, and the materiality analysis to identify the main issues in driving value creation and meeting the expectations of internal and external stakeholders – allows the Group to identify its sustainability priorities clearly.

The policies and actions implemented within the Group, the outcomes obtained and the related performance indicators are detailed in this NFIS.

Risk	NFIS paragraphs detailing policies and projects implemented, outcomes and performance indicators	Main topics from materiality assessment
Talent	2.5 Protection of human rights 3. The employee experience at the heart of the Group's approach to human resources 6.2.1 Community impact and preservation of know-how	• Inclusion and diversity • Talent attraction and retention • Employee well-being • Social dialogue
Climate change	5. Respecting and protecting the environment in our operations and value chain 5.1 Management of our environmental impact and the EP&L, the cornerstone of our approach 5.2 Taking action against climate change	• Climate change
Supply chain	4.1 Relations with our direct suppliers and subcontractors 5. Respecting and protecting the environment in our operations and value chain 5.1 Management of our environmental impact and the EP&L, the cornerstone of our approach 5.3 Preserving biodiversity, ecosystems and natural resources	• Sustainable sourcing of raw materials and alternative materials • Sustainable procurement and responsible supplier relationships • Biodiversity • Animal welfare • Circular economy and regeneration • Community engagement
Production and manufacturing	5.3.5 Responsible use of water resources and discharges to water 5.4.4 Optimization of production processes 6.1.3 Product conformity and consumer health and safety 6.2.1 Community impact and preservation of know-how	• Manufacturing processes • Sustainable packaging and waste management • Water stewardship • Craftsmanship and know-how
Ethics and Global Governance	2. Ethics, the cornerstone of our business 5.3.4 Animal welfare: the Kering Animal Welfare Standards 6.1 Crafting tomorrow's Luxury	• Responsible governance • Business practices • Stakeholder dialogue • Responsible advertising and consumer awareness • Transparency
Human rights and fundamental freedoms	2. Ethics, the cornerstone of our business, of which 2.5 Protection of human rights 3. The employee experience at the heart of the Group's approach to human resources 4.2 Actions to improve working conditions in our supply chains See also the Duty of Care Plan in Chapter 5 of this document	• Respect for human rights and fundamental freedoms in the supply chain • Living wage in the supply chain • Health and safety in the supply chain
Fraud and corruption risks	2. Ethics, the cornerstone of our business	• Business practices
Compliance with national tax laws and international standards	See Chapter 5 of this document	• Business practices • Sustainable business model and financial performance
Inventory management	5.4.3 Promote circularity and the reuse of our products	• Circular economy and regeneration

1.4 Progress with Kering's 2025 Sustainability Strategy

Kering's 2025 Sustainability Strategy has three pillars that identify priorities and define short-and long-term targets. This Strategy is being implemented within each of the Houses, which are translating the Group's commitments into practical action plans and reporting on the progress made on a regular basis. The table below shows the progress made up to the end of 2022 within each of the Strategy's pillars.

The Group's objectives and actions are also aligned with the United Nations Sustainable Development Goals (SDGs). More specifically, while Kering can contribute directly or indirectly in variable proportions to each of the 17 SDGs, there are 13 SDGs for which it can have a more significant impact. Definitions of the indicators presented and their method of calculation are provided in the methodological notes relating to social, environmental and EP&L matters, available on the Group's website. Kering also published its second Sustainability Progress Report in early 2023, providing a detailed update on the progress made.

Care for the planet

Objectives	SDG	2022 Results	Main achievements since 2015
SBT Climate	7 Affordable and clean energy; 13 Climate action; 14 Life below water; 17 Partnerships for the goals	**CDP Climate A-List** Achievement of the *RE100* target as regards using **100% renewable energy**[(1)] Launch of the **Climate Fund for Nature**, with the aim of investing €300 million in nature-based solutions	**Climate strategy** and **SBT 1.5°C** trajectory approved • 71% reduction in Scope 1 & 2 emissions (compared with 2015, 2030 target of a 90% reduction) • 52% reduction in Scope 3[(2)] intensity (compared with 2015, 2030 target of a 70% reduction) Announcement of the CVPPA, supported by 12 brands that are members of ***The Fashion Pact***
Biodiversity and planetary boundaries	13 Climate action; 15 Life on land	Kering ranked **no. 1** out of 389 companies assessed in 2022 in the WBA Nature Benchmark	**Biodiversity Strategy** aligned with the conservation hierarchy 2021 launch of the **Regenerative Fund for Nature** and first seven projects supported (840,000 hectares) Member of the **Science Based Targets Network**'s corporate engagement program
40% reduction in EP&L intensity between 2015 and 2025	6 Clean water and sanitation; 12 Responsible consumption and production; 13 Climate action; 15 Life on land	EP&L intensity of **25 €EP&L/€ 1,000 of revenue**	**50% reduction** since 2015[(3)] Extension of the EP&L scope in 2020 to include the **product use and end-of-life** phases Results shared on a dedicated open source website since 2018
Introduction of the Kering Standards	6 Clean water and sanitation; 12 Responsible consumption and production; 13 Climate action; 15 Life on land; 16 Peace, justice and strong institutions	**71%** of raw materials are aligned with the Kering Standards[(4)]	**+4 pts in alignment**[(4)] with the Kering Standards since 2017 (target of 100% by 2025) Publication of the **Kering Animal Welfare Standards** in 2019 Since 2022, addition of supplementary guides relating to circularity, innovation and environmental claims Creation of a **Vendor Portal** to evaluate supplier performance
Traceability	12 Responsible consumption and production; 15 Life on land	Traceability is achieved for **95%** of raw materials [(5)]	**+9 pts in traceability**[(5)] since 2017 (target of 100% by 2025, at least back to the country of origin, based on the Kering Standards) 6,500+ employees trained on the Kering Standards via e-learning
Positive contribution for the climate	13 Climate action; 15 Life on land	**2,143,465 tCO_2e** offset via avoidance and/or removal projects in 2022 with respect to 2021	Contribution to mitigating climate change in terms of overall carbon footprint (Scopes 1, 2 and 3[(2)] calculated via the EP&L tool – excluding product use and end-of-life) in 2022 with respect to 2021

(1) In accordance with the RE100 organization's guidelines.
(2) Scope 3: see definition of Scope 3 categories covered by Kering's reporting in section 5.2.2.4.
(3) Excluding use phase and end of life. See methodological note on EP&L, available on the Kering website, section Sustainability/Reporting and Indicators, including the 2022 change in method regarding 2021.
(4) Alignment rate: see definition in section 5.3.3.1.
(5) Traceability rate: see definition in section 5.3.3.1.

Collaborate with people

Objectives	SDG	2022 Results	Main achievements since 2015
Preserve know-how	4 QUALITY EDUCATION 8 DECENT WORK AND ECONOMIC GROWTH	Approximately 10 **craftsmanship excellence programs** in haute couture and jewelry involving nearly 1,300 experts and employees in 2022	**1,800+ people trained** in excellence programs in our Houses: École de l'Amour Gucci, Institut Saint Laurent Couture, Pomellato Virtuosi with Galdus University, Haute École de Joaillerie, and more **1,400+ Gucci employees** having received training via the *Accademia ArtLab e Fabbriche* since 2018
Local communities	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH	More than **17** active international programs focusing on raw materials	**Reforestation** of gold-mining sites in French Guiana, The Golden Line in Ghana, Gobi Desert Cashmere, and more Gucci's ***Sviluppo Filiere*** program, in partnership with Intesa SanPaolo bank, seeking to support the "Made in Italy" production chain
Assessment and SDGs	8 DECENT WORK AND ECONOMIC GROWTH 17 PARTNERSHIPS FOR THE GOALS	**4,118 supplier audits** performed, representing 64% of the Group's suppliers	**91%** of suppliers audited over the 2015-2022 period Update of the **materiality** assessment in 2020 Monitoring of **SDGs** against the pillars of our 2025 strategy and our value chain: 13 key SDGs identified as most material for the Group
Partnerships with schools and universities	4 QUALITY EDUCATION 17 PARTNERSHIPS FOR THE GOALS	Sustainable Innovation Challenge in partnership with **HEC** *Sustainable Finance Challenge* in partnership with **Bocconi** University in Italy	Almost **1,500 students** educated in sustainability concepts each year by IFM, along with training leading to a recognized qualification as part of the **IFM-Kering Sustainability Chair** Key partnerships with **leading universities** since 2015: IFM, Tsinghua, LCF, HEC Paris, Bocconi **Nearly 60,000 participants** in 191 countries since the launch of the Sustainability and Luxury Fashion MOOC in 2018
Progressive policies	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY	**KeringForYou,** Kering's first employee share ownership plan **96.5%** of Group employees worldwide have completed the annual *Ethics & Compliance* training	**Baby Leave** policy effective since January 1, 2020, providing 14 weeks of paid leave to all new parents regardless of gender, sexual orientation or personal circumstances **Health and safety** policy launched in 2019 Global **policy on domestic violence** implemented in 2021
Gender equality, diversity and inclusion	5 GENDER EQUALITY	Women represent **62.9%** of employees, **56.9%** of managers, and **45%** of Board members Launch of the first internal Women in Luxury network	Proportion of women on the Board of Directors up from 28% in 2010 to **45%** in 2022 First action plans from the **11 Inclusion & Diversity committees** Creation of an **inclusivity index** in the global internal opinion survey
Career paths	4 QUALITY EDUCATION	An average of **12.8 hours** of training delivered per employee Online training program to raise employee awareness of **inclusion and diversity**, accessible to all since 2022 Launch of the **Sustainability Academy**, focusing on sustainability topics	New learning experience on the **Kering Learning** digital platform, based on employee skills **Internal mobility** campaign to promote talent development Development of a Group cybersecurity and data protection training module Development of functional Academies at Group level
Preferred employer	4 ÉDUCATION DE QUALITÉ 5 ÉGALITÉ ENTRE LES SEXES 8 TRAVAIL DÉCENT ET CROISSANCE ÉCONOMIQUE	Kering ranked second in the 2022 **Refinitiv Diversity & Inclusion Index** (gender equality) and included in the **2023 Bloomberg GEI** for the sixth consecutive year Score of 100% in the **Corporate Equality Index** for Kering Americas (Human Rights Campaign)	**87% participation rate** in the global employee survey, with an engagement rate of 82% in 2021; introduction of inclusion index at 83% Launch of the Kering China Cross-Brand Retail Excellence Management Trainee Program in the Asia-Pacific region and the Kering Horizon Program in Italy in 2021

Create new business models

Objectives	SDG	2022 Results	Main achievements since 2015
Disruptive innovations	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**50%** of leather purchased for leather goods is metal-free/chrome-free Investment in VitroLabs	Creation of **Kering Ventures** in 2021, with the purpose of investing in innovative new technologies, brands and business models for the future of the luxury sector Fashion for Good accelerator to support startups with major potential: **103 pilots launched** including 23 via the MIL, with the Houses and at Group level 2 editions of the **Kering-Generation Awards** in 2019 and 2021
Innovation Labs	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**5,000+** sustainable materials(1) in our Material Innovation Lab	**300+ sustainable and innovative textiles** (1) developed thanks to the MIL **450+ suppliers** listed in the MIL database Sustainable Innovation Lab (SIL) dedicated to **Watches** and **Jewelry** created in 2020
Circular economy and sustainable design	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Launch of **Cofalit**® based jewelry (made from leftover material) by Boucheron	Investment stake in Vestiaire Collective, which specializes in the resale of luxury products Definition of Kering's circular economy ambition, "**Coming full circle**" Growing number of **responsible products and collections**, integrating sustainability from the design stage (Demetra, EPHEA™, ECONYL®) Implementation of *Green Fashion Shows* guidelines
Purchasing and coordination platforms	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	100% of gold for watches and jewelry purchased through the Kering Responsible Gold Framework	Dedicated **internal sourcing platforms and coordination** for gold and natural materials from Regenerative Fund for Nature projects and Kering's other regenerative projects (silk, cotton, cashmere, wool etc.)
Transform through strong governance	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Appointment of a **Climate Change Lead** on the Board of Directors Creation of a **Sustainable Finance department**	Dedicated **Group-level Innovation department** led by an Executive Committee member since 2016, and creation of an Innovation Committee in 2018 Kering is a co-founder of the *Fashion for Good* accelerator **165+** sustainability and business experts taking part in the Group's annual Sustainability Network Conference in 2022
Young Leaders Advisory Group	17 PARTNERSHIPS FOR THE GOALS	In development	Pilot within a House

(1) Aligned with the Kering Standards

1.5 Sustainability governance and organization

Kering's Sustainability Department defines the Group's sustainability strategy and policies. It is supported and guided by the Sustainability Committee of the Board of Directors. The department is responsible for the implementation of the Sustainability strategy at the corporate level and supports the Houses. More than 100 individuals throughout the Group have a dedicated sustainability role, working for the Kering Sustainability Department at the Corporate level, the Houses' Sustainability teams, and in dedicated structures such as the Material Innovation Lab (MIL) and the Sustainable Innovation Lab (SIL). This organization encourages permanent cooperation between the Group and its Houses, with support for operational functions and for the creation of working parties and cross-business committees on the Group's commitments and flagship projects.

In terms of corporate governance, the Sustainability Committee of the Board of Directors consisted of eight Directors as of March 2, 2023 (Emma Watson, Committee Chairwoman; Véronique Weill; Concetta Battaglia; Yonca Dervisoglu; Daniela Riccardi; Jean-Pierre Denis; François-Henri Pinault, Chairman and Chief Executive Officer; and Jean-François Palus, Group Managing Director). It met on November 17, 2022 in order to:

- review progress toward the 2025 objectives;
- discuss the Group's policies and outcomes in the areas of climate, biodiversity, human rights, ethics, animal welfare and circular economy;
- consider Kering's ESG performance and new regulations regarding sustainability reporting;
- address the Group's carbon strategy and the initiatives needed to strengthen the mechanisms for taking climate change risks into account throughout the value chain, particularly with the Group's suppliers;
- monitor the progress achieved by the Kering Foundation's actions to combat violence against women.

Since 2019, there has been a Lead Independent Director on the Board of Directors whose role includes, in coordination with the Chairman, representing the Board in its dealings with investors concerning ESG matters. In 2022, Sustainability Committee member Jean-Pierre Denis was appointed as Climate Change Lead. In coordination with the Chair of the Sustainability Committee and the Lead Independent Director, the Climate Change Lead's role includes ensuring that climate issues are considered by the Board as part of a long-term approach. Their respective roles and responsibilities are described in sections 1.5.2 and 1.6 of chapter 3.

In 2022, Kering also set up a Sustainable Finance department; details about this department's remit are featured in section 5.2.

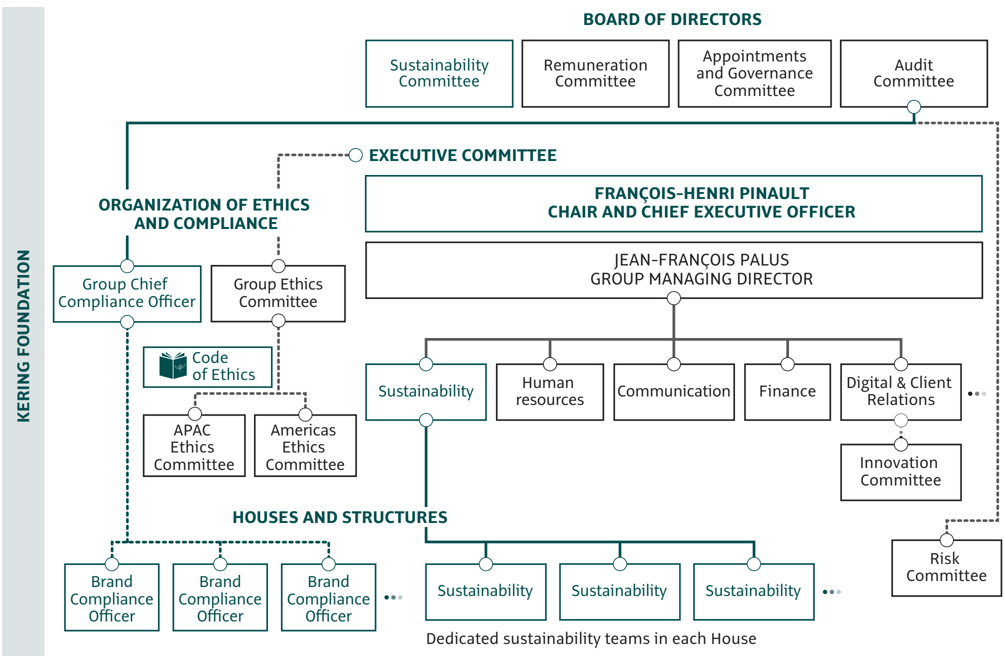
Aside from the remuneration of executive corporate officers (see Chapter 3 of this Universal Registration Document), a growing number of Kering's entities incorporate sustainability into performance-related pay targets for their employees and managers. For example, for the fourth consecutive year in 2022, all Bottega Veneta employees were involved in an inclusive approach to setting sustainability targets for their activities. As a further illustration, Balenciaga France entered into a three-year incentive agreement in 2020 under which employees are given a financial interest in reaching sustainability and profitability targets.

In addition, all members of the Group Luxury Committee, notably including the two executive corporate officers, members of the Group Executive Committee and the Houses' CEOs, took part in a Climate Fresk.

In 2022, for the fourth consecutive year, Kering held an ESG roadshow for key investors, organized with the assistance and presence of the Lead Independent Director. In addition, a roundtable on sustainability was held as part of Capital Markets Day 2022, an event aimed at the financial community.

The Group's internal sustainability network remained particularly active in 2022:

- The Sustainability Network Meeting (SNM) took place online every six weeks, bringing together the sustainability teams from the Group, the Houses, and dedicated entities to present the Group's developments in the field, share best practice and spur thinking on new issues, sometimes with the help of external experts. In 2022, meetings focused on new business models, eliminating single-use plastics, sustainable finance, biodiversity, climate change, public policy and COP27, as well as stakeholder engagement.
- The two-day Sustainability Network Conference (SNC) was attended by more than 140 people from all of the Houses' business areas. Speakers included author and environmental activist Rob Hopkins, Executive Director Sustainability and Secretary General of the Fashion Pact Eva von Alvensleben, CEO of the Watch & Jewellery Initiative 2030 Iris van der Veken, and CEO of Business for Inclusive Growth Camille Putois. Discussions concerned the future of sustainable luxury, covering topics such as *next-gen materials*, the role of industry coalitions and responsible technology.



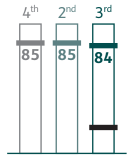
1.6 Recognition and inclusion in ESG indices

As an extension of its commitment to transparency, each year Kering responds to or is included in more than 60 solicitations, questionnaires and requests from rating agencies, NGOs and non-financial assessment bodies on its ESG (environmental, social and governance) performance or on specific topics (Good on You, CHRB, WDI, etc.). In 2022, Kering was once again recognized as a leader in its sector by the principal non-financial rating agencies and rankings.

Main non-financial indices: DJSI World and DJSI Europe (Dow Jones Sustainability Index) for the 10th consecutive year, Euronext Vigeo Eurozone 120, MSCI Global Sustainability Indexes, Oekom Prime Index, FTSE4Good, Euronext CAC 40 ESG.

Main inclusion and diversity indices: Equileap, Refinitiv Diversity & Inclusion Index and Bloomberg Gender Equality Index, along with the Euronext Equileap Gender Equality France 40 and Eurozone 100 indices.

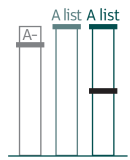
Kering was included in the DJSI World & Europe indices for the 10th consecutive year



S&P CSA score
"Textile, Apparel & Luxury goods" sector

Kering scored **84/100** in the S&P Corporate Sustainability Assessment, ranking 3rd in the "Textile, Apparel & Luxury Goods" sector.

Kering was included in the Climate A List in 2022

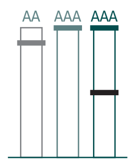


CDP Climate

In 2022, Kering achieved the following scores:

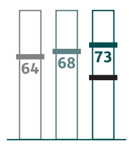
- CDP Climate: **A**
- CDP Water: **A-**
- CDP Forests Cattle / Timber : **B/B**

In 2022, Kering received a rating of AAA (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment



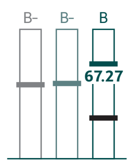
MSCI ESG Research provides MSCI ESG Ratings on global public and a few private companies on a scale of AAA (leader) to CCC (laggard), according to exposure to industry-specific ESG risks and the ability to manage those risks relative to peers.

Kering received an ESG score of 73/100 provided by Moody's ESG Solutions



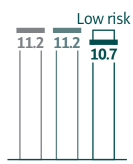
In 2022, the Group was ranked **2nd** in the "Luxury Goods & Cosmetics" sector. As a result, Kering was included in the Euronext CAC40 ESG and CAC SBT 1.5° indices.

In 2022, Kering achieved Prime status for the 6th consecutive year



Since 2016, Kering has maintained its **Prime** status, which is awarded by ISS ESG to companies that meet ambitious ESG performance requirements. With a score of 67.27 in 2022, the Group was awarded with a **B** rating.

Kering maintained its "Low risk" status in 2022



In October 2021, Kering received an ESG Risk Rating of **10.7** and was assessed by Sustainalytics to be at **low risk** of experiencing material financial impacts from ESG factors.

2020 | 2021 | 2022 | 2022 sector average(1)

FTSE4Good
Included in the **FTSE4Good Index Series** for the 8th consecutive year

Constituent of the **Bloomberg Gender Equality Index** since 2018

Corporate Knights Global 100 World's Most Sustainable Corporations
First in the Luxury and Apparel sector included in the overall top 100 for the **6th** consecutive year

World Benchmarking Alliance
No.1 out of 389 international companies assessed in the **2022 WBA Nature Benchmark**

(1) Where available.

2 - ETHICS, THE CORNERSTONE OF OUR BUSINESS

2.1 How we see ethics

2.1.1 General framework, guiding principles and key commitments

The strong values embraced by Kering and its Houses are expressed through their products and form a solid basis for trust-based relationships with clients, employees and the Group's stakeholders in general. To ensure that these values permeate its operations and ceaselessly nurture a sustainable climate of trust and successful performance across the Group, Kering is firmly committed to ethical behavior in all its activities and business relationships. Kering is fully aware of its duty to adopt extensive ethical responsibilities and to act at Group and House level, and with its suppliers and business partners, in such a way as to promote the highest ethical standards in all circumstances, and to resolutely identify and effectively handle any situation likely to involve risk in terms of ethics or respect for human rights. This firm commitment starts at the top, with Executive Management and the Sustainability Committee of the Board of Directors. To ensure that this commitment is actively taken up throughout the Group and its Houses, Kering draws upon its Code of Ethics, the key document which unpacks the principles behind the Group's internal and external actions. Furthermore, a compliance program is built on this commitment with a dedicated organization tasked with developing and overseeing implementation. It is led by the Group Chief Compliance Officer, who reports directly to the Group Audit Committee. These arrangements form an integral part of Kering's internal control system, ensuring a strong culture of integrity throughout the Group and its Houses, and providing all employees with a solid framework for action along with all necessary resources and support to clarify any ethics issue. They also give employees a confidential way of reporting potential breaches, and ensures that any such reports are dealt with promptly and fairly. It ensures that the Group complies with applicable regulatory requirements, including French Laws no. 2016-1691, known as Sapin II, no. 2017-399 on the Duty of Care and no. 2022-401, known as the Waserman Law, which came into force in fall 2022.

2.1.2 Organization of ethics and compliance within the Group

The Group's ethics organization is coordinated and overseen by the Kering Executive Committee, under the guidance of François-Henri Pinault, Kering's Chairman and Chief Executive Officer. Initially consisting of a single body – the Ethics and Corporate Social Responsibility Committee (ECSRC), set up in 2005 – the ethics organization has since late 2013 drawn on the work of three Ethics Committees: one Group Committee and two regional Committees (Asia-Pacific and Americas). These Committees are therefore part of the Group's policy of delegating responsibility, with bodies that can act effectively in the light of actual operating conditions, within a shared reference framework applied throughout the Group. Each of the three Committees is made up of representatives from Kering and its Houses to ensure greater diversity in terms of nationality, gender and role. In 2022, 53% of these committees' members were women. The Committees focus on three main areas:

- ensuring that the Code of Ethics is up to date and that it effectively reaches all Group employees;
- to generate proposals on appropriate updates to the Code and on the implementation of appropriate behavior and practices;
- dealing with alerts received as part of the Kering whistleblowing system.

Employees can also contact the Ethics Committee of their choice to request clarification or ask questions on the interpretation of the Code, if they are unsure how to behave in a specific situation.

The Compliance structure, which was put in place in 2015, is coordinated by a Group Chief Compliance Officer (CCO), responsible for implementing the Group Compliance Program as approved by the Board of Directors. Appointed in 2015 by Kering's Chairman and Chief Executive Officer, the Group Chief Compliance Officer reports to the Audit Committee, which helps ensure the independence required of that role. The Group Chief Compliance Officer also has direct access to the Chairman and Chief Executive Officer and does not hold any other position, so is fully focused on this role. To ensure the day-to-day monitoring and effectiveness of the Compliance Program, the Group Chief Compliance Officer is supported by (i) a team of six compliance lawyers working in Paris, Singapore and Shanghai, (ii) a network of Brand Compliance Officers appointed by the House CEOs, and (iii) a network of Regional and Local Compliance Officers. In some Houses, there are compliance managers in addition to the Brand and Local Compliance Officers. As a general rule, the positions held by the Compliance Officers in parallel with their compliance duties are sufficiently high-ranking to ensure they have the necessary authority and independence.

2.2 Implementation throughout the Group and beyond

2.2.1 Kering's Code of Ethics

Set out since 1996 in the Group's first Ethics Charter, Kering's ethical principles apply to everyone within the Group. Kering's Code of Ethics was first introduced in 2005, and underwent major updates in 2009 and 2013. The latest update, in 2018, was issued to all employees in 2019. To ensure the fullest possible employee understanding and take-up of Kering's values and ethical standards, the new version of the Code, reissued in 2019, is now available in 14 languages. The latest update focused chiefly on strengthening commitments regarding personnel and the behavior expected of everyone, and on Group measures and policies brought in following the introduction of new legislation and regulations, such as France's Sapin II Law. The Suppliers' Charter included in the Code of Ethics was updated at the same time, with particular regard to the question of human rights. In addition, the Code of Ethics now extends to the commitments of members of the Executive Committee as well as the Chairman and Chief Executive Officer, and has been presented to and reviewed by the Kering Board of Directors.

The Code of Ethics is the cornerstone of Kering's ethical commitments. It aims to comply with the major international reference texts (such as the United Nations Universal Declaration of Human Rights, the European Convention on Human Rights, the main conventions of the International Labour Organization, the OECD Guidelines for Multinational Enterprises, the United Nations Convention on the Rights of the Child, the United Nations Guiding Principles on Business and Human Rights and the United Nations Global Compact) and demonstrates how the Group continually strengthens its commitments and the systems in place to ensure compliance. For Kering, Sustainability is not possible without the Code of Ethics, which is used as the sole set of standards implemented by everyone in all parts of the Group, regardless of their level of responsibility, position or location.

The Code of Ethics is available on the Group's intranet, and on Kering's website for readers outside the Group.

2.2.2 System for detecting and preventing corruption and influence-peddling

Kering's Code of Ethics emphasizes that employees must at all times act with integrity, loyalty and a sense of responsibility. It clearly sets out the Group's commitment to zero tolerance on corruption and influence-peddling, and encourages employees to report any instance of misconduct. It stipulates the necessity of avoiding conflicts of interest, any risk of which must be promptly identified and resolved.

To apply these commitments in an effective way and ensure full compliance with the stipulations of France's Sapin II Law, a corruption risk map was drawn up in 2017 under the supervision of the Group Chief Compliance Officer, who submitted the results of the mapping exercise and ensuing action plans to the Audit Committee of the Board of Directors in its meeting of June 7, 2017.

As detailed in the section on "Fraud and corruption risks" in Chapter 5, a new in-depth assessment of corruption and influence-peddling risks was undertaken across the Group and each of its Houses worldwide in 2019. To ensure that the risk assessment was comprehensive, each potential corruption and influence-peddling scenario relevant to the Group was identified and assessed after analyzing existing first-, second-and third-level controls. The corruption and influence-peddling risks associated with these scenarios were rated and ranked in a risk map. The action plan adopted following this risk mapping exercise was rolled out in 2021. The update to the corruption and influence-peddling risk map was completed during 2021 and the action plan resulting from that update was implemented in 2022. Second-level compliance audits to ensure the proper implementation of the compliance program and detect corruption and influence-peddling risks are carried out on and off site by the Group Compliance Department, with the support of an international law firm to reinforce the independence and expertise of the analysis in the most at-risk jurisdictions identified in the risk map.

2.2.2.1 Steering

In 2016, Kering developed and implemented an anti-corruption policy, standing alongside the Code of Ethics to offer employees fuller guidance in their everyday practices and ensure a firm grip on corruption risks. This policy, which was updated in 2019 under an action plan drawn up as a result of the 2019 risk map, identifies prohibited behavior and sets out guidelines enabling employees to detect instances of corruption and report them to management. The Group Chief Compliance Officer, who reports directly to the Audit Committee, independently of the Houses and support functions, is responsible for implementing the anti-corruption policy under the Group Compliance Program. The deployment of the anti-corruption policy is monitored closely by the Audit Committee and Executive Management.

The policy extends to specific procedures on the following subjects:

- **Procedure on gifts, hospitality and entertainment**

The procedure on gifts, hospitality and entertainment sets out rules on the giving and receiving of gifts and invitations within the Group.

Prior written authorization from the relevant Compliance Officer is required whenever a gift or invitation involves a public official or is of significant value.

The procedure on gifts, hospitality and entertainment was updated in 2019.

- **Procedure on third-party due diligence**

This procedure, introduced in 2015 and updated in 2019, sets out the principles and rules applicable to the due diligence required with regard to third parties with which the Group is considering entering into a business relationship (distributors, direct and indirect suppliers, joint venture partners, etc.). The degree of due diligence required depends on the objective risk profile of the third party in question and any specific risks that may have been identified during the assessment. In certain cases, compliance questionnaires are sent to the third parties concerned, in order to obtain additional information and carry out more in-depth analysis based on that information.

To assist the Compliance Officers and other Group employees involved in assessing third parties under this procedure, Kering works with a service provider specializing in third-party due diligence.

- **Prior verification procedure on the prevention of corruption in merger and acquisition operations**

The prior verification procedure on the prevention of corruption in merger and acquisition operations, introduced in 2016, requires a prior evaluation of the third parties concerned by the transaction. As is the case for the procedure on third-party due diligence, this procedure specifies different degrees of verification depending on the compliance risks identified.

- **Procedure on donations and sponsorship**

Under a specific Group procedure, all donations and sponsorships granted by the Group to third-party individuals or organizations require prior written approval from the relevant Compliance Officer. The procedure was updated in 2019.

Since August 22, 2017, the Group has been listed on the register of the French government's Haute Autorité pour la Transparence de la Vie Publique, and complies with all ethical and disclosure requirements stipulated by French law on the matter.

- **Procedure on conflicts of interest**

In 2016, Kering brought in a specific procedure on conflicts of interest, which requires employees to report any connections, relationships or other situations that give rise or may potentially give rise to a conflict of interest, by signing a specific declaration and discussing the situation with their managers. A campaign takes place each year to collect declarations of conflicts of interests across a specific set of employees.

Several procedures, including that on the involvement of suppliers in the production chain, refer to this procedure and invite employees involved in decision-making processes with regard to third parties to report any potential conflicts of interest.

2.2.2.2 Guidelines

In addition to the anti-corruption policy and related procedures, the Group Compliance Department also provides additional advice to Compliance Officers and Group employees through the regular issue of guidelines on specific compliance matters. Specific guidelines issued so far cover topics such as interactions with public officials, third-party due diligence, discounts granted to certain business partners, discounts granted to employees, real estate transactions, consignment, human resources, and analysis of gifts, hospitality, and donations and sponsorship.

2.2.2.3 System for detecting and preventing money laundering

In accordance with its Social Responsibility objectives, in 2021 Kering adopted and implemented a Group Policy (the "AML Policy") to reduce money-laundering risks and strengthen its systems in this area. An updated version of this policy is currently being deployed. It defines rules for carrying out checks relating to the Houses' selling activities, online and in store, rules for transactions considered at-risk, and specific rules in each country where Houses have selling activities. These have been listed in dedicated country sheets to facilitate their implementation by Group sales employees. The Kering Compliance Department has already trained more than 2,000 employees worldwide in the application of the AML Policy.

2.2.2.4 System for detecting and preventing risks related to economic sanctions and export controls

In line with its commitments, the Group seeks to act in full compliance with the laws and regulations applicable to it, including those regarding economic sanctions and export controls, which have been made significantly reinforced by certain jurisdictions because of the armed conflict between Russia and Ukraine. To prevent non-compliance risks as far as possible, a specific Sanctions Policy was adopted and deployed by the Group in 2016, and was updated most recently in 2022. The Policy aims to inform and guide employees in regards to fulfilling the Group's obligations and in particular carrying out related checks. To enable the implementation of this Policy, the Group has produced a guide setting out the measures that need to be taken to ensure compliance with sanctions against Russia and Belarus. The guide was first published in March 2022 and updated in January 2023 and details the measures that each sales channel and department must take to identify risky situations, block problematic or prohibited transactions and report them to their hierarchy.

2.2.3 Whistleblowing procedure for reporting unethical conduct

Introduced in 2005, Kering's whistleblowing system was strengthened in 2018 to ensure full compliance with France's Sapin II Law. The system is currently being updated to meet new requirements under France's Waserman Law. It is accessible to all employees and interns of the Group and its Houses, and external and temporary personnel working for external partners or service providers under contract with the Group or its Houses. Once it has been updated, it will also be open to people whose working relationship with the Group has ended (where information has been obtained in the course of that relationship), people who have applied for a job at the entity concerned (where information has been obtained during the application process) and other external and occasional employees.

The Group's whistleblowing system makes it possible for people to submit concerns via their direct or indirect line manager, the Human Resources Department, employees representatives or employer (local reporting), via their Group Chief Compliance Officer and network of Compliance Officers (Local Compliance Officers and Brand Compliance Officers), or via Ethics Committees, which may be contacted by email or through the hotline (central reporting). The system may be used to report any of the following:

- a criminal offense;
- a violation of, or an attempt to violate, a law or regulation;
- conduct or a situation contrary to the Group's Code of Ethics;
- a threat or harm to the general interest.

At all levels of the Group, the way in which reports are handled is intended to comply with the key principles, including confidentiality and the absence of retaliation. Kering is committed to protecting whistleblowers, and explicitly prohibits any form of retaliation against them. This protection is clearly stated in the annual e-learning module on the Code of Ethics.

2.3 Promoting and respecting ethics within the Group and beyond

2.3.1 Fostering a culture of integrity

A training program on ethics and the related Code, known as the "Ethics & Compliance e-learning program", has been established for all Group employees worldwide and has been implemented since 2014.

Available in 15 languages, it sets out the ethical ground rules in place at Kering and presents case studies and ethical dilemmas that help employees ask themselves the right questions. The e-learning program is updated annually, and covers all the principles upheld by the Group's Code of Ethics by alternating between practical examples that allow a variety of subjects to be covered over time (conflicts of interest, inclusion and diversity, respect for human rights, harassment, environmental protection, fraud, etc.), while tackling corruption is a mandatory topic each year. As in previous years, employees were reminded of the existence and operation of the Group's whistleblowing system and its key features (notably the respect for confidentiality in the treatment of cases and the ban on any reprisals against whistleblowers).

Each year, the launch of the annual training campaign is headed by Kering's Chairman and Chief Executive Officer, who directly addresses all Group employees through a video address highlighting the importance to the Group of a culture of integrity in the conduct of its business and in the day-to-day roles and responsibilities of all employees. The training session had been delivered to 96.5% of Kering employees worldwide by year-end 2022, up from 96.4% in 2021 and 95.1% in 2020.

Kering's Compliance Officers also benefit from regular personalized training, and the Group's internal auditors have been trained on the key factors involved in assessing anti-corruption procedures. The Group's Compliance Department also delivers regular on-site training courses to educate employees about corruption risks. More than 3,500 employees worldwide took one of these courses in 2022.

As well as providing training, Kering also runs an ongoing program to inform employees and managers and raise their awareness about ethics. All new recruits are issued with a copy of the Code of Ethics and are required to follow the ethics training program for the current year. This establishes a sound basis for a culture of ethics and integrity as soon as employees start working for Kering.

The Group's intranet includes an Ethics & Compliance section in French and English, giving ready access to policies and procedures, along with a list of compliance managers at the Houses and structures.

2.3.2 Relationships with business partners

Since 2013, Kering's Code of Ethics has included the Group Suppliers' Charter, which sets out in detail Kering's specific expectations of its business partners on ethics, social and environmental issues.

For any contractor working for Kering or one of its Houses, notwithstanding any contractual clauses, compliance with the Charter is a precondition of the business relationship. The Group requires its suppliers to commit formally to applying high ethical standards themselves and to ensuring the preservation of human rights.

Since 2018, the Group's whistleblowing system has also been open to employees of the suppliers and service providers with which Kering and its Houses have direct business relationships. All suppliers and service providers have been informed accordingly. In 2020, Kering decided to go a step further by adopting a Group-wide communication campaign aimed directly at the employees concerned, to ensure that they are fully informed.

Translated into 15 languages, the campaign took two forms: displays at relevant locations within supplier and service-provider sites in order to gain the greatest visibility (cafeteria, locker rooms, site entrance, etc.), and a prospectus to be given directly to employees. Both the poster and the flyer listed the six key ethical principles: compliance with laws and regulations; prohibition of any form of corruption, fraud, money laundering or conflict of interest; respect for human rights and fundamental freedoms; protection of the health and safety of all; respect for the integrity and dignity of all; and protection of the environment. The level of detail was adjusted depending on the recipients, to give specific examples of what was expected in each case (including in particular the refusal of forced labor, the refusal of recruitment fees paid by employees, special attention paid to vulnerable people, access to suitable washroom facilities and to decent dormitory conditions where applicable, the availability of pay and personal documentation, respect for privacy, access to appropriate personal protective equipment, etc.).

As well as setting out the key points requiring compliance at all locations, both documents also reminded employees of the whistleblowing system and how to use it.

Lastly, to provide all employees, depending on their locations and profiles, with access to documentation in their own language(s), an internet platform was developed allowing them to download documents in any of the 15 languages available. An email information campaign targeting employees was also organized by the Group Ethics Committee, with full backing from the CEOs of all the Group's Houses. This information and communication campaign will be refreshed regularly to cover all new suppliers and service providers of the Group and its Houses. The supplier workforce-related audits conducted each year include checks on the effective circulation of this information to all employees (awareness of the system, display and issue of the documentation, etc.).

The Group's supplier selection criteria include ethical, social and environmental aspects, the assessment of which must be documented. This assessment is part of the Hercules system, through which Kering oversees and ensures the compliance of its suppliers. Supplier qualification is conditional on positive findings in the audits regarding ethical, social and environmental aspects, which are carried out by Kering supply-chain audit and security teams. After qualification, suppliers' continued compliance with Kering requirements is verified by follow-up audits.

Section 4 "Working together to build sustainable and socially responsible supply chains" provides details of the Group Suppliers' Charter and the conditions for applying the Sustainability Principles in supply chains, along with the findings of audits and assessments carried out in 2022.

2.4 Impact of policies and initiatives

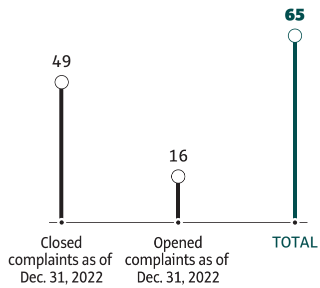
2.4.1 Complaints addressed to the Ethics Committees

In 2022, Kering's three Ethics Committees handled a total of 70 requests, including 65 complaints and five inquiries (questions and requests for clarification). Out of the 65 complaints, 43 (66%) were submitted to Committees directly (by email) and 22 (34%) via the Group's ethics hotline; 24 were submitted anonymously.

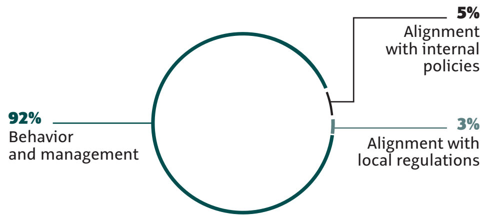
Out of the same 65 complaints, 51 gave rise to an investigation by the Committee contacted, three complaints were awaiting assessment by the Committees and 11 were not investigated because the reported allegations could not be audited, because the plaintiffs wished to remain anonymous despite the fact that the reported allegations concerned their personal situations, or because of a lack of response or follow-up by the person who made the complaint, making it impossible to proceed with an investigation of their personal situation. 49 complaints had been closed by December 31, 2022 and the remaining 16 (mostly those reported late in the year) were still under investigation.

2.4.2 Key figures on complaints received in 2022

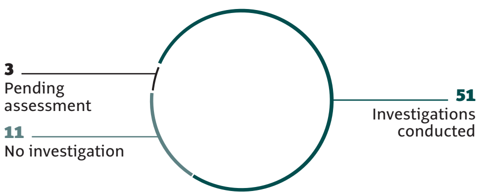
Complaints received in 2022



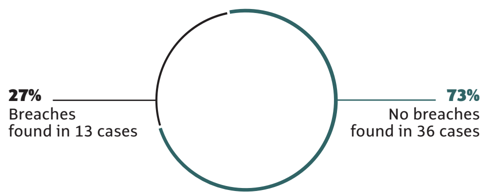
Reasons behind the 65 complaints received in 2022



Investigations into the 65 complaints received in 2022



Code of Ethics breaches in the 49 cases closed in 2022



Of the 60 complaints relating to conduct and management issues, 17 involved allegations of harassment and/or discrimination. More specifically, 12 complaints concerned harassment, one concerned discrimination and four concerned a combination of the two.

Of the 49 cases treated and closed as of December 31, 2022, 13 breaches of the Code of Ethics were identified, including 12 relating to behavior and management issues, and appropriate remedial action was taken in each instance. For example, after a line manager was found to have acted in an inappropriate way, his contract was terminated by the House concerned. As regards to the rest of the investigations carried out and closed as of December 31, 2022 that did not reveal any breach of the Code of Ethics, some areas for improvement were nevertheless identified, particularly regarding communication and management. As a result, 43% of cases resulted in recommendations for operational improvements being issued by the investigating Committee.

Lastly, it should be noted that ethics reporting and key figures are shared each year with the Group's Top Management and the Sustainability Committee of the Board of Directors, all information having previously been anonymized and stripped of personal information.

2.5 Protection of human rights

Focus on: Kering's Human Rights Policy

The publication of a Human Rights Policy in 2021, covering all of Kering's operations as well as its supply chain, not only clarified certain undertakings formalized in the Code of Ethics and Suppliers' Charter, but also resulted in an update to the Sustainability Principles, a key document for suppliers. This process was accompanied by revisions to the social questionnaire on the vendor portal for suppliers, in order to clarify items or add new elements (for example grievance mechanism, the refusal of recruitment fees paid by employees, and community benefit initiatives) enabling them to self-report certain data points in the area. In 2022, Kering continued to implement this policy among employees, particularly through a specific module as part of the *Ethics & Compliance* training.

2.5.1 An approach rooted in the Group's values: founding principles and general framework

Respect for and protection of human rights, for all Group employees and all employees in each House's supply chain, is central to Kering's ethical commitments at all times.

The Group's ethical approach forms a consistent and central component of its identity and development. This includes complying with the principles set out in the Universal Declaration of Human Rights, the fundamental conventions of the International Labour Organization (ILO) and implementing the United Nations Guiding Principles on Business and Human Rights (UNGP).

This commitment to respecting human rights throughout the Group and its supply chains is reflected in and expanded upon in its key reference documents as shown below.

Code of Ethics and Suppliers' Charter
Sections 2.2 and 4.1

Human rights policy *Section 2.5*	Sustainability Principles applicable to suppliers *Section 4.1*	Kering Standards: Standards and guidance for sustainable production *Section 4.1*	Health & safety policy *Section 3.2.4*	Anti-corruption policy *Section 2.2*
Fashion models charter *Section 6.1*	Compliance manual *Chapter 5*	Human resources policy *Section 3*	Additional policies and structures implemented by the Houses	MRSL and PRSL lists *Sections 5.3.5.2 and 5.3.5.3*

More specifically, the Code of Ethics draws on the Group's key founding principles in the area of ethics, which are then expressed in greater detail in other policies and documents. The contents of these policies and systems are set out in the relevant sections of the present NFIS; they may be complemented by each House's individual or sector-specific initiatives (see section 2.5.2.5). Kering's approach to the protection of human rights may be accessed on the Kering website, which also contains its publications under the California Transparency in Supply Chains Act of 2010, the UK Modern Slavery Act 2015, the Australian Modern Slavery Act 2018 and Regulation (EU) 2017/821 of May 17, 2017 on metals and ores from conflict-affected and high-risk areas. In addition, Kering's Duty of Care plan, drawn up in compliance with French Law no. 2017-399 of March 27, 2017 on the Duty of Care, is outlined in the "Duty of care plan" section of Chapter 5 in this document.

2.5.2 Implementation within the Group: objectives and actions

2.5.2.1 A continuous improvement approach

Aware of the need for constant vigilance on the matter of respect for human rights, the Ethics Charter adopted by Kering in 1996 consolidated key principles to guide employees both in their day-to-day activities and in the Group's business relationships. These principles, now set out in Kering's Code of Ethics, are regularly updated to bring clarifications and explanations as part of a continuous improvement process.

In the same vein, the due diligence procedure aimed at identifying, assessing and preventing the impact that Group operations have or might have on human rights in the supply chain is seen as a continuous process with a need for constant adaptation. This procedure is included in the Hercules system, which is described in section 4.2.1.

As outlined in the "Duty of care plan" section of chapter 5, in 2017 the Group carried out a risk mapping procedure covering Kering's operations and its supply chains. In 2021, Kering conducted a new, more in-depth evaluation of risks pertaining to severe impacts on human rights and fundamental freedoms, health and safety, and the environment resulting from the Group's operations and supply chain. The risk map produced in 2021 will be updated in 2023.

Following on from these initiatives, various work has been carried out to identify areas for improvement, with a particular focus on respect for human rights throughout the supply chain. A gap analysis was performed in 2017 to pinpoint differences between the Group's internal practices and the UNGP. The findings of this analysis provided input for the 2019 update to Kering's Code of Ethics and for a dedicated communication plan targeting employees of the Group's direct suppliers with specific details on how to use the whistleblowing system. The first phase of this communication campaign took place in 2020, followed by a campaign of updates in 2021. It will continue to be monitored on a regular basis to ensure it reaches all new direct suppliers. A detailed description of this plan is provided in section 2.3.

Keen to refine its understanding of human rights issues throughout the supply chain, and to learn from good practices, in 2020 Kering carried out a new study focusing on the governance and management of human rights within the supply chain, at Group and House level. Carried out with GoodCorporation, an independent organization specializing in business ethics, this study included consultations with various internal stakeholders in order to gather their feedback. To identify new avenues for progress, the findings were analyzed in the light of the recommendations given in the UNGP and the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector. Kering also conducted a study aiming to identify and assess human rights risks linked to the supply of certain raw materials. This analysis factored in aspects regarding the countries from which suppliers operate. Together, these various studies enabled the Group to identify a number of key topics, and recommendations were shared with members of the Executive Committee.

This analysis has enabled Kering to update the list of risks that the Group considers salient with regard to human rights (notably forced labor, child labor in raw materials sourcing, discrimination, health and safety, living wages for suppliers' employees and harassment). Alongside this analysis, Kering also monitors various human rights risk indicators provided by Verisk Maplecroft.

The importance of respect for human rights was confirmed by the materiality assessment carried out by the Group that identified respect for human rights as a strategic challenge of particular importance that is central to discussions on preparation of its 2025 Strategy, consistent with the United Nations Sustainable Development Goals. The consultation conducted in 2020 confirmed that respect for human rights is among the crucial challenges facing the Group (see section 1.3).

The non-financial risk "Human rights and fundamental freedoms" was also identified in the Group's overall risk analysis, as presented in Chapter 5 of this document.

Finally, to strengthen its approach regarding social impact 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.

2.5.2.2 Ambitions incorporated into the Group's 2025 Sustainability Strategy

In 2017, Kering published its 2025 Sustainability Strategy. The strategy rests on three pillars, two of which include human rights objectives. Through the Care pillar, Kering commits to achieving 100% implementation by suppliers of the strict requirements set out in the Kering Standards for raw materials and manufacturing processes by 2025. These include standards on traceability, animal welfare, use of chemicals, environmental impact and social impact. Though the Collaborate pillar, relating to Kering's strategic social commitments, is not exclusively about human rights, it does include these six related points:

- support the continuation of craftsmanship traditions and the communities that support them;
- extend focus across the supply chain and improve livelihoods in the communities where raw materials are sourced;
- increase its use of forward-thinking employment practices, including the global parental policy, a well-being at work policy, and an employee benefits policy;
- promote an inclusive work environment, and achieve gender parity and pay equity at all levels;
- develop innovative career paths for all;
- become the employer of choice in the Luxury sector.

2.5.2.3 Shared governance and central systems rolled out at Group level

Kering takes a cross-functional approach to governance in relation to human rights issues, integrated into its overall governance structure for sustainability (see section 1.5). Human rights governance spans various departments, starting with Compliance, Human Resources (including the Inclusion & Diversity department that reports to it), Sustainability, Internal Audit and Security. It also extends to employee representative bodies.

Human rights considerations are included in the annual performance appraisals of Group executive officers. 30% of the annual variable remuneration of the Chairman and Chief Executive Officer and of the Group Managing Director is linked to the fulfillment of non-financial criteria, including the operational roll-out of the 2025 Sustainability Strategy.

For many years now, Kering's commitments on human rights have also been expressed through the Kering Foundation, which was set up in 2008 and focuses on combating violence against women (see section 6.3.1). The Group's Houses are also committed to this purpose.

A vendor portal has been created to help optimize communication between Kering and its suppliers. It provides suppliers with ready access to training and key Kering documents – including on human rights – but also to allow for greater transparency on supply chains. Via this portal, suppliers are required to complete three annual questionnaires (on the implementation of the Kering Standards, labor relations management and environmental management). Their responses will be used to evaluate their practices. The social questionnaire, which contained 97 questions in 2022, seeks increased transparency on the supplier's workforce (gender balance, for example), labor relations, management of health and safety (risk assessment, incident rate, etc.), and measures for mitigating risks concerning forced labor and child labor (see section 4.1.2).

2.5.2.4 Employee training and education

Kering has put in place multiple employee training activities, some of which include various aspects of human rights.

- All Group employees take a compulsory annual Ethics & Compliance course based on the principles set out in Kering's Code of Ethics. The course is available in the 15 most widely spoken languages within the Group. The subjects covered vary from year to year, with the objective of ensuring that employees will adopt appropriate behavior when faced with the ethics dilemmas they might come across in their everyday working experience. Topics covered in 2022 included child labor, responsible procurement and various corruption risks, with case studies specific to the luxury industry. Circularity and Kering's various initiatives in this area were also covered, along with the topic of diversity, particularly multigenerational diversity, within teams (see section 2.3).
- Training on the Kering Standards, for employees of Kering, its Houses and their suppliers, presents Kering's minimum requirements on sourcing and processes whilst providing details, particularly on social aspects, that provide context showing why the standards are necessary (see section 4.1.1.4).
- The Kering Foundation provides training for Group employees, helping them to gain a better understanding of the complexity and impact of domestic violence, and providing insights into ways to develop a safe work environment. In 2020, a dedicated module was also included in the Ethics & Compliance training course (see section 6.3 on the Foundation).

2.5.2.5 Initiatives by the Houses

As part of its committed approach to stakeholders, Kering and its Houses have adopted a number of human rights initiatives. In 2022, new projects started and support for existing projects continued:

- The Kering project for gender equality in Italy's Luxury supply chains, involving Gucci, Saint Laurent, Bottega Veneta, Pomellato and Kering Eyewear (see box in section 4.1.2);
- The collaboration between Gucci and the Indian social enterprise I was a Sari, whose mission is to encourage the autonomy of underprivileged Indian women through the production of upcycled products made from used saris, continued to evolve and develop. An embroidery training program entitled "Now I Can", sponsored by Gucci's Chime for Change initiative, has also been available on an open source platform since 2021;
- Kering organized an internal living wage workshop, bringing together various Group's stakeholders and its Houses, aimed at driving collaborative efforts in supply chains while building on existing work;
- Gucci's initiative to support the integration of refugees: Gucci's efforts in 2021 were acknowledged in 2022 when it received the "Welcome. Working for Refugee Integration" award from the United Nations High Commission on Refugees (UNHCR). This award recognizes companies that stand out in terms of working with refugees and helping them integrate and find employment in Italy;
- Virtual training provided by Alexander McQueen to key employees identified in its ready-to-wear, shoes, leather goods and jewelry teams. These training sessions covered topics including social topics and human rights risks in the supply chain.

Some Houses have gained certification for their practices:

- SA8000 *(Social Accountability 8000)* certification for Gucci (since 2007) and Bottega Veneta (since 2009). Gucci is also a member of the Advisory Board of SAI *(Social Accountability International)*, which is the organization that developed the SA8000 standard.
- RJC *(Responsible Jewellery Council)* certification attests to a company's respect for the environment and working conditions in the jewelry and watchmaking sectors. Pomellato, Dodo, Boucheron and Gucci (also RJC CoC-certified) are RJC-certified, while Qeelin is in the process of gaining certification.

2.5.3 Performance and transparency of the measures taken by the Group to protect human rights

Section 3 sets out findings and key performance indicators concerning the protection of human rights within the Group's operations in terms of human resources, occupational health and safety, and labor relations. Section 2.4 describes performance monitoring for the Group's ethics and compliance procedures. The findings of the workforce-related audits carried out within the Group's supply chains in 2022 are presented in section 4.2.3.

A cross-reference table between Kering's human rights approach and the United Nations Guiding Principles Reporting Framework is available in the Sustainability/Measuring our impact/Reporting and indicators section of Kering's website.

3 - THE EMPLOYEE EXPERIENCE AT THE HEART OF THE GROUP'S HUMAN RESOURCES STRATEGY

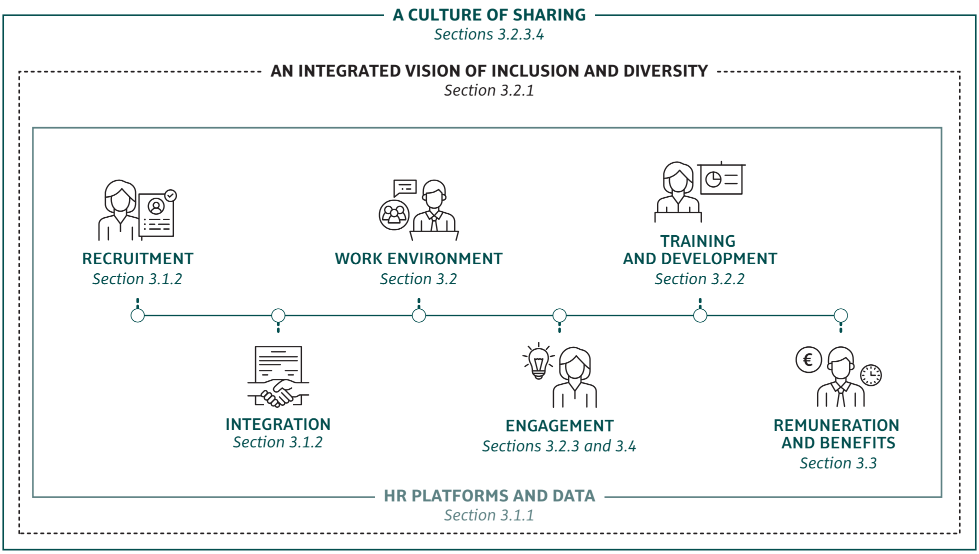
The employees of the Kering group and its Houses are central to our vision, business and inspiration. Kering's principal mission is to help its employees reach their potential and express their creativity by developing their skills and performance in the most imaginative way possible. To achieve this, the Group provides its Houses with the support necessary for their growth, promoting the sharing of and access to best practice, and encouraging the identification and development of talent for the benefit of all the Houses. Kering encourages internal mobility, the pooling of expertise and the creation of synergies.

In today's world of fast-changing markets, competition and customer needs, identifying, developing and retaining the best talent is a strategic priority.

Kering's goal is to be the preferred employer in the luxury industry, with empowered, motivated employees who want to make a difference in a diverse and open-minded environment. The aim is to continue building a respected Group, one that brings together strong Houses united by a shared culture and sense of motivation and in which every employee feels appreciated and committed.

Kering continued in 2022 to pursue the HR priorities identified in its 2025 sustainability strategy: to develop talent, preserve craftsmanship, and promote well-being at work and employee engagement. As a result, the momentum developed since 2020, through the launch of the Baby Leave policy and the implementation of the Inclusion & Diversity (I&D) strategy, continued during 2022.

Kering places the employee experience at the heart of its Human Resources Strategy. The sections of this chapter correspond to key milestones in the career of each employee.



3.1 The Group's human resources profile

3.1.1 Breakdown of the workforce(1)

The Group had 47,227 employees as of December 31, 2022.

There were 46,201 total employees within the reporting scope as of December 31, 2022.

Due to its recent acquisition, Maui Jim is not included in the scope of social reporting for 2022 but will be included from 2023. Maui Jim accounts for around 2.2% of the Group's workforce.

Breakdown of the workforce as of December 31, 2022 (men/women managers and men/women non-managers) by region (2)

	Managers		Non-managers	
2022	**Women**	**Men**	**Women**	**Men**
Africa/Middle East	69	79	500	492
Asia	1,576	934	8,822	3,884
Eastern Europe	28	18	1,308	370
France	587	419	2,032	1,171
North America	515	386	2,330	1,877
Oceania	59	38	319	121
South America	65	40	331	324
Western Europe (excluding France)	1,423	1,359	9,108	5,617
Subtotal	**4,322**	**3,273**	**24,750**	**13,856**
TOTAL	7,595		38,606	

(1) The rate of coverage calculated as a percentage of the Group's workforce as of December 31, 2022 is 100% for all indicators, with the exception of the number of workers with disabilities, which is 86.4% (excluding the United Kingdom and the United States). Maui Jim accounts for 2.2% of total employees, but because it was acquired only recently, it will be included in the scope of reporting from 2023. All figures relating to entities sold by the Group in 2022 have been excluded from the scope of workforce-related reporting.

(2) The table showing the breakdown by region includes the following countries and territories: Africa/Middle East: Bahrain, Dubai, Kuwait, Qatar, Saudi Arabia, South Africa, Turkey, United Arab Emirates; Asia: Bangladesh, Mainland China, Guam, Hong Kong SAR, Japan, India, Macao, Malaysia, Pakistan, Philippines, Singapore, South Korea, Thailand, Taiwan, Vietnam; Eastern Europe: Croatia, Czech Republic, Hungary, Romania, Russia, Serbia; France; North America: Canada, United States; Oceania: Australia, New Zealand; South America: Aruba, Brazil, Chile, Mexico, Panama; Western Europe: Austria, Belgium, Denmark, Germany, Greece, Ireland, Italy, Luxembourg, Monaco, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom.

Breakdown of the workforce as of December 31, 2021 (men/women managers and men/women non-managers) by region(1)

	Managers		Non-managers	
2021	**Women**	**Men**	**Women**	**Men**
Africa/Middle East	50	71	376	388
Asia	1,451	865	8,239	3,502
Eastern Europe	28	17	1,270	370
France	468	361	1,845	1,039
North America	485	339	2,006	1,632
Oceania	58	27	281	95
South America	63	32	284	298
Western Europe (excluding France)	1,260	1,302	8,384	5,128
Subtotal	**3,863**	**3,014**	**22,685**	**12,452**
TOTAL	6,877		35,137	

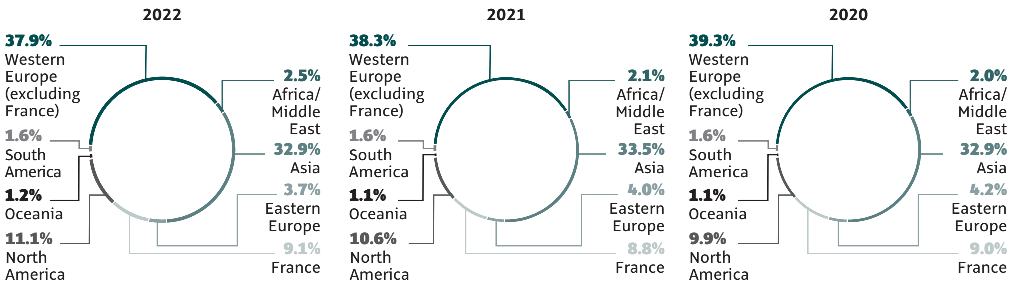
(1) The rate of coverage calculated as a percentage of the Group's workforce as of December 31, 2021 is 100% for all indicators, with the exception of the number of workers with disabilities, which is 86.8% (excluding the United Kingdom and the United States). Lindberg accounted for 1.8% of total employees in 2021, but because it was acquired during that year, it was included in the scope of reporting from 2022. For other companies acquired or sold in 2021, representing 1.3% of the Group's workforce, the only data collected were for the workforce, training and industrial relations indicators.

Breakdown of the workforce as of December 31, 2020 (men/women managers and men/women non-managers) by region

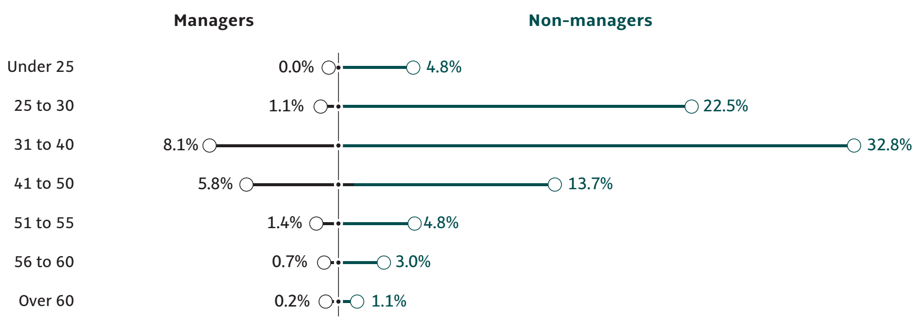
	Managers		Non-managers	
2020	**Women**	**Men**	**Women**	**Men**
Africa/Middle East	50	58	331	349
Asia	1,274	801	7,529	3,091
Eastern Europe	31	19	1,233	339
France	407	330	1,709	1,023
North America	472	306	1,676	1,362
Oceania	51	26	250	90
South America	63	32	247	277
Western Europe (excluding France)	1,118	1,216	7,870	4,923
Subtotal	**3,466**	**2,788**	**20,845**	**11,454**
TOTAL	6,254		32,299	

All figures are presented pro forma and at constant scope of consolidation.

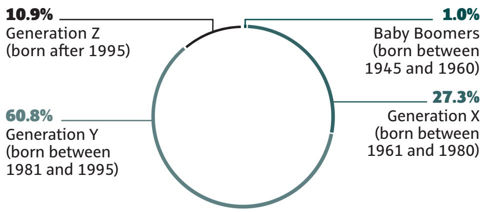
Change in the regional breakdown of the workforce as of December 31, 2022, December 31, 2021 and December 31, 2020 (%)



Age structure of the permanent workforce: managers (17.3%) and non-managers (82.7%) in 2022 (%)



Age structure of the permanent workforce in 2022 (%)



3.1.2 Establishing a long-term hiring policy through international partnerships and with the help of employee ambassadors

Recruiting the best talent by encouraging diversity, training young people in craft skills, and integrating and developing talent are central to Kering's HR strategy. In most Houses, the HR function has begun discussions about managing jobs and careers through strategic workforce planning.

Forging strategic partnerships

Kering continues its ambition of forging international partnerships with prestigious business and design schools worldwide.

Kering is continuing to forge closer ties with the Centre for Sustainable Fashion (CSF) at the London College of Fashion (LCF) through the Fashion Values program, which it leads jointly with Vogue Business and Condé Nast. Launched in 2014 and then renewed in 2019, this international partnership allows Kering to affirm its commitment to the people who will make the fashion of the future and immerse them in the key themes of our time, i.e. nature, society, the economy and the environment. The 12-month program is open to students taking courses at the LCF but also to anyone whose work has a connection with fashion and design, and combines theoretical learning with practice through a hackathon, culminating in the Fashion Values Challenge. The teaching offered as part of the program is set out in an annual report, which changes each year to reflect the latest advances in sustainability within the fashion industry.

Kering and the LCF also launched the first Massive Open Online Course (MOOC) on luxury fashion and sustainability in 2018. Entitled "Fashion & Sustainability: Understanding Luxury Fashion in a Changing World", the six-week course combines films, podcasts, activities and discussions. More sessions will be held in 2023.

Finally, in 2022, the Sustainability Chair jointly created by Kering and Institut Français de la Mode continued to expand its scientific research on a wide range of topics related to fashion and sustainability, from traceability to impact assessment to eco-responsible business models. For the second consecutive year, the Chair was highly active, publishing a research article on emotional sustainability published in the Journal of Cleaner Production, as well as providing education in sustainability to more than 1,500 students via a compulsory 30-hour course. It continued to deliver the diploma course created in 2021, combining 60 hours of lessons (with contributions from experts) with practical projects in an educational approach that combines theory and practice.

Renewed in 2020, the Group's partnership with HEC allows it to support high-performing young people from a variety of backgrounds and to identify potential hires for the Group and its Houses. The Kering Certificate of Influential Luxury aims to help future leaders learn how best to handle luxury brand management challenges through Kering's vision and values. A team challenge on a topic set by one of the Houses – Boucheron in 2022 – culminates in a presentation to a panel consisting of the Chair's academic co-directors and Kering managers. The theme in 2022 was "How to give the watches market fresh impetus by taking a 360° approach?".

The Group and its Houses support numerous institutions, building on the close relationships developed by Kering's entire HR community worldwide, including ESCP, ESSEC, EM Lyon, *Institut Français de la Mode* (IFM), *Istituto Marangoni*, *Politecnico di Milano*, Bocconi University, Polimoda Fashion School, *Istituto Europeo di Design*, *Accademia Costume & Moda* in Rome, Tsinghua University and Hong Kong Polytechnic University.

The Group's Houses have also established local partnerships and developed craft training at centers of excellence in order to ensure the promotion and protection of the Group's expertise. These are presented in section 6.2.1.

Kering has several leadership programs to identify and support talented young people:

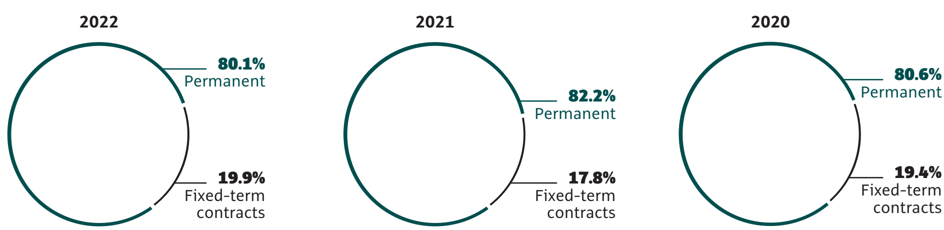
Kering China Cross-Brand Retail Excellence Management Trainee Program	***Kering Horizon Program***	**Examples in our Houses**
ASIA PACIFIC This program seeks to promote Kering's image among young people in China, where the Group's businesses are growing rapidly. It also serves to create a fast-track development stream for talented individuals at an early stage of their careers, to build a pool of potential candidates for the Houses, and to develop the potential of apprentices. During this 21-month program, participants undertake a series of internships in different Houses to learn about the operation of Retail Management and HR. The program has been a big success, with more than 2,000 applications and 273 recruitment sessions – both online and in person – held in Shanghai, Beijing and Shenzhen. 21 interns were selected and began their training in mid-January 2022 with a 2-month intensive in-store placement. Recruitment has already begun for the 2023 cohort, which will begin the program in July 2023.	ITALY The need to cultivate talent in the constantly evolving supply chain and logistics areas led Kering to develop the Kering Horizon Program. Through experience in a variety of roles, mentoring, and intensive training modules, this two-year program seeks to accelerate the leadership potential of graduate engineers and prepare them for the supply chain and logistics roles of the future. The best candidates were recruited as full-time employees at Kering and began the program in December 2021. The program is also supported by Saint Laurent and Bottega Veneta, and the nine engineers in this first cohort are currently gaining experience in different roles. In response to strong demand from its Houses, Kering has increased the number of places available, and is currently recruiting 14 young graduates for its second cohort.	GUCCI GRADE The Gucci Grade program includes experience working in a store and the possibility of gaining different skills by working in various Gucci departments (such as merchandizing, sales and customer service). In 2022, Gucci Grade was extended to cover the Supply Chain and Operations functions. This will enable five engineering graduates to gain skills in different areas of the company through two six-month postings. KERING EYEWEAR *EYE FOR TALENT* In 2022, Kering Eyewear launched its Eye for Talent graduate program. Over a two-year period, participants will have four six-month postings, each in a different country or market (Milan, Paris, Dubai and Aarhus). The application period ended in mid-December, and the selected candidates will begin the program in April 2023.

Recruiting the best talents

In addition to partnerships with schools and universities, Kering uses the most effective social media platforms and other tools to recruit the best profiles available. Kering's Houses are constantly investing in order to offer the best possible experience to applicants through innovative and inclusive solutions. In 2020, Gucci launched an online assessment process that uses augmented reality to give applicants experience while evaluating them for the essential skills required to be a sales associate in one of Gucci's many stores worldwide.

A training program on inclusive recruitment was introduced for the entire Kering group in 2020, to help recruiters and managers identify common biases in the recruitment process and minimize their impact. The program, which has already been taken by 387 HR employees, covers all stages in the recruitment process: creation of the vacancy, applicant selection, interview and the new hire's integration into the company. In 2022, 407 recruitment managers received training in inclusive recruitment. This training will be rolled out across as many recruitment managers as possible in 2023 through an e-learning course. In addition, the Houses have implemented fully fledged inclusive recruitment strategies, such as Balenciaga's Hiring Pact, which takes a 360° approach to drive real-world progress in the area of inclusion and diversity.

Breakdown of fixed-term and permanent contracts among new hires in 2022, 2021 and 2020 (%)



In 2022, 13,375 people were hired on permanent contracts. Out of the total number of new hires, including people on fixed-term contracts and apprentices:

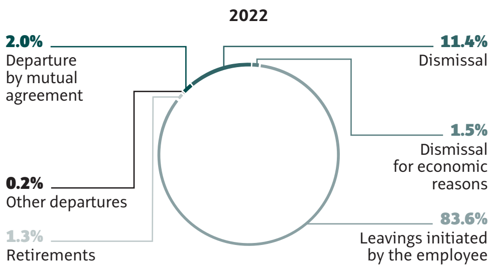
- 62.0% were women;
- 92.6% were non-managers;
- 27.9% came from Generation Z, 59.7% from Generation Y, 12.2% from Generation X and 0.2% were born before 1960.

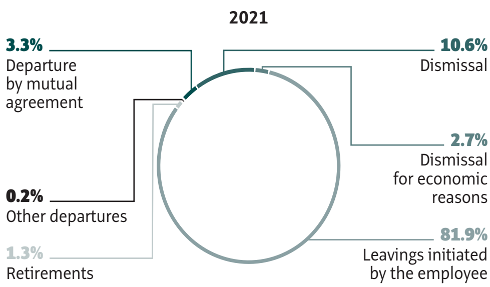
Breakdown of temporary employees by region in 2022 and 2021

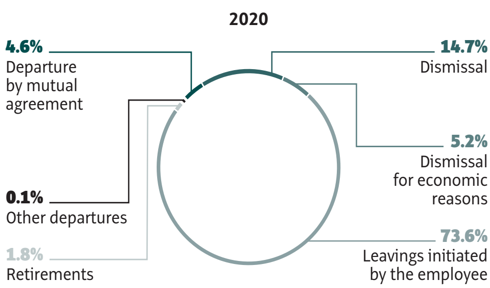
In 2022, Kering had a monthly average of 2,130 temporary employees across all its Houses.

	2022	2021
Africa/Middle East	6	39
Asia	922	868
Eastern Europe	21	23
France	195	136
North America	12	29
Oceania	0	2
South America	11	10
Western Europe (excluding France)	963	606
TOTAL	2,130	1,713

Breakdown of permanent employee departures by category in 2022, 2021 and 2020 (%)







Departures of permanent employees, on all grounds, totaled 9,610 in 2022, of which 8,036 were on the employee's initiative (83.6% of departures) and 1,098 on the employer's initiative (11.4% of departures).

	2022	2021	2020
Overall turnover at Kering	20%	20%	14%

3.1.3 Supporting organizational changes in a responsible manner

In 2022, Kering continued its policy of supporting and redeploying employees, striving to help employees find other positions within the Group. These principles were applied strictly in relation to the sale of Ulysse Nardin and Girard-Perregaux (completed on May 31st, 2022) and the integration of Lindberg (completed on September 30th, 2021) and Maui Jim (completed on October 3rd, 2022).

In France, this policy involves monthly meetings of the Social Development Coordination group, a body of HR managers from the Houses led by Kering's Human Resources Department, which is tasked with discussing organizational projects and their HR consequences and proposing individual redeployment solutions. It aims to assist employees when an organizational change (such as a store transfer or closure) is liable to have an impact on jobs.

In all countries and for all Houses, when departures are being considered following reorganizations, efforts made to find new roles for employees go beyond those required by law, and priority is given to voluntary mobility measures.

The European Works Council is also informed of the Group's plans and the associated organizational changes during its two annual plenary meetings, in extraordinary committee meetings as necessary, and in the meetings of its Select Committee. The French Works Council is also informed annually of the Group's plans for organizational change.

3.2 Fostering employee development in a stimulating and inclusive work environment

3.2.1 Promoting inclusion and diversity with a grass-roots impact

Going further than its commitment to social responsibility, the Group believes that inclusion and diversity are sources of creativity and innovation, and thus of economic performance. This is why Kering makes every effort to establish a culture of equality at all levels of the organization and provides its teams with an open-minded, diverse, inclusive and stimulating work environment, thereby contributing to the Group's success. Kering pays close attention to diversity in employee profiles (gender, culture, origin, sexual orientation, identity, age and disability), which it recognizes as a rewarding source of collective intelligence.

As part of its 2025 Sustainability strategy, Kering is promoting diversity and gender equality through a series of concrete commitments, which include ensuring gender parity and pay equity at all levels.

In 2015, the Kering's Executive Management and European Works Council signed their first European Empowering Talent agreement.

In 2019, Kering announced its support for the Standards of Conduct published by the UN to help businesses tackle discrimination against the LGBTQI+ community. In September 2019, Kering joined the Open To All coalition, which combats all forms of discrimination against employees, visitors and customers, including discrimination based on ethnicity, nationality, sex, gender identity, sexual orientation, religion and disability.

Each House set up an Inclusion and Diversity Committee in 2020, sponsored by a member of its management team. These committees are made up of representatives from the various departments and regions. Their role is to transpose the Group's inclusion and diversity strategy within their respective Houses, while adapting it to their specific cultures and environments. The initiative is sponsored by Kering's Chairman and Chief Executive Officer, and the sponsor of the Kering Corporate Inclusion and Diversity Committee is the Group's Chief Financial Officer.

In 2022, to make the numerous initiatives led by the Group, its regional entities and its Houses more impactful and complementary, Kering adopted an overall strategy supported by a new governance arrangement with a regional dimension, particularly in the Americas and Asia-Pacific. Kering recognizes that each country and each culture have their own specific context, with unique challenges and opportunities for change. This approach provides a greater understanding of local contexts and brings external perspectives, with the aim of embedding a culture of change across the Group.

To give its initiatives a defined structure, Kering adopted six common areas of action for all of its Houses:

- gender equality;
- diversity in terms of cultural profiles and origins;
- equal opportunities, regardless of socio-economic background;
- equal treatment and opportunities regardless of gender identity and sexual orientation;
- intergenerational diversity at work;
- integration of disabled people at work.

Kering regularly raises its employees' awareness of matters relating to inclusion and diversity. The theme of inclusion and diversity, addressed through case studies on gender equality and flexibility at work and on intergenerational differences, was one of the four modules in the Ethics & Compliance mandatory annual training program in 2022.

One of the highlights in terms of inclusion at Kering in 2022 was the Kering Perspectives training seminar for all Kering Executive Committee members and global function heads, which focused on raising awareness of how human bias operates and ways of mitigating it, thereby promoting inclusive leadership.

In March 2022, alongside 31 other companies, the Kering group signed a commitment to enhance the role of employees aged 50 and over, an initiative led by the L'Oréal group and Club Landoy and sponsored by France's Ministry of the Economy, Finance and Recovery. The charter features ten key commitments regarding recruitment, training, career progression, well-being at work and preparation for retirement, but also awareness of age-related stereotypes. By developing and supporting the careers of our employees aged 50 and over, the Kering group is encouraging the transfer of know-how, which is essential in our industry, from generation to generation.

In addition to the Inclusion and Diversity teams reporting to the Group HR department, Alexander McQueen, Balenciaga, Kering Corporate, Kering Eyewear and Gucci have resources fully dedicated to the issue of inclusion and diversity.

Gucci has a full inclusion and diversity program, including (i) an inclusion and diversity development program for all employees, (ii) a global design scholarship for talented young people in all regions of the world, and (iii) an in-house international exchange program. Gucci is also a signatory to the UN Charter on LGBTQI+ rights. Since 2019, Gucci has had a Global Equity Board featuring Gucci managers and external experts, in order to define priorities and monitor progress in the areas of diversity, equality and inclusion, in line with Kering's policies. It meets at least twice per year.

Since 2020, Balenciaga has been implementing an inclusion and diversity program that includes: (i) an inclusion and diversity training course for all employees, including initiatives specifically for managers, (ii) funding for two talented young creatives that have had little exposure to major luxury Houses to undertake studio internships, (iii) a program to increase the employability of refugees in Italy, (iv) a partnership with non-profit *Share Africa* to support African creativity.

3.2.1.1 Establishing a culture of gender equality within the Group

While Kering addresses the issue of diversity in all its aspects, particular emphasis is placed on equal opportunities. In 2010, the Group was one of the first companies in France to sign the Women's Empowerment Principles, drafted by UN Women and the United Nations Global Compact. These principles offer guidance on how to promote the presence and progression of women in business and, more generally, in society.

The Group's program for promoting inclusion and diversity focuses on three key priorities:

1. Instilling a culture of equality and inclusion within the Group	2. Fostering a good work/life balance	3. Developing an inclusive and exemplary parental policy
via awareness initiatives undertaken throughout the year and via its HR and management processes (recruitment, talent review, remuneration, etc.) To mark International Women's Day, Kering once again demonstrated its commitment to gender equality with the launch of the *Women of the Future* campaign. This new campaign gave employees the opportunity to share the profile of an inspiring woman, well known or not, in order to recognize the importance of women in our society. It was backed up with an awareness-raising campaign focusing on the stories of women who have had a major impact on humanity's recent history. In 2022, Kering Corporate launched Women in Luxury (WIL), the first internal network championing gender equality and promoting the role of women in the Group.	**via a Group-wide policy for all employees that promotes well-being at work and equality for all** Many other initiatives have also been adopted by Kering's various Houses, including remote working, flextime and childcare solutions in France, Italy and the United States, as well as daycare centers for employees based in France and nursing rooms for employees in Hong Kong SAR.	Kering has been committed to a wide-reaching parental policy since 2017, supporting parents and helping to create a culture of equality in the Group. *Baby Leave*, launched in January 2020, allows all parents – mothers, fathers and partners – to take 14 weeks of fully-paid leave to care for their child. It contributes to gender equality in a practical way by guaranteeing the same parental leave rights to all parents, regardless of their gender, sexual orientation and personal situation. It ensures genuine gender equality for all Kering employees and in particular makes an effective contribution to tackling the prejudices women face whenever they apply for a job, seek a promotion or attempt to advance their careers.

Promoting the advancement of talented women in the Group through dedicated development programs

For the past six years, Kering has partnered the EVE program, which enables fifteen employees from various Group Houses and countries to participate in seminars in Europe and Asia. Created in 2010 by Danone, this innovative management program aims to nurture strong and inspiring individuals, in sufficient numbers to enable them to bring about corporate change.

Kering was one of the leading companies in the France 2022 gender equality index, with a consolidated score of 90 points out of 100 for all of its Corporate entities and Houses in France. As part of its 2025 Sustainability Strategy, Kering has made a commitment to achieving pay equity at all levels. It has action plans to achieve its target of gender parity in 2025.

Recognizing and assessing the impact of gender equality initiatives

In 2022, women accounted for 56.9% of the Group's managers, 62.9% of the total workforce (63.2% in 2021, 63.1% in 2020), 26% of its Tech workforce, 33% of Executive Committee members and 45% of its Directors (excluding Directors representing employees), making Kering one of the CAC 40 companies with the highest proportion of women in senior management positions. The Group has set a target of achieving a gender parity and pay equity at all levels of the organization by 2025.

Kering rose from ninth to second among nearly 12,000 companies from around the world in Refinitiv's Diversity & Inclusion Index (2022), and intends to build on these very encouraging results, which show its commitment and the impact of its practical initiatives to build an increasingly representative and high-performing team.

More broadly, efforts made to promote female talent reflect how committed the Group is to women, both inside and outside the Group:

- Through the Kering Foundation, which combats violence against women by supporting projects led by NGOs and social entrepreneurs and by raising awareness and promoting involvement among the Group's employees. The Kering Foundation also works to raise awareness among employees by including them in many of its projects, while Gucci is committed to combating domestic violence. Between 2013 and 2022, in collaboration with the Kering Foundation, training was provided to more than 450 employees. In addition, on International Day for the Elimination of Violence against Women (November 25, 2020), the Kering Foundation launched the 16 Days 16 Films campaign in the United Kingdom, France and Italy, in partnership with Modern Films and with the participation of non-profit organizations *En Avant Toute(s)*, Chayn Italia, the National Network to End Domestic Violence (NNEDV), *Fondo Semilias* and the UK SAYS NO MORE campaign. In line with UN Women's 16 Days of Activism Against Gender-Based Violence, 16 films directed by women were posted on social media between November 25 and December 10. The campaign reached more than 900,000 people in five countries via social and print media (see section 6.3.1);
- The Group firmly believes that businesses have a decisive role to play in combating violence against women. In line with International Labour Organization (ILO) Convention 190 on violence and harassment in the workplace, the Kering Foundation worked with the Group Human Resources Department in 2020 to draft a global policy on domestic violence. The internal program developed by its teams aims to provide appropriate support for survivors and victims of domestic violence and came into effect on January 1, 2021;
- In the film industry, as an Official Partner of the Cannes Film Festival, Kering showcases and supports the contribution of women to the film industry, both behind and in front of the camera, through its Women in Motion initiative;

- In its supply chains, notably via the study on women's roles in luxury industry supply chains conducted in Italy in collaboration with the Camera Nazionale della Moda Italiana (CNMI) (see section 4.1.2);
- In 2021, Gucci became the main partner of *A She-covery for all*, an event held as part of the *Women's Forum G20* Italy, highlighting the role of women in the post-pandemic recovery. Gucci also signed the Women's Forum CEO Champions Commitments, which consist of ten recommendations for achieving gender equality.

3.2.1.2 Promoting the integration of people with disabilities

As of December 31, 2022, the Group employed 644 workers with disabilities (coverage rate of 86.4% excluding the United Kingdom and the United States).

Kering reaffirmed its commitment to the integration of people with disabilities with the European Empowering Talent agreement signed in February 2015. This agreement reiterates and reinforces the commitments made to employee representatives in 2008 with regard to promoting the employment of people with disabilities.

Each year, management presents a progress report to the European Works Council on the agreement's three pillars, which include promoting diversity in general, and on the initiatives undertaken by the Houses in the areas of gender equality and equal opportunity.

The Group's Houses in France and Italy also continue to outsource work to the protected sector to promote the employment of people with disabilities. Special service providers employing workers with disabilities are called on for such services as printing, data entry, archiving, replying to unsolicited job applications, catering, preparing mailshots, gift packaging during the holiday season, and landscaping.

Kering Corporate and the Houses also forge partnerships and deploy awareness campaigns to ensure that employees are onboard with this strategy:

- In 2022, Gucci became the first and only luxury brand in the United States to be certified by the Disability Equality Index. This certification is awarded by two organizations that protect the rights of disabled people: the American Association of People with Disabilities (AAPD) and Disability:IN, a global network that works to integrate disabled people and provides support to more than 400 companies. Gucci's index score was 80/100, making it one of the best places for disabled people to work in the United States. Gucci also works with local non-profits to recruit people with Down syndrome in one of its Italian factories;
- In 2022, Kering Corporate offered employees two awareness-raising sessions: thanks to the DuoDay platform, a number of people with disabilities from outside the Group took part in a "live-my-life" day with Kering employees, whilst several teams participated in cookery workshops in which they experienced what life is like for a disabled person. These activities are a fun, interactive way to raise awareness about disability diversity and the importance of fostering a culture of inclusion. As part of its inclusive recruitment efforts, Kering also took part in several forums devoted to disabled people.

3.2.1.3 Forging partnerships to facilitate the employment of young or disadvantaged people

To preserve and pass on their expertise, several of the Group's Houses – namely Gucci, Bottega Veneta, Brioni, Pomellato and Boucheron – have created vocational schools and training programs, with the support of trade associations. The aim is to give young people the opportunity to learn a trade that will ultimately enable them to join one of the Group's Houses or find employment elsewhere in the luxury or fashion industries (see section 6.2.1). For example, of the 12 apprentices who took part in internships at Pomellato as part of the Accademia Pomellato Virtuosi's 2022 cohort, eight have moved on to highly qualified roles, bolstering the House's expertise and helping the transfer of know-how to younger generations.

Kering is working with charities *Télémaque* and *Energie Jeunes* to make concrete progress in terms of equal opportunities, by making it easier for all employees to volunteer during working hours (see Giving Back).

In 2022, Kering signed a charter for the integration of young people, vulnerable individuals and people with disabilities, with the aim of working with the French Ministry of Labor to support them in the job market. This shows the Group's ongoing commitment to addressing this challenge in our society.

Since 2019, Balenciaga has partnered with non-profit *ViensVoirMonTaf!* which works to combat social determinism and school dropout by helping high-school students in priority areas to find work experience placements. Each year, French high-school students discover various jobs done by the House's employees through theme presentations and immersion within its departments.

3.2.2 Development of talents and skills

Developing skills and talents is at the heart of Kering's HR policy. In 2022, it strengthened the community and initiatives it launched in 2020, with three main aims:

- reviewing the fundamentals of the internal mobility policy;
- maintaining training despite uncertainties and difficulties in bringing employees together;
- increasing the use of our internal platform to support employee development.

3.2.2.1 Managing and supporting talents, fostering mobility and professional development within the Group

Kering has set itself the priority of better identifying and developing talents and has for this purpose established processes and tools geared toward helping employees constantly expand their career prospects and strengthen their skills through mobility and career opportunities.

1. Developing a shared culture of performance

Talent and leadership potential are identified through the performance appraisal process and talent reviews.

In 2021, the Group introduced People Performance and Development Annual Review, which take place between employees and their managers, to assess performance relative to jointly set targets and the employee's development needs. These reviews, which took place between January and March 2022, strengthen the Group's dynamic approach to appraisals, combined with regular check-in conversations. Various guides and materials are made available by the Houses to help employees and managers prepare for, conduct and follow up on reviews, and fill in the related form. Meanwhile, dedicated training sessions for HR teams at all the Houses were delivered by the Group. At the end of the campaign, almost 10,000 people had completed the performance form.

Once talented individuals have been identified, the aim is to gain a clearer picture of their profile, define the support initiatives needed in terms of organization and talent development, and prepare succession plans for key positions. In 2021, the process of identifying talent within the Group was expanded to include more roles in order to support the creation of talent development plans and the ability to anticipate the organization's needs. In 2022, Kering continued its efforts to include more functions, and this helped identify talent in the retail business in particular. A gender analysis is always included in the talent review and succession planning processes.

2. Promoting mobility and careers within the Group and its Houses

Professional mobility is a pivotal way of developing skills, offer careering prospects and giving everyone the opportunity to grow within the Group.

A review was started in 2021 with all Houses to define a new basis for easier internal mobility. As the shared objective is to increase the number of internal opportunities, it was agreed that there should be greater transparency on available roles, giving employees greater control over their careers and supporting internal applications in order to enhance the culture of professional development within the Group.

Employees can now apply for a position after 18 months of service. They can also register as internal candidates and have confidential contact with internal recruiters before applying. Meetings of the HR community were organized to facilitate ongoing dialogue on recruitment needs and available people, in addition to dedicated training and tools for the whole community. The introduction of this new policy was backed by a communication campaign. In 2022, more than 3,700 employees expressed their wish to move to a new role within the Group. During the same period of time, there were more than 2,700 internal mobilities.

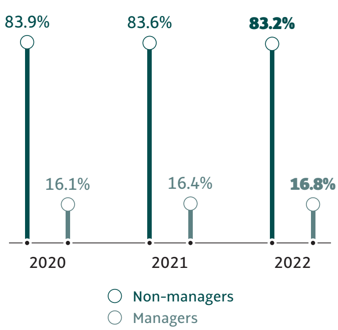
3.2.2.2 Developing a structured training policy for all employees

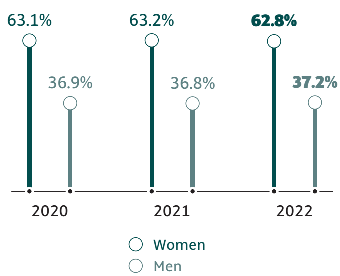
In 2022, Kering devoted a budget of more than €36 million to employee training, corresponding to 1.27% of the total Group payroll. As a result, 606,444 hours of training (excluding safety training) were provided during the year, an increase of 5% on 2021; 47,502 employees (including leavers) took at least one training course.

Women accounted for 62.8% of the people who participated in training in 2022 (excluding safety training). Furthermore, 83.2% of employees who participated in training in 2022 were non-managers.

In light of the Houses' new operations and Kering's new projects, the significant increase in the number of people participating in training and the number of training hours illustrates the Group's desire to give employees development opportunities and assist new employees.

Breakdown of employees who received training by manager/non-manager and by gender in 2022, 2021 and 2020 (%)





1. Personalizing our employees' digital experience to give them agency over their own development

A new digital platform intended for employees working at the Group's various head offices, was launched in 2022 after a pilot carried out at Gucci in 2021 called Gucci Education. The platform offers a new catalog of open-source content and customized pathways based on each user's functional profile and skills. It offers more than 350 programs across 23 disciplines, allowing employees to identify the skills they need for their professional development and empowers them in their learning journey. A new catalog was introduced in October 2022 and the results for the first three months were encouraging, with more than 2,300 employees receiving training on the platform.

Kering Learning is the common thread that runs through the Group's training opportunities. It is a collaborative tool between the Group, its Houses and its regions, which can customize and enhance their interfaces with specific content. As an extension of this general offering, Kering is preparing to hold its first Global Learning Day in 2023, a new training event that will offer exclusive content, both remotely and in person, for all employees all over the world.

In 2022, Kering Learning reached more than 96% of employees, with 39,860 users taking more than 55,000 hours of training (more than 100,000 sign-ups for catalog content).

2. Developing and maintaining regional training opportunities for managers and employees from all Group Houses

Kering also rolled out its managerial training pathway, including support for managers at each stage: initial experience, co-development courses with their peers and finally support from senior managers. In addition, employees were able to sign up for online workshops on themes such as hybrid working, how to increase your impact, finding your strengths and how to gain a more balanced career.

Overall, in 2022:

- in Europe, 300 managers took part in the training pathway, with two thirds attending in person (180);
- in Asia, 35 virtual programs were offered, which made it possible to provide training to 660 employees;
- in the Americas, nine programs (18 sessions) were offered, allowing the Group to train 175 employees.

Kering has also developed its training offering by creating functional Academies. These were designed jointly with the Houses, and aim to give employees in-depth knowledge relevant to their functions: human resources, finance, sustainability, technology, merchandizing, etc.

Each Academy offers employees specialist training to improve their technical skills, as well as enabling them to form communities and helping them to anticipate their future needs. For example, the Human Resources Academy provided training to 550 employees and offered new formats such as onboarding sessions for all new employees joining the HR function, small-group discussions with the Houses' HR managers (four sessions in 2022) and inspiration sessions with external speakers, which attracted over 100 participants.

3. Digitalization of programs dedicated to the Group's talents

The digitalization of HR tools has enabled the Group to achieve a huge expansion in the training it offers to its talents, both in-person and remotely.

Kering Leadership

In-person training was possible again in 2022, so Kering was able to hold its Kering Leadership Program in Paris, New York and Seoul.

Composed of three four-day modules held over 12 months, the 2022 program was attended by around 30 top Kering managers.

Its aim is to nurture talented employees and develop their leadership capabilities. The 2022 cohort consisted of participants from the three regions and from ten different Houses and Group entities.

Kering Navigate

The Group implemented an international, 100% virtual program called Kering Navigate. Targeting the Group's young leaders, the program brought together 51 people from the Group's various businesses, covering 10 different nationalities. It gave participants the opportunity to reflect on how to deal with complexity and find resources to manage the crisis and the associated changes in work practices as effectively as possible. Participants benefited, over a six-month period, from internal conferences, training with external service providers, participation in working groups and individual support.

Kering Vision

In 2022, the Kering Vision program, jointly designed with *Kering Imagination Lab*, took place in the form of a web 3.0 hackathon.

For three days, more than 70 employees from different professional backgrounds met in Paris, built teams and exchanged ideas to imagine and forge the future of luxury. At the end of the program, they presented their projects to a jury of senior executives from Kering and its Houses.

Kering Mentoring

In late 2021, Kering rolled out its mentoring program, designed to develop talent by drawing on the experience of senior managers and providing the opportunity to share a common experience within the Group. This Group-level program is now being rolled out locally across the various regions. In Europe, 50 people, or 25 mentor-mentee pairings, from ten different Houses and four different countries (France, Italy, the United Arab Emirates and the United Kingdom) came together to start a six-month development program. In Asia, 30 people from ten different Houses took part in the program and the first American cohort will join in 2023.

3.2.3 Employee engagement: putting employees at the center of all initiatives

Kering has identified the development of employee engagement as one of its strategic priorities. Over the years, Kering has fostered employee engagement through shared experiences, helped to create a common culture, and strengthened the feeling of belonging to an integrated Luxury Group.

Through our internal platforms, everyone at Kering now has a voice and can access Group information at any time, via any channel.

To foster a culture of dialogue, Kering has since 2020 held discussions with employees that are livestreamed on the Group's social media platforms, for the benefit of all employees worldwide. In these discussions, Kering leaders such as François-Henri Pinault and Jean-François Palus, along with external speakers who are experts on the company's key issues, answer employee questions directly. The videos are then available for replay. Since these discussions were launched, employees have been increasingly engaging with them in terms of comments and reactions. In 2022, Kering produced 15 livestreams on topics as varied as the employee share ownership plan, financial results, and successes in the digital domain.

Global communication campaigns about the Group's values and policies

The internal communication campaigns conducted by Kering strengthen the Group's shared history and vocabulary and enable the deployment of new HR resources and policies centered around the Group's shared values:

- For the seventh consecutive year, a five-week communication campaign was conducted via the Group's two internal networks to inform all employees about Kering's culture of integrity and the ethics and compliance principles applicable across the Group. This campaign accompanied the online "Ethics and Compliance" training course, which is mandatory for all employees in all Houses and in 2022 focused on four themes: human rights, corruption, sustainability and well-being at work. The 2022 uptake rate of 96.5% reflects the commitment of all Group employees to this subject.
- For the third consecutive year, all employees were required to take a Privacy & Cybersecurity e-learning module, which had two options: one for customer-facing teams and another for employees who do not work in retail. In 2022, the module saw an excellent uptake rate of 92.6%.

Internal mobility is key in ensuring the retention of talent. This is why, once again in 2022, the Group held a promotional campaign among all employees, in order to emphasize the benefits for all stakeholders. The campaign took place on Kering's social media platforms, featuring stories from employees who have successfully changed roles within the Group, moving between Houses, functions or countries. This program forms part of the same process as Gucci's "Gucci Changemakers" volunteer program, created in 2019 to encourage all Gucci employees to support their local communities. The program allows employees to spend up to four days of their working time helping non-profit organizations in four key areas: the environment, education, social justice, and health and well-being. More than 2,400 applications to take part were received and 200 activities were identified, with more than 1,750 employees worldwide becoming involved through over 100 collaborations with non-profits.

Given the nature of its businesses and its Houses' client base, combating violence against women is a key issue for the Group, which has been committed to this cause since 2008 through the Kering Foundation. Since 2011, 1,912 employees, including the Group Executive Committee, have received training to help them understand the impact of domestic violence and promote a supportive work environment for women who are victims of domestic violence. The Kering Foundation has also developed a 30-minute e-learning session, available in English, French, Italian, Spanish, German and Dutch. The Kering Foundation also encourages Group employees to use both their professional and personal skills to support partner NGOs and social enterprises. Since 2021, eight of the Foundation's non-profit partners offered assignments on the Giving Back platform, which allows Group employees in France, Italy and the UK to spend up to 21 working hours per year on volunteering projects.

In 2022, to develop a culture of feedback in which employees' ideas lead to practical action and in which managers can drive change around them, Gucci carried out three opinion surveys in which 3,000 employees took part, with an average response rate of 62%, along with a survey of all Gucci employees worldwide (almost 19,000 people) with a response rate of 83%.

3.2.4 Quality of life at work

As early as 2010, Kering signed a "Charter of commitments on the quality of life at work and the prevention of work-related stress" with the Group's European Works Council. This charter has enabled the Houses to develop and implement action plans based on three key principles:

1. identifying and assessing the causes of stress in the workplace;
2. deploying preventive measures to improve quality of life at work and reduce workplace stress factors;
3. keeping employees informed and giving them the opportunity to provide anonymous feedback so that the Houses' action plans can be adjusted or enhanced.

Since 2015, health, safety and quality of life at work have been the key aspects of Kering's commitments under the European agreement signed with the European Works Council on February 19, 2015. Under that agreement, the Houses are adopting procedures and taking action to identify, assess, reduce and prevent the key risks associated with their activities. They are also taking initiatives designed to achieve continuous improvements in quality of life at work. In this way, Kering is committed to developing a working environment and working relationships that ensure well-being at work, to promote the development of all employees and contribute to the Group's performance.

The most recent Kering People Survey #Nofilter in 2021 included questions on quality of life at work, morale, stress, work-life balance, health and safety and mental health. This survey is an opportunity to listen to employees, analyze their responses and prepare action plans, particularly as regards the prevention of psychosocial risks.

Kering continued to promote well-being at work in 2022:

- by disseminating a guide to well-being at work to employees of Corporate functions in Europe. This guide informs employees about matters relating to their quality of life at work, the definition of psychosocial risks and the six factors that can influence employees' health, performance and satisfaction at work based on studies by the International Labour Organization (ILO) and the World Health Organization (WHO). It provides information on risk situations and offers techniques and advice to help employees and managers prevent psychosocial risks. The guide also provides a reminder of the Group's commitments, the related e-learning offering and dedicated contact people for all teams;
- by developing in-person training for senior and less senior managers to help them detect situations where there is a lack of well-being, hold pre-emptive conversations with employees, and understand what their roles are as managers and who they can ask for support both within the Group and externally, to create a safe and supportive working environment.

Members of Kering's European Works Committee also took part in a consultation on employee-management dialogue and well-being at work within the Group, and a common declaration was signed in the Committee's plenary meeting of December 1, 2022. In particular, this declaration refers to the Group's innovative policies to foster well-being at work: baby leave, its global policy on domestic violence and its policy on human rights, including upholding these rights in the working environment (see above section 3.4.2.1).

3.2.4.1 Promotion of workplace safety and management of psychosocial risks

In 2020 and 2021 – two years that were dominated by the COVID-19 pandemic – management structures within each House and country organization ensured that health and safety measures were implemented at all levels worldwide. National, regional and local procedures were developed by the entities to put into practice Kering's global health and safety policies. A continuous consultation process was initiated with employees on the topics of health, safety and well-being to enable everyone at Kering to play a role in prevention and protection measures. Employee-support resources were made available (including 24-hour hotlines in China and France, and custom support in Japan), backed up by innovative applications (such as Joyable in the United States). Pilot well-being at work programs were launched, including *#takecare* (guide, training, etc.) at Kering Corporate and *Be well* at Alexander McQueen.

Kering made all of its HR platforms available to maintain constant ties with employees, regardless of the health situation in their country of location.

In addition, Kering and its Houses implemented numerous protective measures at Group sites worldwide to ensure the health and safety of employees and clients, in line with the government's recommendations in each country and any changes to such recommendations, and in accordance with the Group's global health and safety policy.

In 2022, 252 lost-time accidents were recorded across all of the Group's Houses, compared with 233 in 2021, with zero fatal accidents in 2022 as in 2021 and 2020.

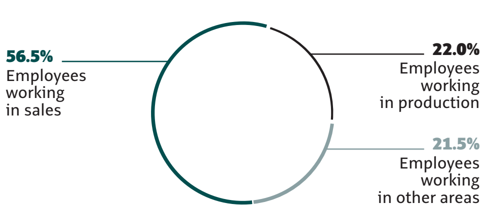
Frequency and severity rate of accidents in 2022, 2021 and 2020

	2022	2021	2020
Frequency of work-related accidents (number of accidents per million hours worked)	3.36	3.46	3.50
Severity rate of work-related accidents (number of days lost per thousand hours worked)	0.09	0.10	0.09

Across all of the Group's Houses, 25 employees were recognized as suffering from a work-related illness in 2022.

Kering's global health and safety policy is based on best practice from across the organization. It aims to ensure that a clear governance structure is in place and that regular internal audits and other processes are implemented Group-wide, with a view to achieving the zero-accident target each year. It also requires the Houses to take specific measures to improve quality of life at work for retail employees and to conduct regular health and safety audits.

Employee profiles (%) as of December 31, 2022 by area of activity[(1)]



(1) Sales: employees working in wholesale, stores and e-commerce. Production: employees working in production (workshops, tanneries, etc.). Other areas: employees working in support or logistics functions.

Health and safety is a priority for the Group. Its global health and safety policy sets out its key principles in this area. The Houses adapt their local procedures by involving the Social and Economic Committee's Health, Safety & Working Conditions team, ergonomists, occupational physicians and external prevention specialists. In terms of risk prevention, 41,023 hours of safety training were provided to 5,993 Group employees in 2022.

Overall lost time and sick leave (%) in 2022, 2021 and 2020

	2022	2021	2020
Overall absenteeism rate	5.7%	5.3%	5.6%
Absenteeism rate due to illness	3.2%	2.8%	2.9%

The total figure for absenteeism due to illness includes sick leave, work-related illness, work-related accidents and travel-related accidents. The overall absenteeism rate includes absenteeism due to illness and every other kind of absence (maternity leave, paternity leave, unjustified absences, etc.), calculated from the first day of absence.

Kering also works to prevent psychosocial risks and offers its employees psychological support. In Europe, a toll-free number is available to all employees who feel that they require psychological support, regardless of the reason. Support is also provided when employees are collectively affected by a particular event or situation.

In addition to these initiatives, the Houses explore various other avenues, including:

- identifying psychosocial risk factors at work (e.g., Kering Corporate, Bottega Veneta and Gucci through SA8000 and ISO 45001 (formerly OHSAS 18001) certification);
- preventing psychosocial risks and stress by bringing in healthcare professionals, such as physiotherapists, osteopaths, sophrologists and teachers of yoga, Pilates, and meditation, particularly at Kering's head office, and providing social assistance services for employees. Audits were conducted in 2019 for Kering Italia and Gucci to identify strengths in this area and avenues for improvement;
- promoting work-life balance (smart working, extension of the remote working program, flextime, etc.) and introducing the right to disconnect in France. A disconnection charter and a guide to best practice regarding remote working also form part of the Group's work-related standards.

3.2.4.2 Organization of work

Kering strives to implement an organized and collective structure, as well as methods and know-how that allow employees to work together in the interest of the Group and based on set objectives.

The average working time of the Group's full-time employees is 40 hours per week. In 2022, 58,698 hours of overtime were logged in France, an increase on 2021.

In 2022, 2,068 employees worked part-time. Employees working part-time accounted for 4.7% of permanent employees, down from the previous year, and were located mainly in the United States and Western Europe. Contractual working hours are spread out on the basis of the specific business and organization of each House, either over certain days of the week, or over reduced time slots on all working days.

The organization of working time remains a topic addressed by the Group's Houses and 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 environment guidelines, including those relating to the COVID-19 crisis.

In France, work is mostly organized on the basis of a fixed number of hours or days, with annualized working time and the possibility of flextime.

Beyond these legal aspects, the Houses try to find and offer more flexible ways to organize working time in order to meet their own needs as well as those of their employees as part of their policy on quality of life at work: flextime for several Houses, the introduction of a smart working pilot plan at the Bottega Veneta and Gucci headquarters in Italy, leave to care for sick children at Boucheron and part-time work at Pomellato. In 2022, when fitting out offices, Kering also included flex office arrangements for its Corporate functions and for its Houses in Europe which, alongside remote working, foster a better work/life balance.

These discussions are regularly shared within the European Works Council and discussions are also held with managers and employee representatives at the local level to find the most appropriate solutions while also ensuring employee well-being and a healthy work-life balance.

Promoting a better work-life balance and fostering well-being at work

The Group and its Houses are implementing actions in favor of work-life balance, benefiting both men and women and based around three aspects.

1) Operating a strong parental policy

The best example of Kering's commitment to work-life balance and its respect for working parents is its global parental policy, deployed in 60 host countries on January 1, 2017 and further enhanced by the introduction of Baby Leave on January 1, 2020.

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.

The Group's Houses and Kering Corporate are also implementing initiatives in this regard: to facilitate their return to work, Kering Corporate France allows new parents to opt for part-time work at 80% of standard working hours without any loss of pay during the month following their return from maternity, paternity or adoption leave. Balenciaga's Baby Leave Comeback program has been in place since 2020 to make it easier for parents to come back to work by offering greater flexibility, while Gucci, Pomellato, Kering UK and Kering Italia all offer specific employee benefits.

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 surveys conducted in 2019 and 2021 in all host countries. The measures deployed by the Group and its Houses as part of their action plans address this desire for more flexible work methods.

The deployment of company-wide platforms for HR, information, communication, training and dialogue has also contributed to improving quality of life at work. All Group employees now have access to the same resources, regardless of their location, profession or position, representing a key factor in employee well-being.

The Houses have also been able to capitalize on measures relating to well-being at work, such as the organization of workplaces in line with the highest standards, as well as flexible working hours, work-life balance and health and well-being.

The accelerated deployment of these new practices in 2021 was supported by all teams, particularly the HR, IT and Security teams, and was facilitated by the digitalization of the Group's communication platforms, to maintain the performance, engagement and well-being of employees.

3) Creating a working environment in which work-life balance is both an objective and a reality

Kering receives recognition for these initiatives, and the Group's participation in external networks serves to promote its developments in this area and help it continue to come up with innovative approaches. Kering has been a member, since 2016, of a discussion platform initiated by the International Labour Organization (ILO), known as the Global Business Network, the French-speaking branch of which brings together French-speaking companies that are committed to developing joint international welfare programs.

Kering continues to contribute to the work of the French-speaking ILO network and has been involved in the production of three best practice guides. The most recent of these, "Adopting a strategy of parental support and measuring its impact" was published in 2021. Another guide on well-being at work is currently being drafted.

3.3 Remuneration and employee benefits

The Group's personnel expenses totaled around €2.8 billion in 2022 (see note 4 to the consolidated financial statements in Chapter 6 of this document).

3.3.1 Remuneration policy

Remuneration is a key component that managers can use to reward the commitment and the individual and collective performance of their teams. The various components of the pay structure and the way they are managed are based on principles defined by the Group.

Performance-related remuneration

There must be a strong link between remuneration, individual contribution and collective performance. This link with performance must exist for all components of remuneration, both basic salary and variable elements (i.e. bonuses and long-term incentives).

Accordingly, 90% of the Group's employees receive a fixed salary and a variable pay component that is subject to the achievement of individual and/or collective objectives.

The individual portion of variable pay is determined and managed as part of the performance management process. Each employee's contribution to their team's results is assessed by their direct manager in accordance with the achievement of targets set and their behavior throughout the year.

In a similar spirit of recognizing and rewarding team performance and the contribution of all employees to Kering's growth and success, the Group introduces incentive plans in countries where this is encouraged by the local legislation. In France, nearly all employees benefit from a profit-sharing mechanism.

Competitive and fair remuneration

Major efforts are made to ensure that fixed salaries are both fair internally and competitive within the market. They are reviewed annually, based on proposals made by direct managers. Fixed salary raises are granted in accordance with the level of the existing salary in comparison with peers and/or the external market, factoring in performance over time and the potential for development.

The existence of a framework for all jobs within the Group and shared by all Houses (known as the "Job Catalogue") enables their accurate definition based on both area of expertise and level of responsibility. This is particularly helpful during the internal and external competitiveness analyses that are regularly conducted by the Group, and for the fair allocation of variable pay and certain benefits in kind.

Individual career paths within the Group and impacts on individual remuneration are managed without consideration of gender or age.

In 2021, the Group developed the Kering Parity Index, to allow Houses to evaluate and monitor their parity performance over time. This index consists of four individually weighted indicators: parity indicator in the 300 executive positions with the greatest level of responsibility, gender pay gap by level of responsibility, comparative opportunities for men and women to benefit from a promotion or job development, and comparative opportunities for men and women to receive a pay rise. It will be calculated annually for each House and at the consolidated Group level in order to identify areas of weakness requiring specific remedial measures and to allow changes in these various metrics to be monitored over time.

To support women and achieve pay equity by 2025, Gucci has analyzed salaries in more than 45 countries and prepared an initial report on the gender pay gap. In 2021, Gucci undertook to carry out an in-depth analysis of salaries paid to its workforce in Italy, focusing on corporate, retail and factory employees. A report on pay inequality is planned, which will make it easier to identify ways to promote gender equality and promote an inclusive culture. In 2021, to strengthen its commitment to gender equality further, Gucci signed the CEO Champions Commitments during the G20 Women's Forum in Milan. In 2022, Gucci started the certification process, with the aim of obtaining Gender Parity certification for Italy in 2023.

These initiatives are an integral part of the plan of action to achieve gender parity, which forms part of the 2025 Sustainability Strategy.

Remuneration and social commitment

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 for each employee and their family.

In 2021, Kering carried out a global study to define, for each of the countries in which it operates, the Kering standards that would ensure a decent standard of living to all employees and their families. The definition of a decent standard of living includes: food, water, housing, education, healthcare and other essentials needs.

In order to ensure that these thresholds are reliable and legitimate, the Group has drawn on the Fair Wage Network methodology, which collects and analyzes information for different countries on a standardized basis. New research that becomes available in each country is systematically integrated by the organization. Thus, this committed approach will help Kering fine-tune and strengthen its commitment over the years.

Each House is informed of any shortfalls on an annual basis.

Focus on: *KeringForYou*, Kering's first employee share ownership plan

To ensure that the value and wealth that Kering creates is shared fairly, it launched its first employee share ownership plan in 2022. Its name – KeringForYou – was chosen to convey the fact that it is designed to reflect the Group's employees, to recognize their qualities and commitment. The program was offered to Group employees based in France, Italy, the United Kingdom, the United States, Mainland China, Hong Kong SAR, Japan and South Korea, representing 80% of Kering's total workforce. The average take-up rate was 31%, and an impressive 66% in France. The initiative was recognized by the French federation of employee-shareholder and former employee associations (FAS), which named Kering the winner of its grand prize in the CAC All Tradable category. FAS said that Kering is a "trailblazer in terms of employee share ownership in the luxury sector, with the aim of sharing and creating wealth and of strengthening the Group's employer brand".

3.3.2 Executive pay

Within Kering's senior management, the remuneration of 300 people in particular is monitored by the Group's Human resources department, with the aim of ensuring internal consistency and competitiveness in light of industry practice.

The remuneration structure for senior executives (portions allocated as base pay and as short-and long-term variable remuneration) is defined by the Group. It varies in accordance with the level of responsibility assigned to the role. The short-term variable remuneration (annual bonus) policy aims to reward senior executives for meeting objectives – in part financial and in part individual – set in line with the strategy of the Group and the Houses. Financial performance is assessed on the basis of two indicators, dedicated to measuring profitability (recurring operating income) and assessing the quality of the free cash flow of the Group and the Houses. The long-term incentive policy, meanwhile, meets two objectives: rewarding executive teams for both their performance over time and their loyalty to the Group.

Since 2020, all executives have had performance shares, which now represent the main element of Kering's long-term incentive schemes. The number of shares granted to each executive varies with their level of responsibility. The number of shares delivered at the end of the vesting period may vary between +/- 50% compared to the number initially granted, depending on Kering's share price performance compared to a panel of luxury industry stocks.

For executives working within a Group House, the Kering performance shares are accompanied by monetary units in the same proportion, linked to the valuation of the House for which they work. These monetary units were launched in 2013 and their unit value evolves over time in line with the increase in the House's value. At the end of a three-year vesting period starting from the year that the monetary units were granted, executives have the opportunity to exchange their monetary units during two cash-in windows per year over each of the subsequent two years.

3.3.3 Employee benefits within the Group

In addition to monetary remuneration, the Kering group has always placed great importance on offering its employees healthcare, disability/life cover and pension benefits, as well as ensuring their well-being more generally. In addition to the coverage provided for by law, almost all employees enjoy supplementary insurance through the various plans in operation in the Group's Houses.

For some years, the Houses have offered more comprehensive benefit plans in line with best practice in each country. These popular plans are constantly changing to better meet employees' expectations. France is a good example of this: savings, pensions, healthcare and benefits were fully overhauled in 2022 to offer employees more suitable coverage. As well as basic coverage, plans often include benefits relating to well-being, sports, education, recreation, transportation and family support. As far as possible, these benefits are available flexibly and can be selected to meet the needs of each individual. This was the guiding spirit behind the introduction in 2020 of the ambitious Flex Benefits program for Gucci's employees in China.

Kering promotes its employees' work-life balance, which is closely associated with well-being. The Group offers flexible, hybrid working, which has now been adopted by most employees in Kering's offices. All employees receive a minimum of two weeks of paid leave per year, notably in Asia and the USA, where paid leave is not covered by local labor law. The paid leave policy allows employees to "recharge their batteries' so as to better engage with and contribute to a positive and balanced work environment.

3.4 Social dialogue

The Kering group strives to ensure ongoing employee-management dialogue specific to each of its bodies.

In 2021, European Works Council members had their terms of office renewed, and the EWC marked its 20th anniversary. Members of the French Works Council appointed in 2019 also underwent economic and workforce-related training. This training took place in-person in Paris and fed through into Kering's employee-management dialogue at a national level.

Despite the health crisis, the two plenary sessions of the European Works Council and the annual meeting of the French Works Council were held in 2020, either totally or partially in-person with all of the necessary protective measures. In addition to scheduled meetings, regular updates were organized with the offices of the Group's two employee representative bodies, throughout 2020 and 2021, to discuss such issues as the COVID-19 situation and the measures taken to protect the health and safety of employees.

3.4.1 Listening to and engaging with employees

By promoting free expression within the Group and ongoing dialogue with employee representatives, Kering has long made clear its determination to forge sustainable and constructive relationships with all its employees and their representatives.

Each House adopts these commitments and Kering's policies. The Group's innovative employment policies cover 100% of its employees, notably through the provision of 14-week paid Baby Leave, preventative measures in health and safety and arrangements to safeguard human rights.

In 2022, employee-management dialogue provided a key opportunity to discuss health and workforce-related developments in France, Europe and worldwide. Scheduled meetings and preparatory meetings continued, with the help of an expert, ensuring the ongoing success of the Group's employee representative bodies and its employee-management dialogue process.

Employee-management dialogue was also enhanced by direct messages to employees from Group and House executives via Workplace, the corporate social network accessible to all employees, regardless of the local health situation. Communication with employees was constant, candid and open to comments. The number of informal meetings between the secretariats of the European Works Council and the Group's French Works Council increased in 2021.

The number of working hours of industrial action fell to 1,021 in 2022, compared with 1,673 in 2021 and 150 in 2020, in light of a recovery in global activity and solidarity movements in support of external causes.

3.4.2 The Group's forums for employee-management dialogue

3.4.2.1 The Kering European Works Council

Created pursuant to the agreement of September 27, 2000, the Kering European Works Council (EWC) provides a Europe-wide forum for information, consultation, the exchange of views and dialogue. The principal purpose of the EWC is to remain a key intermediary in the development of employee-management dialogue between European countries with differing realities and social practices.

The EWC is a cross-border institution and operates alongside existing national employee representative bodies in accordance with specific prerogatives in terms of receiving information and being consulted. The discussions that take place within the EWC enable employee representatives to acquire a better knowledge and understanding of the Group's organization, strategy and main challenges.

The EWC holds two three-day plenary sessions per year with Group Management, at which it is informed of and, where applicable, consulted on cross-border issues affecting the Group's employees in a manner defined in precise terms by the new agreement signed for an indefinite period.

The EWC also has a Select Committee composed of five members, elected by their peers, who meet at least four times a year to prepare and analyze the two annual plenary sessions and to discuss various issues with Group Management.

In 2021, the members of the EWC had their terms of office renewed for four years. The EWC met on two occasions, including one meeting attended by François-Henri Pinault, the Group's Chairman and Chief Executive Officer, while the Select Committee met four times. Regular meetings are also held with the EWC secretariat. The Council members newly appointed in each country met in Paris on December 1, 2 and 3, 2021.

In 2022, the EWC met on two occasions. Its June meeting was attended by François-Henri Pinault, the Group's Chairman and Chief Executive Officer, and the CFO. The Select Committee met four times.

In October 2022, the EWC's members took part in three days of in-person training on economic and workforce-related matters at a Paris business school. The training was provided by finance, union and HR experts and related to the fundamentals of business economics and finance, European employment law, interculturality and well-being at work. This training plays a vital role in developing the skills of EWC members, who have regularly addressed the financial and economic issues relating to the Group as well as workforce-related innovations over the last 20 years.

Kering's management and EWC members, who cover 100% of the Group's workforce in Europe and 51% of its global workforce, also met several times in 2022 to underline the importance of employee-management dialogue and well-being at work. After these meetings, a joint declaration was signed by Management and the Board Secretary in the EWC's plenary meeting of December 1, 2022.

The joint declaration aims to promote Kering's employee-related commitments, which aim to ensure a working environment that is stimulating and inclusive and fosters well-being at work. These employee-related commitments can be found in the Code of Ethics, the health and safety policy, the Baby Leave policy, the 2020 Global policy on domestic violence and the policy on human rights in the workplace. It also recaps fundamental principles and rights relating to work, including the principle of a safe and healthy working environment, which was recognized as a fundamental principle and right by the International Labour Organization (ILO) in June 2022. Finally, the declaration provides a reminder that trusted, constructive and responsible employee-management dialogue within the Group also helps to foster well-being at work.

3.4.2.2 The French Works Council

Within all of its Houses in France, the Group engages in dialogue with employee representative bodies and as part of negotiations with unions.

Created in 1993 and renewed most recently in 2015, Kering's French Works Council represents workers in France and operates under French law. Its members, who meet in plenary sessions once a year, are kept informed of and exchange views on the Group's strategies, economic and financial imperatives, and HR management policy. Each plenary session is preceded by two preparatory meetings of members that allow them to seek expert advice and ask questions of the Board prior to the annual plenary session.

On February 27, 2020, an agreement renewing the powers and resources attributed to the French Works Council was signed unanimously by the unions for an indefinite period. In application of this agreement, two days of economic and workforce-related training was provided to the members of the Council on September 29 and 30, 2021. The topics addressed during the physical meetings of the French Works Council in April and May and on June 4, 2021 included an update on the social, economic and financial situation of the Group and its Houses, a presentation on the 2021 ethics and compliance training, and a discussion relating to questions submitted in advance by French Works Council members.

Kering also took advantage of the two days' training of the French Works Council members to incorporate training on issues relating to employee-management dialogue.

In 2022, members of the French Works Council met three times. On November 16, they undertook training on employee-management dialogue in preparation for employee representative elections in the Group's Houses. This training, provided by an expert in workforce relations, is part of the four-stage training course that has been delivered to members of the French Works Council and the Houses' HR managers since 2021 in France.

4 – WORKING TOGETHER TO BUILD SUSTAINABLE AND SOCIALLY RESPONSIBLE SUPPLY CHAINS

Focus on: Kering's vision of responsible sourcing

Managing its impacts beyond its own operations: an approach based on transparency and traceability

Kering is aware that its social and environmental responsibility goes beyond its own operations and extends throughout its supply chains. The Group further believes that respect for human rights applies to everyone, be they employees, workers in supply chains or members of local communities, which are the key principles documented in the Group's Code of Ethics and human rights policy.

The Group's responsible sourcing approach is also based on key principles defined in its Suppliers' Charter, as well as the Sustainability Principles applicable to suppliers. The Kering Standards: Standards and guidance for responsible production, lay down the Group's requirements in terms of responsible sourcing and traceability of raw materials (see section 5.3.3). Furthermore, Kering helps its suppliers adopt more sustainable practices and has set up its online supplier portal in order to involve suppliers in the Group's objectives and requirements with regard to sustainability.

The result is a need for transparency and traceability within supply chains for its raw materials – and therefore the need to identify, understand and map those chains – with a view to developing synergies and priority programs wherever significant impacts are found.

4.1 Relations with our direct suppliers and subcontractors (Tier 1 and Tier 2)

4.1.1 Responsible sourcing policy: key principles and documents

4.1.1.1 Suppliers Charter

Since 2013, the Group's Code of Ethics has included the Suppliers' Charter, which sets out in detail Kering's specific expectations of its commercial partners as regards social and environmental issues. For any supplier wanting to work with Kering or one of its Houses, notwithstanding any contractual clauses, compliance with the Charter is a precondition of the business relationship. The Group requires its suppliers to commit formally to applying high ethical standards themselves and to upholding human rights.

The Charter reminds them of the need to promote human rights within their production units and among their subcontractors, and to advise Kering and/or its Houses of any serious difficulties in applying the Charter. Compliance is further measured by means of workforce-related audits at production sites (see section 4.2).

4.1.1.2 Sustainability Principles applicable to suppliers

Kering's Sustainability Principles are divided into three areas:

- workforce-related aspects related to human rights, labor rights, and health and safety, including the elimination of child labor, forced labor, human trafficking in all its forms and discrimination, compliance with statutory working hours, and respect for the freedom of association and the right to collective bargaining;
- environmental aspects, such as compliance with laws as well as restrictive lists of chemicals defined by Kering, environmental management, and waste water treatment;
- aspects related to the supply of raw materials and packaging, including respect for animal welfare and the five related freedoms, sourcing and traceability requirements for a number of key materials used by Kering, and the prohibition of certain substances and/or certain sourcing regions (for reasons related to workforce-related conditions in the production system – child or forced labor, for instance – or environmental issues).

These principles are available on the Group's website and have been an integral part of supplier contracts since 2016, alongside the Suppliers' Charter. Each supplier is in turn tasked with passing on these principles to its own subcontractor network if it has one. This document was updated in 2021 and provides details of these mandatory principles imposed by international and national laws, as well as those embodying Kering's additional requirements and best practices. It is consistent with the conventions, agreements and major international texts it references (ILO and United Nations Conventions, United Nations Guiding Principles on Business and Human Rights, Millennium Ecosystem Assessment, Ramsar Convention, etc.).

4.1.1.3 Responsible purchasing policy

For non-retail (indirect) purchases, the Group's Indirect Purchasing Department remains committed to responsible sourcing based on a reciprocal undertaking with suppliers to respect the Kering Code of Ethics. It also has specific commitments tailored to each category of purchases, with buyers identifying the most relevant sustainability criteria. To formalize this process, a responsible sourcing policy has been implemented at Group level.

It sets out the priorities to be shared and applied by all Group employees to manage purchasing ethically and responsibly. It has been distributed to all Kering employees. Today, all buyers are trained and made aware of responsible purchasing practices, and all purchases include CSR selection specifications and/or criteria.

Kering further formalized these commitments in 2014 by signing the "Responsible Supplier Relations" Charter issued by the French Ministry of Economy and Finance, and the *Compagnie des Dirigeants et Acheteurs de France* (French purchasing managers body – CDAF). The Charter's purpose is to promote the implementation of and compliance with best practices in relation to suppliers in France and to encourage the major signatory companies to implement a progress-oriented approach with their suppliers, especially small and medium-sized enterprises, in order to develop a true partnership through mutual knowledge and respect for each party's rights and duties.

For Direct Purchases, the Group's Direct Procurement department remains committed in supporting all Kering's Houses in reaching the 2025 goal of procuring 100% raw materials aligned with the Kering Standards. Since 2021, the team has implemented Procurement framework contracts at group level to support the purchase of raw materials in the form of yarns and fabrics aligned with the Kering Standards and certified, ensuring availability of key commodities at negotiated prices and agreed lead times. A harmonized methodology is applied to all projects under Procurement management confirming, at the same time, the creation of a different strategic approach tailored to each commodity based on its market characteristics and always guaranteeing alignment with Kering Standards and Procedures.

4.1.1.4 Kering Standards: adoption and dissemination

In 2012, Kering set out basic principles and guidelines on responsible sourcing, known as the Kering Standards: Standards and guidance for sustainable production. A first in the luxury industry, the Standards were published in 2018 and can be downloaded in English, Italian and French from the Group's website.

The Standards 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. They are based on founding notions of integrity (material traceability, *Chain of Custody* certification, etc.), circularity (use of recycled materials where possible, consideration of the recyclability of products, etc.) and the precautionary principle (no use of GMOs, no nanomaterials, etc.).

The Kering Standards cover:

- the raw materials used by the Group, representing more than 95% of purchasing volumes, namely leather and precious skins, fur alternatives, wool, cashmere, cotton, silk, synthetic fibers, paper, wood, plastic, feathers and down, cellulosic fibers, gold, diamonds, colored gemstones and silver;
- the Group's main manufacturing processes, namely tanning, the various stages of textile processing, leather work and shoes;
- since 2020: packaging, visual tools and innovation for sustainable production;
- since 2021: logistics (warehousing and transportation) and rules for managing products at the end of their lifecycle.
- since 2022: supplementary guides relating to circularity, innovation and sustainability claims.

The Kering Standards are circulated within the Houses by means of dedicated training programs provided for suppliers by the Houses and Material Innovation Lab. An e-learning module about the Standards has already been taken by more than 6,500 employees. It is available in five languages (English, French, Italian, Chinese and Japanese) and is designed to adapt to the learner's profile (design, merchandizing, materials research, product development, purchasing, production/series production, quality, etc.). For each material or process, it explains the related environmental and workforce-related issues, and then sets out the measures to be taken to ensure responsible sourcing.

In addition, in 2019, Kering published the Animal Welfare Standards with the aim of ensuring the best treatment for animals throughout the supply chain. These public Standards are the first ever set of full animal welfare standards for luxury and fashion and aim to drive positive change in industry practices, and beyond. They cover all the species that are part of the Group's supply chains around the world, namely cattle and calves, sheep, goats, ostriches, crocodiles, alligators and pythons. For each species, this document highlights specific challenges, laying down breeding, transportation and slaughtering requirements, and lists benchmark certifications. Kering has published more detailed individual Standards for cattle, calves, sheep and goats, as well as guidelines for slaughterhouses. In 2021, the Standards were updated to reflect changes in practices and experience from visits and audits within our value chains. NGOs such as CIWF, Welfarm and OABA contributed to this update.

4.1.2 Helping our suppliers to adopt more sustainable practices

Training and raising the awareness of suppliers and helping them adopt best practices is the preferred avenue taken by the Group and its Houses to achieve tangible improvements in practices across their supply chains. The environmental aspect grew out of the lessons drawn from the EP&L approach and the predominant role played by supply chains (Tiers 1 to 4) in the Group's environmental impact: without suppliers sharing Kering's commitment and belief in the need for action, potential improvements would be limited.

The Group therefore acts at several levels, as a Group and within each of its Houses, individually or collectively, rolling out training and awareness programs as well as assessment mechanisms.

4.1.2.1 Monitoring and assessing suppliers' sustainability performance (Vendor Portal)

In line with the objective of creating a "Supplier Sustainability Index" and ensuring its Standards are implemented by all suppliers by 2025, Kering implemented a new supplier portal in 2020, which can be accessed online. This portal is a tool for conducting evaluations and sharing information and sustainability practices. Following a pilot phase in 2020/21, Kering has stepped up its process for collecting environmental and workforce-related information from its suppliers. In 2022, most of Kering's suppliers in the ready-to-wear, leather goods and shoes categories had signed up to the process, representing 97% of purchases in these categories. At year end 2022, Kering has organized 11 training sessions for its suppliers, which were attended by more than 1,100 people.

This portal allows for the ongoing assessment, by means of dedicated, comprehensive questionnaires of up to 300 questions, of how the Kering Standards are implemented across the supply chain, along with environmental performance and social performance. In 2022, a specific questionnaire on the implementation of the MRSL and the management of chemical products was added to the portal. This information is used to calculate the sustainability performance indicators for suppliers and to define the scope of new projects.

The various indicators show that:

- more than 700 suppliers representing around 74% of purchasing in the ready-to-wear, leather goods and shoes categories have so far completed the four questionnaires, submitting a self-assessment of their performance via the portal;
- all respondents acknowledge that they know the Group's requirements (Code of Ethics and Suppliers' Charter, MRSL and PRSL, Kering Standards);
- manufacturing sites state that they mainly buy energy from renewable sources, while around one quarter generate energy on site;
- 668 production sites related to 349 suppliers, representing 40% of purchases in the ready-to-wear, leather goods and shoes categories have shared data regarding their water consumption.

Kering and its Houses are striving to develop long-lasting relationships with their suppliers, in a spirit of trust and continuous collaboration. For instance, long term partnerships between brands and suppliers play a pivotal role in preserving, sharing and improving key know-how in a mutually beneficial way, and in ensuring the manufacturing of iconic pieces. As an example, the average relationship length between Gucci and its Leather Goods & Shoes suppliers amounts to 14 years.

In addition to the Vendor Portal, the Houses have made other commitments, including the following:

- Saint Laurent has developed a set of specific Key Performance Indicators (KPIs) for its supplier evaluation system in its leather tanneries (see section 5.3.3.2);
- in addition to the Vendor Portal's questionnaires, Gucci also assesses its own suppliers across all its business units through dedicated questionnaires covering the various aspects of their CSR approach: certifications and management systems in place, understanding of the Kering Standards, water and energy consumption, carbon footprint, waste and chemical product management, gender equality and employee well-being. The KPIs have been defined in line with the Kering Standards, traceability requirements and the MRSL, as well as with suppliers' maturity in terms of sustainability. The Gucci Sustainability Principles set out the Houses' requirements on top of the Kering Group's Suppliers' Charter and its Sustainability Principles (see section 4.1.1).

- In 2021, Alexander McQueen held a Sustainability Summit with its suppliers and introduced incentive mechanisms to develop long-term partnerships.
- In July 2022, Gucci organized a GUCCI + YOU conference for all suppliers of its main business units, in which participants discussed the House's environmental and social objectives along with its "*Sviluppo Filiere*" program. Around 150 suppliers took part.

The Group and its Houses also encourage – wherever relevant, particularly with respect to the size of suppliers – the use of certifications in internationally recognized standards for environmental management systems (e.g. ISO 14001), labor relations (SA8000) and health and safety (ISO 45001).

Focus on: Kering's project on gender equality in the supply chain in Italy with the Camera Nazionale della Moda Italiana

Since 2019, Kering and its Houses – Gucci, Kering Eyewear, Pomellato and Saint Laurent, under the leadership of Bottega Veneta – have made a commitment alongside their suppliers to support diversity and gender equality. This project, in collaboration with the *Camera Nazionale della Moda Italiana* (CNMI) has led to:

- the publication in 2019 of a study into the role of women in the supply chains of the Italian luxury industry. The study was produced with three specialist associations (BSR, Valore D and Wise Growth), and made recommendations for improving gender equality with four key aspects: working conditions and economic opportunities, leadership and career advancement, motherhood, and workplace conduct and harassment;
- a dedicated event for suppliers organized during Milan Fashion Week in 2020, which attracted 200 suppliers;
- a series of 18 training sessions for key suppliers of the Houses (covering all job roles) between late 2020 and 2022, in which more than 500 people took part. These sessions looked at the issues of women's empowerment at work, work-life balance and self-awareness;
- an assessment of the effects of this training showed a 15% reduction in prejudice about the role of women in the workplace and a 25% improvement in participants' well-being at work.

4.1.2.2 Awareness and capacity building

The Material Innovation Lab (MIL) interacts with the Houses, textile manufacturers and other external stakeholders in the Group's supply chains to foster a structured, integrated approach to developing environmentally and socially responsible supply chains. Group best practice has been developed with the Houses to:

- promote change management in material sourcing dynamics by integrating farm to garment supply chains into each Houses' operations;
- raise awareness on the importance of transparency and traceability for materials sourcing, in line with the Kering Standards;
- enable capacity building of internal procedure to test and implement innovative solutions (technologies, materials, processing, etc..).

Outside the Group, training is offered to textile manufacturers and supply chain stakeholders to:

- advice them on how to be aligned material sourcing to Kering Standards;
- raise awareness on Kering's Sustainability initiatives (eg. Kering Regenerative Fund for Nature) so that they understand the new frontiers of sustainable practices (eg. regenerative agricultural practices);
- engage commercial and business teams to strengthen their approach to sustainable sourcing;
- encourage building up new commercial relationship with new sustainable actors to promote enviromentally and socially responsible supply chains (eg. regenerative cashmere sourcing program).

Kering and its Houses also help their suppliers implement projects intended to reduce their environmental footprint, such as:

- initiatives adopted by logistics teams to reduce the carbon footprint of their activities;
- the Clean by Design project (see section 5.2.2.4);
- the project initiated in 2021 by Saint Laurent and Balenciaga for their denim suppliers in Japan, to assess the environmental performance of the various participants in the supply chain (Tier 1, Tier 2 and Tier 3) and help them to improve their practices with regard to water and energy consumption, waste management, wastewater treatment and management of chemical products (application of Kering's MRSL and PRSL). In 2022, the first phase of the project, including site visits and analysis, was completed. The subsequent phases, including operational recommendations and monitoring, will continue in 2023;
- programs developed in collaboration with participants in the various raw materials supply chains, as detailed in section 5.3.3.

The Group and its Houses, including Balenciaga, Boucheron and Saint Laurent, are also committed to working with organizations in the social and solidarity economy (SSE), particularly through contracts for on-site services and pilot projects. Kering Eyewear has also formed a partnership with *CAUTO Cooperativa Sociale*, a network of social cooperatives in Italy that helps integrate disabled people.

Focus on: the Gucci program to support supply chain sustainable transition

In May 2020, Gucci and Italian bank Intesa SanPaolo launched the *Sviluppo Filiere* partnership program to support suppliers during the COVID-19 pandemic. The program was extended in 2021 and continued in 2022, allowing small and medium-sized enterprises within Gucci supply chain to benefit from facilitated access to loans with advantageous terms and conditions to launch their own industrial evolution in accordance with the principles of the green revolution and ecological transition supported by Italy's National Recovery and Resilience Plan. These loans can be used, among others, towards energy efficiency and saving, development of renewable energy production facilities, adaptation of business models to facilitate the development of a circular economy, management of hazardous chemicals and the definition and implementation of welfare policies and instruments aimed at ensuring equality and reducing the gender gap. With this program, Gucci and Intesa SanPaolo are therefore seeking to support the Made in Italy production chain. By the end of 2022, 189 Gucci suppliers had been able to access loans totalling more than €333 million since launch.

4.2 Action to improve working conditions in our supply chains

Kering's initiatives in respect of working conditions in its supply chains form part of the Group's analysis of non-financial risks and the Group's human rights approach, and relate to its duty of care as presented in chapter 5 "Risk management and internal control".

Between 2020 and 2022, Kering adopted initiatives to support its suppliers during the pandemic, and the Houses were also able to devise specific action plans in parallel. The pandemic and related restrictions continued to have an impact in 2022, particularly in the first few months of the year. However, the frequency of audits returned to a level similar to that seen pre-COVID.

4.2.1 Implementation of the workforce-related audit system within the Group

No control system, regardless of how mature and tested it is, can guarantee the absence of risk, and it is up to the Group and its Houses to develop the most efficient collaborative and control systems with suppliers in order to keep risk to a minimum and implement any corrective action in cases where non-compliance is identified.

Since 2016, the Group has had a single central body allowing Kering to control the compliance of Group suppliers, combining audit and risk assessment practices, known as the Hercules system. This system is built on the following six pillars:

1. the Sustainability Principles established for all the Luxury Houses in 2015 and updated in 2021, which are divided into three areas: social aspects related to human rights, labor rights, and health and safety; environmental aspects; and aspects related to raw materials sourcing and packaging (see section 4.1.1 for details);
2. a central management by Kering through a team of 30 people (one Director, one Manager, 15 auditors specializing in conducting supplier audits and monitoring anomalies, nine people dedicated to management, and four planners). Depending on needs (locations, workload, etc.), this team is assisted by external service providers that apply the same auditing methodology;
3. clear and uniform procedures for all the Houses, corresponding to the different stages of the supplier relationship, including the activation procedure, monitoring procedure, and termination-of-contract procedure;
4. audit plans that are regularly updated to take into account new suppliers and exclude those that have become inactive. The risk assessments and audit plans are constructed on the basis of a set of gross risks and prior social audit performance;
5. A single and comprehensive audit methodology, including not only the key chapters relating to social compliance, but also the essential components relating to health and safety, and environmental management. Containing 97 questions, the comprehensive audit questionnaire is divided into 13 categories (child labor, forced labor, health and safety, freedom of association and the right to collective bargaining, discrimination, the environment, etc.) and is aligned with the best standards in the field, in particular the SA8000 and SMETA standards. Findings are consolidated between the Houses in order to avoid any overlap in the audits. Follow-up audits with a smaller scope focus on the area(s) in which breaches of compliance were identified or observations were made during the first comprehensive audit. In all cases, audits – both announced and unannounced – consist of document reviews, site tours, and worker interviews. Workers are selected to be representative of the workforce, notably concerning age and union affiliation, if any. These interviews are confidential. The frequency of audits depends on the results of previous audits, meaning that better-rated suppliers will be audited less frequently. Nevertheless, periodic audits are undertaken regularly to ensure compliance. In 2022, the teams have launched a comprehensive review of the current social audit protocol and associated check lists in order to capture rising regulatory expectations and best practices in this area. The changes will be implemented in 2023;

6. classification of anomalies into four categories and standard responses to each case:
   a) zero-tolerance breaches (relating to the most serious situations, specifically child labor, forced labor, irregular work, undeclared subcontractors, threats, discrimination, serious breaches of regulations, counterfeiting, etc.),
   b) serious compliance breaches:

      the supplier is given one month to resolve the breach, and a follow-up audit is scheduled to confirm that the issue has been resolved.

      Identification of a zero-tolerance breach or serious compliance breach triggers the immediate establishment of a committee bringing together the Kering audit team and the relevant House(s) to decide on the future of the relationship with the supplier. Immediate shutdown of the approval process if the supplier is in the process of being activated but has not started working; and discussions about the possibility of remediation and support for the supplier or about the need to terminate the contractual relationship if the supplier is working on one or more orders. The House makes the decision about what is the most appropriate response,
   c) moderate compliance breach:

      the supplier is given three months to resolve the moderate compliance breach, and a follow-up audit is scheduled to confirm that the issue has been resolved.
   d) observations:

      these give rise to a corrective action plan and are the subject of a dedicated checklist at the next audit. The supplier has six months to remedy the observation.

   For each of the 13 categories in the comprehensive audit questionnaire, a detailed description of what constitutes zero-tolerance breaches, serious or moderate compliance breaches and observations has been prepared. For example, in the health and safety category, any situation that may endanger the lives of workers is a zero-tolerance breach; the absence of mandatory documentation on aspects capable of endangering the health or safety of employees is a serious compliance breach; the absence of mandatory documentation other than that addressing the health or safety of workers is a moderate compliance breach; and a deviation from existing procedures results in an observation. In the social category, the falsification of a certificate proving payment of social security contributions is a zero-tolerance breach; any issue relating to the minimum wage is a serious compliance breach; a failure to comply with updates to collective bargaining agreements is a moderate compliance breach; and a failure to implement laws to promote the professional integration of vulnerable people results in an observation.

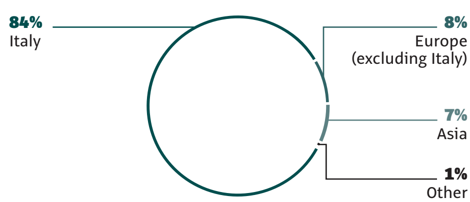
Depending on the results of audits, suppliers are classified as:

- compliant (no zero-tolerance breaches, no compliance breaches, whether serious or moderate, fewer than five observations);
- partially compliant (no zero-tolerance breaches, no serious compliance breaches, fewer than five moderate breaches);
- progress expected (no zero-tolerance breaches, more than five moderate compliance breaches or at least one serious breach);
- zero tolerance (at least one zero-tolerance breach).

4.2.2 Supply chain map

As a Group of leading global Houses, Kering operates in the luxury market, with supply chains that are structured in a very specific way, as evidenced by the location of the suppliers in the centrally managed database in 2022.

Supplier portfolio	Size of suppliers	Geographical location of Kering's suppliers in 2022
Thousands of mostly small suppliers, highly fragmented market, high level of craftsmanship.	Average number of employees per supplier: approximately 56. Average number of employees by supplier in Italy: 37. Taking all Kering suppliers into account, this represents an estimated workforce of more than 40,000 dedicated to Kering.	Almost 92% in Europe, predominantly in Italy (84%) (1):



(1) Geographical breakdown in 2022 of direct suppliers and contractors, managed within the centralized system introduced by Kering in 2016.

In the supply chain, 48% of workers are men and 52% women. By type of supplier, the gender balance is as follows:

- Tier 1 suppliers: 49% men, 51% women;
- Subcontractors (Tier 2): 46% men, 54% women.

4.2.3 2022 results of supplier audits and key indicators

The supplier base managed by Kering's central team for its Houses has the following characteristics:

- it does not yet include all suppliers, but it does now include all production suppliers, the main suppliers of raw materials (leather, fabrics, ribbons, precious stones, etc.), Kering Eyewear suppliers and suppliers deemed strategic;
- to date, it covers 4,745 suppliers, with the following breakdown:
  - 35% Tier 1 suppliers (17% of direct suppliers that do not use subcontractors and 18% of contractors that use subcontractors);
  - 65% subcontractors, i.e. those that work for contractors and have no direct business relationship with the Houses (Tier 2 suppliers).

9.3% of suppliers were deemed strategic in 2022. Strategic suppliers are those needed to ensure business continuity due to the volume of production involved and/or their specific know-how. Furthermore, out of the total number of active suppliers in 2022, 4.9% were deemed "at risk" because they are located in countries considered by the Group to be "at risk". A country is deemed to be at risk when the indicators contained in various external databases imply that human rights risks are high or very high.

14.1% of suppliers were deemed critical in 2022 (of which 71% were in Tier 1 and 29% in Tier 2). Suppliers are deemed critical when they are strategic and/or at risk. If they meet both criteria, they are only counted once. They are given special attention in view of their importance to the business and their location.

Subcontracting without prior authorization is not permitted.

Among its suppliers, Kering also distinguishes raw material suppliers. Raw materials suppliers identified as key to the Group represent roughly 20% of all such suppliers, corresponding to approximately 80% of purchases.

Lastly, for a limited portion of its activities (fragrances and cosmetics), Kering also works with licensed suppliers, i.e. those that are under license to the Houses.

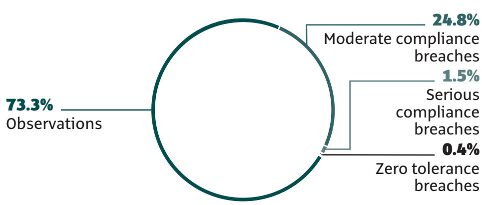
Within this portfolio of suppliers, 4,118 audits were conducted in 2022 (compared with 3,420 in 2021 and 2,399 in 2020), breaking down as 2,068 comprehensive audits and 2,050 follow-up audits. A total of 35% of these audits were carried out by Kering's Internal Audit team and 65% by external auditors, with the Group audit protocol applied in the same way for all audits conducted. This means that 64 % of suppliers were audited in 2022. 91% of suppliers were audited in 2015–2022. Some of these audits concern suppliers that have become inactive: 347 of the audits carried out in 2022 covered suppliers that were inactive at the end of the year, and 55% of the suppliers in the system that are now inactive have been audited since 2015.

Moreover, Kering has undertaken to audit all of its key suppliers every two years. It should be noted that "activation" audits for new suppliers are comprehensive audits, and that they therefore cover the entire scope of a comprehensive audit.

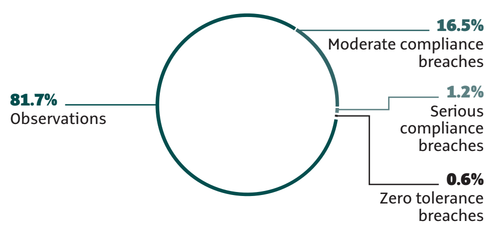
Finally, with the aim of going further back in its supply chain, Kering has initiated a new series of audits in 2022, targeting raw material suppliers (such as a silkworm farm in Italy).

At December 31, 2022, the 11,948 anomalies broke down as follows:

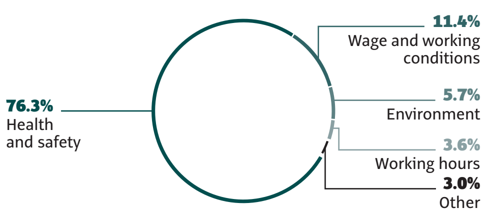
Breakdown by severity of anomalies as of December 31, 2022



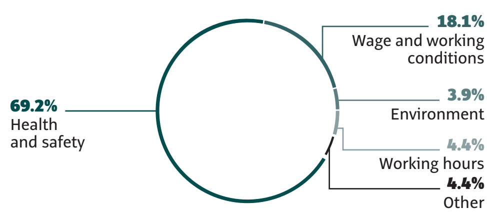
Breakdown by severity of anomalies recorded at critical Tier 1 suppliers as of December 31, 2022



Breakdown by theme of the top five anomalies recorded (excluding observations) as of December 31, 2022



Breakdown by theme of the top five anomalies recorded (excluding observations) at critical Tier 1 suppliers as of December 31, 2022



Following these audits, 64.8% of suppliers were rated compliant, 29.5% partially compliant, 4.6% progress expected and 1.1% zero tolerance. A total of 57 suppliers saw their business relationship terminated in 2022 due to unsatisfactory audit results.

Robust corrective action plans were put together following the audits, wherever breaches of compliance, and particularly serious breaches, were identified. Follow-up audits were then conducted to verify the resolution of the problem. The zero-tolerance breaches identified during the audits were dealt with immediately, in accordance with established rules and in coordination with the relevant Houses. To speed up the resolution of issues, the central team held more than 405 committee meetings with the Houses. This process aimed at continuous improvement led to resolution of several serious compliance breaches and zero tolerance situations.

For example, in 2022 a House required the central team to perform an audit to reactivate a supplier that had in the past been terminated because of a breach regarding wages. This new audit confirmed that the breach had been resolved.

Another example involved a supplier found to have a breach regarding working hours and overtime. Based on the findings of the audit team, a plan of action was agreed, under which the number of overtime hours worked each month was reduced. The follow-up audit confirmed that the company was compliant with regulations.

Finally, a breach was found at another supplier, which had failed to comply with applicable health and safety regulations. Corrective action allowed that supplier to obtain some of the missing documentation; the rest of the observations will be assessed in a follow-up audit.

4.2.4 Beyond workforce-related audits: social impact

Adopting social impact initiatives, including measuring it and taking into account its various categories, requires sustained dialogue and active collaboration with a wide range of stakeholders, including private-sector peers faced with similar challenges, international organizations that are leading the way on this topic, and technical partners that can contribute their expertise to discussions, such as living wage. Accordingly, Kering has been engaged in several initiatives and collaborations to develop its approach and explore priority areas of action for the Group:

- Kering is an active member of the B4IG (Business for Inclusive Growth) coalition. 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 practices, 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, i.e. (i) Living Wage, (ii) Human Rights, (iii) Social Metrics Disclosures & Impact and (iv) Diversity & Inclusion. In 2022, Kering hosted the first in-person workshop for the coalition.
- Kering is also a member of the Capitals Coalition, a global non-profit platform that supports the use of different types of capitals (particularly human, natural and social) when companies make strategic decisions on these matters.

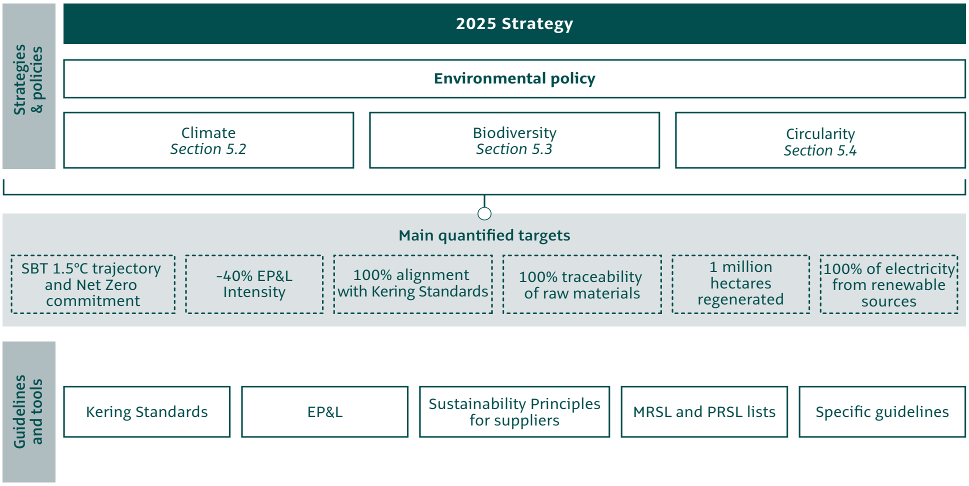
Kering is continuing its collaboration with the *Fair Wage Network* in order to pursue its efforts around living wage in its supply chains.

5 - RESPECTING AND PROTECTING THE ENVIRONMENT IN OUR OPERATIONS AND VALUE CHAIN

Kering's environmental approach constitutes the *Care* pillar of the Group's Sustainability Strategy, and is based on five key goals:

1. aim for the highest level of environmental protection;
2. make environmental concerns central to the Houses' activity by involving all stakeholders along the entire value chain;
3. go beyond mere compliance with legal environmental obligations through a macro-environment approach such as that of the EP&L;
4. drive the Group's sustainability leadership, through a collaborative approach that favors the sharing of best practice, progress and results with competitors and stakeholders;
5. bring a culture of innovation to both the business model and the supply chain in order to integrate new technologies that significantly reduce environmental impacts.

The strategy defines both the goals set by the Group in terms of improving its environmental footprint and the main drivers of improvement, namely sourcing and design. The Climate Strategy, the Biodiversity Strategy and the Circularity Ambition jointly define Kering's framework for action in environmental protection. In operational terms, this vision is expressed in the two strategic management tools: the EP&L, which measures its environmental impacts across its various supply chains, even outside the regulatory framework, and the Kering Standards, supplemented by *ad hoc* guidelines and tools.



5.1 Management of our environmental impact and the EP&L, the cornerstone of our approach

5.1.1 The EP&L, Kering's Environmental Profit & Loss account

5.1.1.1 Methodology

Since 2012, Kering has measured and quantified its progress toward becoming a more sustainable Group through its EP&L. The Group has undertaken to reduce its EP&L intensity by 40% by 2025 compared with 2015 (in € thousand in revenue).

The EP&L serves primarily as a decision-making tool providing input into the Group's sustainability projects and guiding the day-to-day choices of decision-makers, with the ultimate goal of reducing the environmental impact of both Kering and its supply chains. Going further than traditional environmental reporting, the EP&L covers six categories of environmental impact: greenhouse gas emissions, air pollution, water pollution, water consumption, waste production and land use. It allows Kering and its Houses to measure their impacts on natural capital throughout their value chains and assign a monetary value to them. The EP&L results, particularly via their monetization, make it possible to:

- translate environmental impacts into a common business language;
- compare environmental impacts between separate units;
- compare, for any given environmental indicator, the magnitude of an impact for different locations;
- facilitate comparisons between Houses and business units;
- ultimately, choose between and prioritize actions.

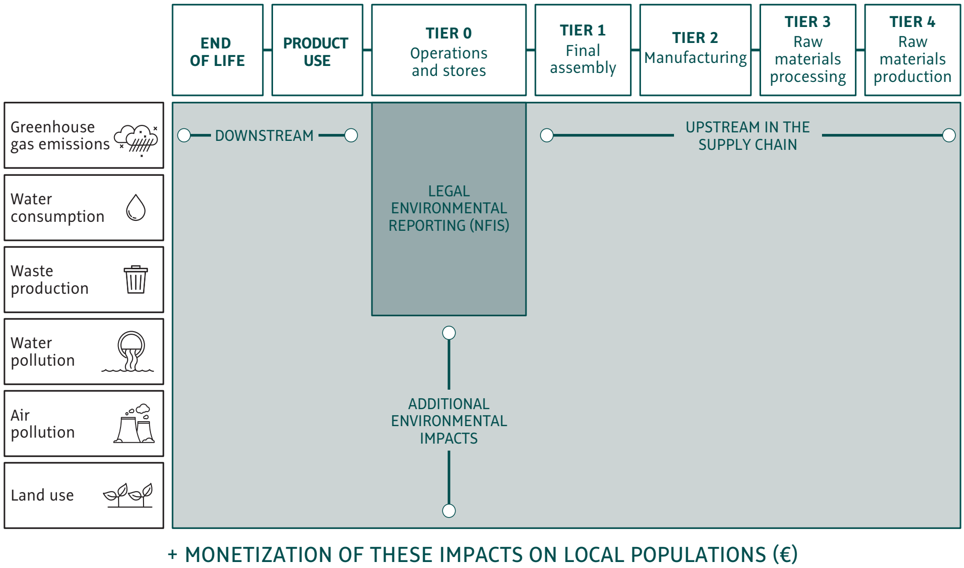
The results should not be seen as a liability or a cost for Kering. Rather, they represent a way of assessing the cost to society of environmental changes stemming from the activities of the Group and its suppliers, by taking account of local contexts and the impacts on local populations. The construction of the EP&L draws on databases containing a level of uncertainty inherent in the principle of evaluating environmental impacts using LCA methods (Life Cycle Analysis) and economic modeling tools.

In 2022, Kering continued its work, seeking to:

- accelerate the production of EP&L results by automating the data submission process and moving closer to financial consolidation processes. The creation of the Sustainable Finance department in 2022 will speed up convergence between ESG and finance data (see section 5.2.1.2);
- increase the reliability of the data used in the EP&L by strengthening control processes. The voluntary limited assurance for its EP&L data by an independent third-party organization, renewed in 2022, is included at the end of this NFIS. This method strengthens Kering's approach and increases confidence among stakeholders;
- widen the perimeter, particularly by including environmental impacts related to technological and digital tools. Digitalization is a key area of development for the Luxury industry and is an integral part of Kering's strategy. As a result, the use of data, digital tools and IT hardware is increasing rapidly, which is why Kering has broadened its EP&L methodology to include those impacts.

In line with its commitment to be transparent, Kering is sharing its 2022 results, together with the coefficients used in the calculations (monetized multipliers) on the open-source platform kering-group.opendatasoft.com. In addition, a methodological note specific to the EP&L is available on the Group's website. It sets out the framework used and highlights the key methodological elements that shape the process and the calculations, including monetization aspects.

Scope covered by the EP&L approach



5.1.1.2 Optimization strategy

Being the cornerstone of its environmental approach, the EP&L also serves as a management tool by which Kering lays out its roadmap in terms of sourcing strategy, choice of materials, and production and transformation processes. Each year, the results and lessons learned from the EP&L are reviewed by the top management of each House. They then share with Kering their action plans and the main benefits expected in terms of reducing their EP&L footprint.

The Group has prioritized its actions, in particular around:

- implementation of the Kering Standards: applicable to all of the Group's Houses and their various suppliers, the Standards provide guidelines geared toward reducing the Group's environmental footprint;
- the roll-out of targeted projects, notably:
  - the choice of materials, as regards both the actual materials and the way they are used (location, production processes, etc.), or concerning production processes such as chrome-free tanning technology and improvements in suppliers' environmental performance;
  - through the cooperation of the Houses and their different departments: improvement of material traceability, the establishment of material purchasing platforms aligned with the Kering Standards, and support for positive-impact initiatives in supply chains. This is done without compromising the confidentiality or image of the individual Houses;
- the search for disruptive innovation on raw materials and manufacturing processes, to drastically reduce the EP&L by developing groundbreaking technologies (circularity, biotechnology, blockchain, big data, etc.).

A summary of key projects carried out in response to learnings from the EP&L is provided below:

END OF LIFE | PRODUCT USE | TIER 0 | TIER 1 | TIER 2 | TIER 3 | TIER 4

Idea Labs
Inter-House working groups on specific topics. *See section 5.1.2*

Circularity

Durability by design
Design excellent products that are made to last and offer repair and renovation services to ensure a long life.
See sections 5.4.3.1 and 5.4.2

Give products a second lease of life
Development of new business models such as selling second-hand products.
See section 5.4.3

Reuse, upcycle, recycle
Management of unused materials and unsold or damaged goods.
Development of AI to optimize production and on-line distribution using sales forecasts.
See section 5.4.3

Eliminate single-use plastics
See section 5.4.4

Smart Operations

Guidelines for sites
Guides for stores, offices, warehouses and events.
Standards for Logistics.
See section 5.2.2.3

Group purchasing of renewable electricity
A renewable electricity monitoring and purchasing program available to all Houses.
See section 5.2.2.3

Site certification and equipment efficiency
Recommendations regarding certifications (LEED, HQE, BREEAM).
Improving energy efficiency through renovation and maintenance.
Consideration of sustainability performance in new store concepts.
See section 5.2.2.3

Improving the energy efficiency of transport
See section 5.2.2.4

Smart Suppliers

Clean by Design
Program to support suppliers in their environmental efficiency.
See section 5.2.2.4

Chemicals management
Product integrity (PRSL), upstream protection of workers and the environment (MRSL), heavy-metal-free tanning.
See section 5.3.5

Circular economy
Recycling production offcuts, adapting processes to use more recycled materials.
See section 5.4

Innovation
Supporting start-ups offering solutions in dyeing, production, etc.
See section 5.4.2

Animal welfare field evaluations
See section 5.3.4

Smart Sourcing

Material Innovation Lab (MIL) and Sustainable Innovation Lab (SIL)
Supporting Houses in the integration of more sustainable raw materials into their collections.
See section 5.4.2

Identifying and securing sources of sustainable supplies
Leather
Precious skins
Organic cotton
Wool and cashmere
Synthetic fibers
Cellulosic fibers
Gold and precious metals
Diamonds and precious stones, etc.
See section 5.3.3

Animal welfare
Steering Kering Animal Welfare Standards for all species used by the Group.
See section 5.3.4

R&D investment
In alternative materials (mushroom leather, etc.) or circular materials (recycled fabrics, etc.).
See sections 5.3.3 and 5.4.2

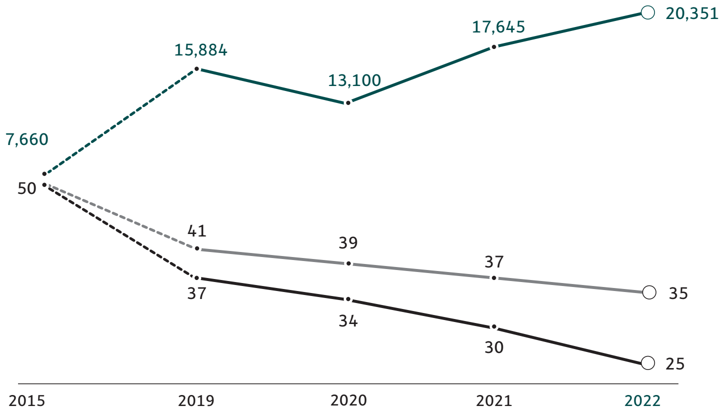
5.1.1.3 EP&L results in 2022

In 2022, Kering confirmed its trajectory in terms of lowering its environmental footprint, with a 50% reduction in intensity relative to the 2015 reference year with identical EP&L scope of calculation[(1)(2)].

In 2022, Kering demonstrated the effectiveness of its environmental strategy through a 17% reduction in its EP&L intensity[(2)] (€EP&L/€ thousand in revenue) compared with 2021[(1)] and a 4% decrease with identical EP&L methodology and scope of calculation[(1)]. This shows once again Kering's ongoing commitment to reducing its impact through effective programs and initiatives throughout the supply chain, against a background of rising purchasing volumes for some materials (such as leather) driven by the Group's growth in 2022.

(1) See methodological note on EP&L, available on the Kering website in the Sustainable Development/Reporting and Indicators section, including the 2022 change in method regarding 2021.
(2) Excluding use phase and end of life.

Change in Group EP&L intensity 2015 to 2022 (*€EP&L/€ thousand in revenue*, as reported in 2021 for 2015 to 2021)



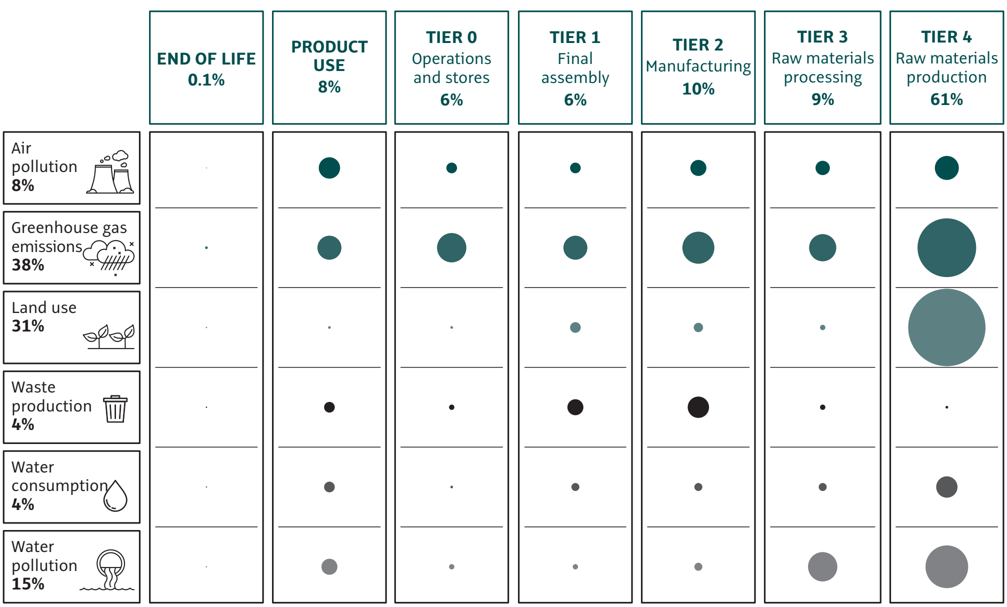
○ Revenue: €m
○ Targeted reduction in EP&L intensity to achieve the 40% reduction objective by 2025
○ EP&L intensity: €EP&L per €1,000 in revenue, with identical EP&L methodology and scope of calculation and including the 2022 change in method regarding 2021, see methodological note on EP&L, available on the Kering website, section Sustainability/Reporting and Indicators

EP&L impact *(in € millions)*

The Group's environmental impact was measured at €549 million in 2022, including the use and end-of-life phases.

An analysis of the Group's environmental profile shows that the supply chain accounts for 86% of impacts, with 70% attributable to the production of raw materials (Tier 4) and their initial processing (Tier 3). The product use and end-of-life phases have fairly limited weightings, accounting for 8% and 0.1% of total impacts respectively.

Greenhouse gas (GHG) emissions, land use and water pollution remain the predominant impact indicators, accounting for around 84% of the total impact. This confirms the strategic priorities of Kering's environmental policy.



Kering's 2022 EP&L results are available on the Group's *open-source* platform kering-group.opendatasoft.com.

5.1.2 Internal organization and management

5.1.2.1 Internal organization and managing the network

In addition to the organization and governance of Sustainability within the Group (see section 1.5), the management of the Group's environmental objectives and their operational application draws on multi-disciplinary committees, bringing together other key functions at Kering and its Houses to ensure the implementation and application of sustainability projects.

In 2022, Kering pressed ahead with its Idea Labs: working groups bringing together experts and operational employees from several Houses with a view to sharing knowledge, devising and developing new ideas, and implementing practical solutions, particularly in terms of improving the Group's environmental and societal footprints. During the year, 22 Idea Labs sessions took place, each attended by between 15 and 50 employees who discussed the following issues:

- the Kering Standards: Standards and guidance for sustainable production;
- energy-saving measures and purchases of green energy;
- eco-designed packaging and the elimination of single-use plastics;
- traceability and transparency in operations and supply chains;
- sourcing of natural raw materials;
- changes in regulations regarding circularity and environmental labeling;
- animal welfare;
- raw materials: leather, precious skins, cashmere, fur alternatives, cotton and precious metals (gold, silver, palladium) for jewelry and the galvanization of metal parts;
- best practice in client communication on sustainability;
- focus on jewelry-specific issues.

5.1.2.2 Training on reporting tools, indicators and processes

Kering develops systems such as the environmental reporting system, or EP&L, along with standards for raw materials and production processes to help the Houses manage their environmental impact.

Produced each year since 2003, the Group's environmental reporting draws on around 100 indicators. These indicators are representative of the environmental impacts of the Group's Houses, and fall into eight categories: energy consumption, water consumption, water pollution, management of environmental risks, goods transportation, business travel, waste production and use of raw materials.

To ensure consistent, standardized reporting practices are used across the Group, specific training is provided every year on these tools, complemented by annual updates to guides and handbooks in three languages, and supported by internal communication through the Group's corporate social media platform.

A methodological note provides all necessary information regarding the environmental reporting protocol, emission factors and rules and calculation methods for estimated or extrapolated pro forma data, to allow comparisons over a three-year period along with methodological clarifications regarding the application of the Taxonomy Regulation. It is available in the Sustainability/Measuring our impact/Reporting and indicators section of the Group's website (Methodological Note – Environmental Reporting, 2022).

5.1.2.3 Certification procedures

The number of Group sites for which certification is relevant is limited due to the nature of the Group's activities. Certifications related to the implementation of environmental management systems, such as ISO 14001, are sought primarily for the sites with the greatest environmental impact, such as large logistics centers and tanneries. By end-2022, all tanneries owned by the Group had received ISO 14001 certification, and 86% had LWG (Leather Working Group) certification. Some Houses are upgrading their environmental certification to include ISO 14064, which is specific to the quantification and reduction of greenhouse gas (GHG) emissions.

Some sites have also received certification for health and safety (ISO 45001), social accountability (SA8000) and quality management (ISO 9001). All Gucci's Italian stores and outlets have both SA 8000 and ISO 45001 certification, and its production sites and offices are also ISO 14001 and ISO 45001-certified. In 2019, Gucci also attained ISO 20121 Sustainable Events (fashion shows and advertisements) certification for its Guccio Gucci business.

5.1.3 Identification of Group economic activities covered by European "Green Taxonomy" regulation

5.1.3.1 The principles and key performance indicators of the "Green Taxonomy"

This section has been prepared by the Kering Group in application of European Regulation 2020/852 of June 18, 2020 (the Green Taxonomy Regulation) and delegated acts (EU) 2021/2139 and (EU) 2021/2178, which aims to facilitate environmentally sustainable investments.

The "Green Taxonomy" seeks to identify economic activities that meet at least one of the following six environmental objectives:

- climate change mitigation;
- climate change adaptation;
- the sustainable use and protection of water and marine resources;
- the transition to a circular economy;
- pollution prevention and control;
- the protection and restoration of biodiversity and ecosystems.

The application of the "Green Taxonomy" Regulation will be phased in starting from the end of 2021. To date, economic activities "eligible" for the "Green Taxonomy" are defined only with regards to the first two objectives, i.e. climate change mitigation and adaptation (Annexes I and II to the Climate Delegated Act). Within the framework of these two objectives, the activities targeted are those that contribute significantly to greenhouse gas emissions in the European Union or that propose solutions to adapt to climate change. Companies are thus required to publish for the 2022 financial year, the three indicators: revenue, CAPEX and OPEX corresponding to the eligible share since 2021, and from 2022, the aligned share considered sustainable according to the regulation for the two climate objectives. The "Green Taxonomy" should be more representative of the environmental issues specific to the Group's activities when it is extended to the other four environmental objectives by 2024. The Group will review the reporting methodology and the resulting figures in line with regulatory developments.

Details about the methodology are provided in Kering's note to its environmental reporting available on its website.

5.1.3.2 Kering's application of the Taxonomy

As a Group focused on the luxury industry, Kering has not identified activities corresponding to its business in Appendices I and II of the Taxonomy. The Group must nonetheless produce a report relating to CAPEX and OPEX as defined by the Regulation.

Given the absence of eligible revenue, the analysis of eligible CAPEX focused on investments related to assets or expenditure eligible for the Taxonomy on an individual basis. Thus, the main CAPEX targeted are real-estate assets, in particular new leases, which are eligible to the Taxonomy, as well as investments related to energy efficiency. It should be noted that, for Kering, the GHG emissions currently targeted by the Taxonomy Regulation only concern buildings and, therefore, represent less than 3% of Kering's total GHG emissions (scopes 1, 2 and 3 of the GHG protocol).

Revenue

Kering's eligible and aligned revenue is nil for 2022.

Economic activities	Codes	Absolute revenue	Proportion of revenue	Substantial contribution criteria: Climate change mitigation	Substantial contribution criteria: Climate change adaptation	Substantial contribution criteria: Water and marine resources	Substantial contribution criteria: Circular economy	Substantial contribution criteria: Pollution	Substantial contribution criteria: Biodiversity and ecosystems	DNSH (Do No Significant Harm) criteria: Climate change mitigation	DNSH (Do No Significant Harm) criteria: Climate change adaptation	DNSH (Do No Significant Harm) criteria: Water and marine resources	DNSH (Do No Significant Harm) criteria: Circular economy	DNSH (Do No Significant Harm) criteria: Pollution	DNSH (Do No Significant Harm) criteria: Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of revenue year N	Taxonomy-aligned proportion of revenue year N-1	Category (enabling)	Category (transitional)
		Currency *(m €)*	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Taxonomy-aligned activities																				
Revenue from aligned activities (A.1.)	N/A	0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	N/A	N/A
A.2. Taxonomy-eligible but not taxonomy-aligned activities																				
Revenue from taxonomy-eligible but non-aligned activities (A.2.)	N/A	0	0%																	
Total A (A.1. + A.2.)	N/A	0	0%														0%	0		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Revenue from non-eligible activities (B)	N/A	20,351	100%																	
Total A + B	N/A	20,351	100%																	

Capital expenditure

Eligible Taxonomy CAPEX represents 59% of Kering's Total Taxonomy CAPEX. They mainly consist of new store leases (53%) and investments related to the renovation of buildings and the installation of energy-efficient equipment (6%). Insignificant flows related to vehicle acquisition were also identified as eligible for taxonomy (<0.1%). The analysis of the Group's intangible assets, and in particular investments related to software, did not reveal any investments eligible for the Taxonomy. After analyzing the technical criteria for "substantial contributions", the application of the *"Do No Significant Harm"* principle and "minimum safeguards", the "aligned" Taxonomy CAPEX represents 15% of Kering's "Total Taxonomy CAPEX". Aligned taxonomy CAPEX also represents 26%[(1)] of Taxonomy-eligible CAPEX.

Investment category	Increase in gross value 2022 *(in € millions)*
Lease right-of-use assets (IFRS 16)[(1)]	1,436
Property, plant and equipment (IAS 16)[(2)]	994
Intangible assets (IAS 38)[(3)]	283
TOTAL TAXONOMY CAPEX (DENOMINATOR)	2,713

(1) Note 12 to the consolidated financial statements "Leases" - new leases.
(2) Note 13 to the consolidated financial statements "Property, plant and equipment".
(3) Note 11 to the consolidated financial statements "Brands and other intangible assets".

(1) The percentage relating to Taxonomy-aligned CAPEX fell in 2022 because of a lease right-of-use assets recognized in late 2022 in relation to significant new lease starting in 2023, for which it was not possible to carry out an energy performance analysis.

Economic activities	Codes	Absolute Capex	Proportion of Capex	Substantial contribution criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH (Do No Significant Harm) criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Capex year N	Taxonomy-aligned proportion of Capex year N-1	Category (enabling)	Category (transitional)
		Currency *(m €)*	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E/T	
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Taxonomy-aligned activities																				
Installation, maintenance and repair of energy efficiency equipment	7.3	87	3%	100%	0%	0%	0%	0%	0%	N/A	Y	N/A	N/A	Y	N/A	Y	3%	N/A	N/A	N/A
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	18	1%	100%	0%	0%	0%	0%	0%	N/A	Y	N/A	N/A	N/A	N/A	Y	1%	N/A	N/A	N/A
Acquisition and ownership of buildings	7.7	307	11%	100%	0%	0%	0%	0%	0%	N/A	Y	N/A	N/A	N/A	N/A	Y	11%	N/A	N/A	N/A
Capex relating to aligned activities (A.1.)	N/A	412	15%	100%	0%	0%	0%	0%	0%								15%	N/A	N/A	N/A
A.2. Taxonomy-eligible but not taxonomy-aligned activities																				
Renovation of existing buildings	7.2	59	2%																	
Installation, maintenance and repair of energy efficiency equipment	7.3	9	0%																	
Acquisition and ownership of buildings	7.7	1,129	42%																	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	-	0%																	
Capex relating to non-aligned activities (A.2.)	N/A	1,197	44%														44%			
Total A (A.1. + A.2.)	**N/A**	**1,610**	**59%**														**59%**	**N/A**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
Capex relating to non-eligible activities (B)	N/A	1,103	41%																	
Total A + B	**N/A**	**2,713**	**100%**																	

Operating expenses (OPEX)

For FY2022, the "Total Taxonomy OPEX" as defined by the related texts amount to less than 10% of the Group's total operating expenses (cost of sales, personnel expenses and other recurring operating expenses[1]). In view of this limited amount and the nature of the expenses targeted, which do not represent the core business of Kering and its Houses, the work carried out concludes that this indicator was not material for the Group. The numerator is therefore considered to be zero. In accordance with the Regulation, the analysis of eligible and aligned "Taxonomy OPEX" was not conducted.

				Substantial contribution criteria						DNSH (Do No Significant Harm) criteria										
		Absolute Opex	Proportion of Opex	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of Opex year N	Taxonomy-aligned proportion of Opex year N-1	Category (enabling)	Category (transitional)
Economic activities	**Codes**	**Currency** *(m €)*	%	%	%	%	%	%	%	Y/N	Y/N	O/N	Y/N	Y/N	Y/N	Y/N	0%	0%	NA	NA
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Taxonomy-aligned activities																				
OPEX relating to taxonomy-aligned activities (A.1.)	N/A	0	0%	0%	0%	0%	0%	0%	0%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0%	0%	N/A	N/A
A.2. Taxonomy-eligible but not taxonomy-aligned activities																				
OPEX relating to taxonomy-eligible but not taxonomy-aligned activities (A.2.)	N/A	0	0%														0%	0%	N/A	N/A
Total A (A.1. + A.2.)	N/A	0	0%														0%	0%	N/A	N/A
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																				
OPEX relating to taxonomy non-eligible activities (B)	N/A	658	100%																	
Total A + B	N/A	658	100%																	

(1) Chapter 6 – Table 1.1 - Consolidated income statement

5.2 Acting against climate change

The carbon footprint of human activity, and in particular that of businesses, has numerous impacts: increasing atmospheric concentrations of greenhouse gases can generate changes in weather patterns, rises in sea levels and in average temperatures, and an increased likelihood of extreme weather events. This can in turn generate adverse human health impacts (malnutrition, disease), risks of disruption to economic activities, reduced agricultural yields, desertification and other serious disturbances of ecosystem services.

	END OF LIFE	PRODUCT USE	TIER 0 Operations and stores	TIER 1 Final assembly	TIER 2 Manufacturing	TIER 3 Raw materials processing	TIER 4 Raw materials production
Greenhouse gas emissions 38% 2,427,724 tCO_2e	4,044 tCO_2e	244,112 tCO_2e	316,635 tCO_2e	193,103 tCO_2e	336,429 tCO_2e	239,202 tCO_2e	1,094,201 tCO_2e

The Group's 2022 EP&L results show that 38% of Kering's monetized environmental impacts relate to greenhouse gas emissions, and that they mostly happen in Tier 4 (production of raw materials) of its supply chains.

5.2.1 Kering Climate Strategy: adapting our business model to address climate issues

5.2.1.1 Our climate trajectory and Science Based Targets (SBTs)

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 Agreement.

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. 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 (Greenhouse Gas Protocol Scope 3), consistent with the EP&L objectives.

Kering aims to achieve this by:

- reducing emissions;
- offsetting emissions that cannot be reduced;
- taking into account material climate-related risks (physical risks and transition risks) for greater resilience.

To meet these targets, Kering has developed a Climate Strategy based on four main areas:

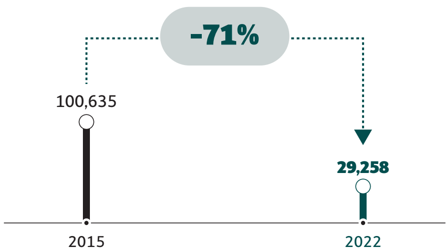
1. Mitigation of climate-related risks through emissions reduction	**2. Adaptation and resilience thanks to nature-based solutions**
3. Positive contributions to climate change mitigation	**4. Industry transformation**

As part of the Fashion Pact, Kering and the other participating companies have committed, among other things, to take action to achieve the objective of net-zero greenhouse gas emissions by 2050, in order to keep global warming below 1.5°C between now and 2100.

The Group's Climate Strategy is available online on the Group's website. It defines Kering's ambitions and provides details of all targets in the area as well as the means of action and measurement. Kering received a CDP Climate Change 2022 rating of A and is included on the Climate A list. The Group's response is publicly accessible on kering.com and www.cdp.net websites.

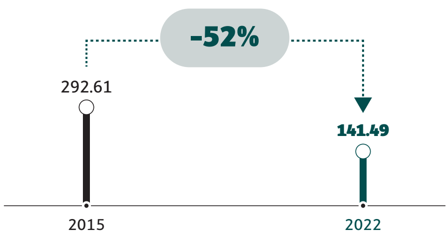
Scopes 1 and 2 (tCO_2e)

SBT target: 90% absolute reduction by 2030



Scope 3 (tCO_2e per € million in gross margin)

SBT target: 70% reduction in intensity by 2030



5.2.1.2 Financing the transition

The involvement and expertise of finance teams is vital to unlock investments in sustainability. The cooperation with sustainability and operational teams plays a major role in accelerating the transition to business models that take social and environmental challenges into account. Accordingly, in 2022 Kering created 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; ensuring that the Group complies with the current and future regulatory framework as regards non-financial reporting and green finance; and ensuring that social and environmental issues are factored into the Group's management and decision-making processes, particularly regarding investments and M&A.

Funding for the transition is already being provided in various operational areas: sourcing of raw materials with the Regenerative Fund for Nature, help for suppliers adopting more responsible production processes, including the Clean by Design program, the Group's energy consumption and in particular its purchases of renewable electricity, Group site construction and renovation programs involving all certification procedures, and the €100 million invested by Kering in the Climate Fund for Nature.

5.2.1.3 Kering's alignment with TCFD principles

A signatory since 2017, Kering has committed to implementing recommendations from the Task Force on Climate-Related Financial Disclosures (TCFD), the benchmark framework for reporting on physical and transitional climate risks. Kering has conducted an initial assessment of the financial impact of specific climate risks. Kering intends to refine this initial work as part of a process of continuous improvement and to take account of future developments in methodology. A cross-business working group made up of key functions (finance, financial communication, risk management) has been set up since 2020, under the leadership of the Sustainability Department and with the support of internal and external experts. Its work began in 2021 and continued in 2022, covering the development of climate scenarios and an initial exercise to evaluate the potential financial impacts of certain risks and opportunities. Progress made was presented to Executive Management and the Sustainability Committee of the Board of Directors.

Governance

The Group's governance of climate-related risks and opportunities is fully integrated into its governance of sustainability, described in detail in section 1.5 and in Chapter 3 "Governance" of the present document.

Board of Directors:

- Setting the Group's strategic direction, which includes climate change matters and sustainability issues more generally. The Sustainability Committee supervises the Group's Climate Strategy. In addition to considering progress by the Group, the Committee examines subjects such as carbon offsetting, as well as the physical and transitional risks relating to climate change.
- Including the subject in the agenda of Board meetings at least twice a year.
- Appointment of a Climate Change Lead in 2022 with the role of ensuring that climate issues are taken into account as part of a long-term approach (see description in section 1.6 of chapter 3).

Executive Committee:

- The Chief Sustainability and Institutional Affairs Officer is a member of the Executive Committee and reports directly to the Chairman and Chief Executive Officer. She is responsible for the definition and implementation of the sustainability strategy. She evaluates and manages the risks and opportunities relating to climate change at a Group level, through the implementation of sustainability action plans and projects;

Incorporation into executive pay:

- The variable elements of the remuneration of the Chairman and Chief Executive Officer and Group Managing Director are in part linked to non-financial criteria (in 2022, sustainability represented 10% of the criteria for annual variable remuneration and biodiversity 10% of those for multi-annual variable remuneration).

Strategy and scenarios

In 2021, as the first stage of its assessment of impacts, Kering drew up two climate scenarios, based in part on the effects of climate change on the economy on the one hand and the political, economic, social, technological, environmental and legal (PESTEL) effects on the other:

- an "accelerated transition" scenario, based on warming of less than 1.5°C by 2100. Aligned with the Group's Climate Strategy and SBT 1.5°C objectives, this scenario is based on a strong response from governments and international institutions, high carbon prices, significant awareness-raising among consumers regarding climate change and its consequences, and, more generally, actions to anticipate and mitigate climate change.
- a "business as usual" scenario, based on warming of around 4°C by 2100. This scenario is based on limited intervention from governments and international institutions, low carbon prices, increasing pressure on trade, economic stagnation or contraction and, more generally, a primarily reactive adaptation to climate change.

Two time horizons were considered: 2035 (short term) and 2055 (long term).

For both scenarios, assumptions were based on scientific research, most notably the RCP2.6, RCP4.5 and RCP8.5 Representative Concentration Pathways from the Intergovernmental Panel on Climate Change (IPCC) and modeling from experts including the International Energy Agency (IEA), World Bank and World Resource Institute. These scenarios also took account of the recommendations of ISO 14090/91, the TCFD and the Institute 4 Climate Economics (I4CE).

Also drawing on the results of Kering's EP&L, the whole value chain was included in the analysis framework for Kering's scenarios.

These scenarios fed into the assessment of risks for the Group (see Chapter 5 of this document).

Risks and opportunities identified

Drawing on these two scenarios, Kering mapped climate-related risks and opportunities, identifying 12 main risks and 7 main opportunities with potential consequences for its business and the development of its strategy. This mapping also included interviews with contributing departments and internal experts and took account of practice at our peers. A variety of risks, including the impacts of climate change on the supply of key raw materials, carbon pricing, and the effects of extreme climatic events on the Group's infrastructure as well as those linked to consumer expectations, were identified. This mapping gave rise to differentiated assessment approaches for the impact of risks and opportunities, which fed into the review of policies and strategic directions. Forming part of a process of continuous improvement, this research also identified additional action areas for strengthening the Group's management of climate risks and prioritizing the action plans adopted.

In order to carry out an in-depth analysis and initial estimates of their potential financial impacts, work began in 2021 and focused on three risks and three opportunities, published in detail in Kering's 2022 response to the CDP Climate questionnaire.

Kering plans to manage climate-related risks and opportunities, anticipating their effects and ensuring its resilience by adapting its business model, governance and decision-making processes, and its supply chain. The evaluation of climate risk is today an integral part of Group risk management (see section 1.3.3 and Chapter 5 of this document).

Indicators and reporting

The table below summarizes Kering's reporting in response to the TCFD recommendations.

Thematic area	TCFD recommendations	Source of information in Kering reporting
GOVERNANCE		
Disclose the organization's governance around climate-related risks and opportunities.	**a)** Describe the Board's oversight of climate-related risks and opportunities.	URD 3-1.2, 3-1.6, 3-2.3.3, 3-4.1, 4-1.5 CDP C1.1
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	URD 3-1.2, 3-2.3.3, 3-4.1, 4-1.5 CDP C1.1
STRATEGY		
Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	**a)** Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	URD 5-2.6 CDP 2.2 and C2.2a
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	URD 5-2.6 CDP 2.3a, C2.4, C3.3 and C3.4
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	URD 4-5, 4-5.2.1.3, 4-5.2.2, 5-2.6 CDP C3.2a
RISK MANAGEMENT		
Disclose how the organization identifies, assesses, and manages climate-related risks.	**a)** Describe the organization's processes for identifying and assessing climate-related risks.	URD 5-1 CDP C2.1a, C2.1b and C2.2
	b) Describe the organization's processes for managing climate-related risks.	URD 5-1, 5-2.6 CDP C2.1b, C2.2, C2.3a and C2.4a
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	URD 5-1 CDP C2.3a and C2.4a
METRICS AND TARGETS		
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	**a)** Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	URD 4-5.2, 4-4.1 CDP C6, C10
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	URD 4-5.2, 4-4.1 CDP C6, C10
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	URD 4.1.4 (progress table) CDP C4.1, C4.

5.2.2 Measuring and regulating the Group's carbon footprint

5.2.2.1 The Group's emissions by GHG Protocol category

Kering's carbon footprint is aligned with the data reported and made public by CDP (Carbon Disclosure Project), and established every year according to the GHG Protocol.

The carbon footprint of operations under Kering's direct control (Scopes 1 and 2) accounts for 1% of the Group's overall carbon footprint.

Scope 3, which covers greenhouse gas emissions related to Kering's value chain, accounts for 99% of the Group's overall carbon footprint. Of the three scopes, Scope 3 is by far the largest contributor to emissions. Although those emissions are not under Kering's direct control, the Group is adopting several initiatives to reduce them (see 5.2.2.3, 5.3 and 5.4).

Greenhouse gas emissions by scope defined by the *GHG Protocol (in metric tons of CO_2 equivalent)*

	2022	2021	2020	Change 2022/2021
Scope 1	21,660	19,281	14,256	12%
Scope 2 – *market-based*	7,598	11,227	11,271	-32%
Scope 3[1]	2,398,466	2,351,483	1,927,265	2%
TOTAL (METRIC TONS OF CO_2 EQUIVALENT)	2,427,724	2,381,991	1,952,792	2%

(1) Scope 3: see definition of Scope 3 categories covered by Kering's reporting in section 5.2.2.4.

All greenhouse gas emissions (Scopes 1, 2 and 3) are also captured in the EP&L and then monetized (see section 5.1.1.3 2022 EP&L results).

Scope 1, 2 and 3[1] emissions excluding use of sold products (Scope 3 - category 11) and the end-of-life of sold products (Scope 3 - category 12) amounted to 2,179,568 metric tons of CO_2 equivalent in 2022, as opposed to 2,143,465 metric tons of CO_2 equivalent in 2021.

Intensity of greenhouse gas emissions (*in metric tons of CO_2 equivalent per € million in gross margin)*

	2022
Scopes 1 and 2	1.93
Scope 3[1]	157.81
TOTAL	159.74

Scope 3[1] intensity excluding use of sold products (Scope 3 - category 11) and the end-of-life of sold products (Scope 3 - category 12) amounted to 141.49 metric tons of CO_2 equivalent per € million in gross margin in 2022, and the Group's total intensity in these categories was 143.41 metric tons of CO_2 equivalent per € million in gross margin.

The table below shows adjustments to Kering's greenhouse gas footprint in 2022 in order to ensure comparability with the 2021 emissions figure:

	2022	2021
Total (metric tons of CO_2 equivalent) as reported	**2,427,724**	**2,381,991**
Change in EP&L methodology *(EEIO – see note on methodology)* and update of LCA (Life Cycle Assessment) databases		-225,712
Total (metric tons of CO_2 equivalent) on a comparable basis	**2,427,724**	**2,156,279**

5.2.2.2 Measuring the carbon footprint of the Group's operations

In 2022, greenhouse gas emissions relating to the Group's operations amounted to 29,258 metric tons of CO_2 equivalent (1% of total emissions). In accordance with the *GHG Protocol*, greenhouse gas emissions due to operations under Kering's direct control (Scopes 1 and 2) relate to:

- direct emissions attributable to on-site fuel usage and the fuel consumed by Kering's directly owned vehicle and company car fleets (Scope 1), representing 21,660 metric tons of CO_2 equivalent in 2022.
- indirect emissions resulting from electricity and steam production (Scope 2), representing 7,598 metric tons of CO_2 equivalent (market-based[2]) in 2022.

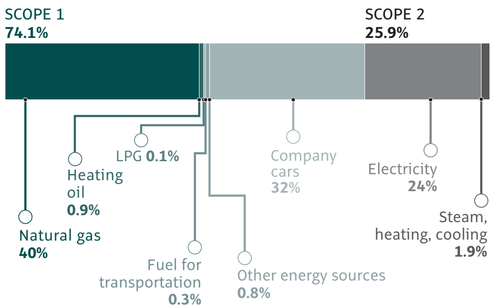
Details of the emission factors used are set out in the methodological note on environmental reporting for 2022.

Scope 1 and 2 greenhouse gas emissions (according to the *GHG Protocol*) (*in metric tons of CO_2 equivalent*)

	2022	2021	2020	Change 2022/2021
Scope 1	**21,660**	**19,281**	**14,256**	**12%**
Energy sources	12,168	13,776	10,527	-12%
Natural gas	*11,577*	*12,993*	*10,016*	*- 11%*
Heating oil	*273*	*488*	*459*	*- 44%*
LPG	*20*	*17*	*18*	*19%*
Fuel for transportation and on-site handling	*77*	*48*	*34*	*60%*
Other energy sources	*221*	*230*	*-*	*0%*
Company cars	9,492	5,505	3,729	72%
Scope 2 – *market-based*[2]	**7,598**	**11,227**	**11,271**	**- 32%**
Electricity	7,055	10,828	10,813	-35%
Steam, heating, cooling	543	399	458	36%
Scope 2 – *location-based*[2]	**98,360**	**89,641**	**79,750**	**10%**
Electricity	97,817	89,242	79,292	10%
Steam, heating, cooling	543	399	458	36%
TOTAL SCOPES 1 AND 2 MARKET-BASED (METRIC TONS OF CO_2 EQUIVALENT)	29,258	30,508	25,527	-4%

(1) Scope 3: see definition of Scope 3 categories covered by Kering's reporting in section 5.2.2.4.
(2) *Market-based*: method for calculating CO_2 emissions from electricity consumption reflecting the specific features of selected power purchase agreements, including the purchase of guarantees of origin. *Location-based*: method for calculating CO_2 emissions from electricity consumption using emission factors related to the average mix of fuels used to generate electricity in a given country.

Breakdown of CO_2 emissions for Scopes 1 and 2 in 2022 (%)



CO_2 emissions in Scopes 1 and 2 fell slightly in 2022, due in particular to a reduction in Scope 2 emissions caused by renewable electricity making up a higher proportion of the Group's energy consumption. Scope 2 accounted for 26% of emissions relating to the Group's operations, down 32% relative to 2021. Despite a reduction in natural gas consumption and in the related emissions, Scope 1 accounted for a larger proportion of emissions in 2022 than in 2021, because of greater use of company cars. After two years in which COVID-19 restrictions limited travel, car use rose in 2022.

5.2.2.3 Energy consumption indicators and programs to improve the energy efficiency of Kering's operations

The following indicators relate to the Group's energy consumption.

Energy consumption in 2022, 2021 and 2020 (*in MWh*)

	2022	2021	2020	Change 2022/2021
Electricity	285,056	254,325	226,280	12%
of which electricity from renewable sources	*270,026*	*234,262*	*205,869*	*15%*
Natural gas	56,493	63,403	49,029	-11%
Heating oil	1,026	1,834	1,728	-44%
Steam, heating, cooling	5,315	4,486	3,978	19%
LPG	86	72	75	19%
Fuel for transportation and on-site handling	309	190	133	63%
Biomass	754	860	618	-12%
Other energy sources	607	638	-	-5%
TOTAL	349,646	325,808	281,841	7%
Energy intensity excluding industrial sites (MWh/m^2)	0.157	0.161	0.157	-2%
Total energy pro forma scope	*299,380*	*297,620*	*264,667*	*1%*
of which electricity	*239,393*	*231,285*	*212,500*	*4%*
of which electricity from renewable sources	*227,819*	*213,258*	*192,891*	*7%*
of which natural gas	*54,134*	*60,668*	*47,125*	*- 11%*

Pro forma figures are calculated taking into account open sites on a full-year basis for the three consecutive reporting years in question, i.e. 2022, 2021 and 2020.

76% of the Group's energy consumption corresponds to the heating, lighting and air conditioning of stores, warehouses and offices. Electricity is still the Group's main source of power, accounting for 82% of consumption, and 95% of electricity is from renewable sources.

In 2022, annual energy consumption increased by around 7% overall, mainly because of a 12% increase in electricity consumption. This resulted from the large number of site openings that took place in 2022, increasing the floorspace of the Group's sites by 12%.

Energy sobriety efforts led to a reduction in natural gas consumption, particularly at the Group's industrial sites and warehouses . In addition, the proportion of electricity coming from renewable sources has continued to increase since 2020, in line with Kering's RE100 target – which it achieved in 2022 – of using 100% renewable electricity in all countries where that is possible (see box below).

Managing stores' energy performance centrally

The Group-wide partnership with NUS Consulting since 2011 has enabled Kering and all of the Houses to manage their energy consumption at a granular level. All invoices, documents and data from sites where a Kering entity has signed an energy agreement are uploaded to an easy-to-access platform. The system covers Europe, the United States and Asia, and allows for:

- streamlining the energy procurement process by pooling and consolidating energy consumption;
- increasing the use of renewable energy;
- centralizing energy procurement management;
- improving analysis of energy consumption data;
- more effective communication with energy companies and the authorities.

The project has resulted in tangible energy savings and lower costs for the Houses and the Group. The system has gradually evolved, including data from smart meters for a growing number of sites and extending the scope of application to not just electricity and gas but also, since 2021, to urban heating, urban cooling and water. Because of energy issues arising in 2022 (see below), efforts were made to put all sites in Europe and North America on the platform.

Several Group sites have a submetering system. These systems are installed in most industrial sites and in almost all sites with LEED certification (or similar).

Minimizing energy use and measuring energy efficiency improvements

The Group takes two main types of measures to optimize the energy efficiency of its sites. Given the current energy crisis, a third initiative was adopted in 2022, consisting of a special energy-saving plan:

1) Systematically obtaining recognized, high-level certification for new sites renovated by Kering.

Kering and its Houses are increasingly implementing certification for their sites and stores. Certification is sought for new sites targeted by Kering's Real Estate teams from 2019. US-based LEED (Gold and Platinum level) is the preferred certification system selected by the Group, but other certifications, like HQE (France) and BREEAM (UK), are also sought for projects where they are particularly relevant. Optimized energy performance, the use of renewable energies and other energy conservation criteria are critical to obtaining green building certifications. In 2022, Kering also obtained WELL certification, which is based on the well-being of building users, for certain projects for the first time.

More than 130 LEED certifications had been obtained by Kering and its Houses for their sites and stores by the end of 2022. Around 50 further certifications – almost exclusively LEED – are in the process of being obtained.

- At the end of 2022, 105 Gucci stores and three offices were LEED-certified, a sharp increase relative to 2021. Gucci has developed an action plan to extend LEED certification to all its stores worldwide where applicable. Alexander McQueen is actively seeking to obtain LEED v4 Gold or Platinum certification for its new concept stores, with 30 stores certified by the end of 2022. Saint Laurent is also continuing work to reduce the environmental impact of its stores on the basis of its Golden Rules to make its stores more energy efficient. The House has 27 LEED-certified stores, of which 21 have achieved Platinum certification. Its Paris headquarters has BREEAM "excellent" and HQE "exceptional" certification. Balenciaga has 80 LEED-certified stores, which make up 50% of its eligible stores, and 12 of them have Platinum certification.
- Balenciaga has set up a specialist leather goods production site in Cerreto Guidi, Italy, which is currently undergoing renovation. This process falls within the framework of LEED certification for production facilities, meeting the same requirements as LEED certification for stores. The Sustainability team and the operational team are involved in monitoring this certification process, in particular by using materials obtained from recycling its own scraps or unsold items when refurbishing buildings, and particularly for sound insulation.

2) Establishing a Group-wide standard for stores.

Kering has been working since 2017 to develop a "Standard for Stores" that sets out expected performance levels in 11 key areas. These include energy management, lighting, renewable energy, water use and waste treatment. The Standards cover all phases in a building's lifecycle, namely site selection and relations with the lessor, design, construction or renovation, and operation. After a test phase at the Group's stores, the standard was officially published in 2020 to serve as a reference for new stores and store renovations where the use of LEED or equivalent certifications is not possible. In 2022, a second revision of the standard began, with the aim of making it more effective and aligned with both the LEED protocol and the European taxonomy.

The main technical changes related to the shift to LED lighting and continuing improvements in the efficiency of LED lighting, the adoption of systems for regulating light intensity, and the installation of building management systems (BMSs) in the most important sites.

Through these activities aimed at increasing energy efficiency, the Group's energy consumption has improved constantly since 2015 across all Group sites. Energy intensity has fallen by 17% for offices, 19% for industrial sites, 33% for stores and 42% for warehouses.

Lastly, LED lighting – which delivers energy savings of up to 90% – continued to be rolled out by all of the Group's Houses, with close to 100% deployment in store sales areas, where most of the light fittings are concentrated. In the last few years, efforts have been focused on introducing LED lighting into store backrooms, offices, warehouses and production plants. This practice is part of the Kering Standards and also a criterion for obtaining environmental certifications such as LEED, BREEAM and HQE. Some Houses are also gradually rolling out site energy consumption management tools (Building Management System for Gucci's main stores, dedicated system at Saint Laurent) at stores in order to monitor the main types of energy use and to make them more energy efficient (heating and air conditioning, ventilation, lighting, etc.).

Focus on: Energy sobriety, adjusting to current energy issues

Given the energy issues that arose in winter 2022/23, the Kering group has adopted an energy-saving strategy aimed at reducing energy demand by 15% worldwide (in October-March relative to winter 2021/22), in response to the French government's appeal to reduce consumption by 10% in France. This energy sobriety plan is based on energy-saving plans adopted by all the Group's Houses and head office, which include:

- regulating lighting, heating and air conditioning systems in order to reduce their use or turn them off when not required,
- carrying out extraordinary maintenance on heating, ventilation and air conditioning systems,
- reducing temperature settings for the heating of internal spaces and increasing temperature settings for cooling systems.

On a longer-term view, the Group is planning investment to continue improving energy efficiency at its production sites, as well as energy production, particularly by installing solar panels on its buildings.

Favoring renewable energy by producing it on-site or purchasing renewable energy certificates

For many years, Kering has encouraged the signing of agreements to purchase locally produced green electricity, for all sites that pay their energy bills directly and whenever the local electricity market allows. For regions where this practice is not possible, Kering purchases Energy Attribute Certificates. In addition, to speed up the energy transition in its host countries, the Group only purchases certificates from solar or wind power production facilities that are new or relatively recent (less than ten years old) wherever possible.

Focus on: 100% renewable electricity in 2022 – RE100 target achieved by Kering

In 2020, the Group joined the RE100 initiative led by the Climate Group and the Carbon Disclosure Project (CDP). As part of this initiative, Kering has pledged to use 100% renewable electricity by 2022.

The initiative, which was updated and made more stringent in October 2022, involves obtaining and checking the commitments of signatory companies by following strict guidelines on how they meet their energy needs: renewable electricity may be self-produced on-site, obtained through a physical or virtual power purchase agreement, or purchased from a local electricity supplier that provides adequate evidence of renewable claims; or bundled or unbundled *Energy Attribute Certificates* (EACs) can be purchased in an amount that corresponds to the consumption of electricity produced in the same market as the one in which it is used.

Kering's 2022 electricity consumption was fully covered by renewable energy in all countries where that was possible (representing 95% of the Group's total electricity consumption). In 2022, Kering either self-produced electricity, used renewable energy from local suppliers or purchased EACs corresponding to its consumption in accordance with the RE100 guidelines. The remaining 5% corresponds to consumption in markets where it was not possible to purchase renewable electricity; South Korea accounts for 79% of consumption in those countries.

As a result, Kering achieved the RE100 target of using 100% renewable energy in accordance with the RE100 organization's guidelines.

As regards the on-site production of solar energy, Kering reached an important milestone in July 2022 by completing the grid connection for the solar photovoltaic system of the Trecate distribution center, Italy's largest roof-mounted solar photovoltaic system (12.5 MW) and one of the largest in Europe. Self-produced solar electricity accounted for 2.4% of total energy consumption. At the end of 2022, Kering had solar photovoltaic systems on roofs and in car parks at around 20 sites.

The Houses are also increasing the proportion of their electricity coming from renewable energy generated and used on site. This is being achieved particularly by installing solar panels: for example at Bottega Veneta and also at Gucci, where 15% of the energy needs of its two Italian head offices are covered by solar PV panels installed on-site.

Aside from solar power, one site – Saint Laurent's production site in Angers, France – uses wood biomass to heat the premises. Heat production is the only area in which Kering still uses fossil fuels: it accounted for 17% of total energy consumption in 2022, less than in 2021 in line with the Group's efforts. Boilers are gradually being replaced by electric heat pumps powered by renewable electricity.

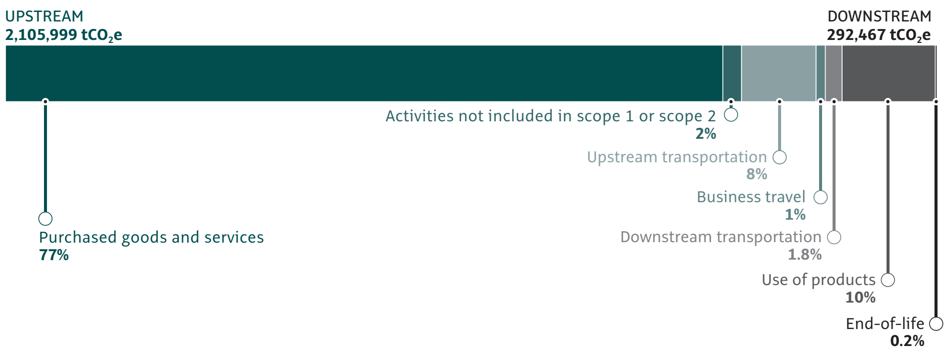
5.2.2.4 Measuring and regulating the carbon footprint outside our operations

Greenhouse gas emissions related to Kering's value chain and not under the Group's direct control (Scope 3) amounted to 2,398,466 metric tons of CO_2 equivalent in 2022, i.e. 99% of total emissions. The Scope 3 categories covered according to the *GHG Protocol* are summarized in the table below (see the 2022 Methodological Note relating to the EP&L, available on the Group's website).

Scope 3 by category according to the *GHG Protocol* (*in metric tons of CO_2 equivalent*)

	2022
Category 1 - Purchased goods and services	1,852,771
Category 3 - Fuel-and energy-related activities (not included in Scope 1 or Scope 2)	38,232
Category 4 - Upstream transportation and distribution	199,431
Category 6 - Business travel	15,565
Category 9 - Downstream transportation and distribution	44,311
Category 11 - Use of sold products	244,112
Category 12 - End-of-life treatment of sold products	4,044
TOTAL SCOPE 3	2,398,466

Scope 3 greenhouse gas emissions in 2022 (according to the *GHG Protocol*) (%)



Kering is committed to initiatives aimed at reducing its environmental impact in all *GHG Protocol* categories, as explained in the following sections.

1. Emissions related to purchased goods and services

Emissions related to Kering's purchases of goods and services are calculated by the EP&L tool and cover all production and processing of raw materials that are used for the products and packaging of Group Houses (Tiers 3 and 4), the production of components and the assembly of sold products (Tiers 1 and 2), and third-party distribution activities (wholesale - within Tier 0). They account for 77% of Scope 3 emissions, i.e. 1,852,771 metric tons of CO_2 equivalent.

Kering's aim is to minimize its impact on the Group's resources, not only as regards its carbon footprint but by taking into account all indicators measured in the EP&L (air pollution, waste, water use, water pollution and land use). These initiatives are presented in the following sections, in connection with the Group's Biodiversity Strategy (section 5.3) and its Circularity Ambition (section 5.4), from the raw materials sourcing phase onward (section 5.3.3).

1) Commitment and initiatives involving our direct suppliers

Kering contributes to the implementation of projects aiming to reduce the environmental footprint of its suppliers, as shown by the Clean By Design program. Spearheaded in 2013 by the NRDC (Natural Resources Defense Council), the Clean by Design program aims to reduce the environmental footprint of textile manufacturers through the organization of energy water audits reviewing ten key points of a production site's performance.

Clean by Design has been implemented at the premises of 41 historic and strategic Tier 1 and Tier 2 suppliers located in Italy (dyeing, printing and finishing factories, spinning and weaving mills, denim laundries), six in China (three wool cleaning factories and three silk reeling factories) and eight in Japan. Energy use has been reduced by 19% per site on average, with reductions mainly in the range of 10% to 20% but up to 40% in some cases. The program has compelling economic appeal, since the payback period of efficiency initiatives for suppliers is less than 2.5 years in Italy and less than one year in China.

In 2021, Kering announced the extension of Clean by Design in Italy with the Apparel Impact Institute (Aii), in partnership with Stella McCartney and Burberry, and with the Legambiente non-profit organization as a local partner. This multi-party partnership reflects Kering's desire to involve more suppliers and other brands in order to steer developments in the textile supply chain toward increasingly ambitious sustainability objectives. Eight of Brioni's suppliers and three of its production plants joined the program in 2021.

In 2022, Kering also initiated the development of a "zero emission" program in the leather and apparel industries, based on :

- continuous progress in energy efficiency (as an extension of the Clean By Design program);
- the gradual phase out of fossil fuels use in processes, replacing fuel-fired boilers with heat pumps or other electrical systems;
- maximizing the use of self-production of electricity on site.

Kering's logistics hub runs training sessions and awareness-raising meetings with suppliers and in particular with its logistics partners on (i) Kering's Climate Strategy, with most freight operators now providing the Group with CO_2 reports in accordance with the EN 16258 standard; (ii) expectations in terms of environmental performance in line with the Group's ambitions (reporting, circularity, single-use plastics, carbon footprint). ISO 14001 certification is also a contractual requirements for BtoB transportation providers.

Some Houses such as Gucci have also made a commitment to their suppliers to implement energy efficiency measures and use green energy. Use of energy from renewable sources amounted to 25% in Gucci's supply chain, and up to 50% in certain categories (leather production process, for example).

2. Energy-related emissions not included in Scopes 1 and 2

Energy-related emissions not included in Scopes 1 and 2 are those related to the extraction, production and transportation of the fuel and energy purchased by Kering.

In 2022, those emissions, which derive directly from the Group's energy consumption (see section 5.2.2), amounted to 38,232 metric tons of CO_2 equivalent, i.e. 2% of Scope 3 emissions. Efforts to reduce Scope 1 and 2 emissions have a direct impact on this category.

3. Transportation-related emissions

Categories 4, 6 and 9 of the GHG Protocol, which relate to transportation, can be divided as follows:

- upstream transportation (category 4 of the GHG Protocol): this includes all transportation of goods paid for by the Houses or the Group between suppliers and logistics platforms or industrial sites, between central logistics platforms and local distribution centers and between central logistics platforms or local distribution centers and points of sale. The transportation of goods between logistics centers also falls into this category. Upstream transportation includes road, rail, sea and air freight. In 2022, all last-mile transportation – i.e. between local distribution centers and points of sale – was included, which was not the case in 2021. Similarly inbound goods transportation between suppliers and logistics platforms or industrial sites, have been included.
- Downstream transportation (category 9 of the GHG Protocol): this covers all deliveries of finished products between logistics platforms or points of sale and customers. It excludes logistics flows (for Brioni, the Jewelry Houses and Kering Eyewear) that are not material at the Group level.
- Business travel (category 6 of the GHG Protocol): this covers air travel.

Outbound transportation between central logistics platforms and local distribution centers has been included in a monthly monitoring tool, which allows more detailed oversight during the year. Additional work was done in 2022 to review transportation flows and the related emissions. As a result, all outbound flows as far as points of sale were included, and monitoring was improved regarding flows between suppliers and logistics platform and industrial sites. Where source data were missing, the related emissions were estimated.

Details of the emission factors used are set out in the methodological note on environmental reporting for 2022.

Emissions related to transportation and travel in 2022, 2021 and 2020 (*in metric tons of CO_2 equivalent*)

	2022	2021	2020	Change 2022/2021
Upstream transportation	199,431	163,188	120,151	22%
Downstream transportation	44,311	73,078	4	-39%
Business travel	15,565	5,881	6,781	165%
TOTAL	259,307	242,147	126,936	7%

Upstream transportation

Upstream transportation accounts for 77% of transportation-related emissions. Kering uses road and air transportation to carry its finished products and merchandise between production centers and logistics platforms, and between logistics platforms and stores. Air transportation is only used for distant markets (Asia, Americas, Oceania).

Emissions related to upstream transportation by mode in 2022, 2021 and 2020 (*in metric tons of CO_2 equivalent*)

	2022	2021	2020	Change 2022/2021
Road freight	23,370	7,690	5,181	204%
Sea freight	1,232	1,018	300	21%
Air freight	174,802	154,405	114,664	13%
Rail freight	27	75	6	-64%
TOTAL	199,431	163,188	120,151	22%

The increase in 2022 relative to 2021 was mainly due to new logistics flows (last-mile and inbound road transportation, as described above) being included in the calculation of the Group's footprint. On a comparable basis, the increase in transportation volumes (because of the Group's business growth in 2022) mainly concerns road transportation, whereas air transportation was stable.

Downstream transportation

Following on from changes made in 2021, Kering included transportation to customers in relation to e-commerce sales. E-commerce transportation flows taken into account in the carbon impact of transportation in 2022 cover almost all flows (except for non-material flows at Brioni and those of the Jewelry Houses and Kering Eyewear).

Emissions related to downstream transportation by mode in 2022, 2021 and 2020 (*in metric tons of CO_2 equivalent)*

	2022	2021	2020	Change 2022/2021
Road freight	2,424	2,627	4	-8%
Air freight	41,887	70,451	-	-41%
TOTAL	44,311	73,078	4	-39%

The reduction in emissions from air freight between 2021 and 2022 was due to methodological adjustments in 2022 that made it possible to calculate emissions precisely, along with a 27% reduction in the volume of goods transported by air (in metric ton-km), whereas the volume transported by road (in metric ton-km) rose by 36%.

Optimizing logistics flows and switching to alternative means of transportation

Goods transportation accounts for a large proportion of the Group's CO_2 emissions, which is why Kering works closely with its logistics platforms, its Houses and its carriers to reduce the distances covered during supply and delivery, to optimize truck and aircraft load factors and the environmental and technical performance of truck fleets, and to develop alternative means of transportation aimed at reducing the Group's carbon footprint.

Since 2019, Kering's Logistics Division has focused on identifying potential areas of improvement in terms of measurement and monitoring and on initiatives to be implemented to reduce the environmental impact of transportation. Projects to adapt Kering's logistics organization have enabled it to put environmental concerns at the heart of what it does. For example, it gives preference to the most efficient vehicles and aircraft, with very ambitious CO_2 emissions standards (maximum of 600g of CO_2per metric ton-km for air freight, the EURO 6 standard for road freight) and is making increasing use of alternative modes of transport for last-mile logistics. Renewing contracts with freight operators has also provided the opportunity to share Kering's high reporting standards. Each month, Kering collects data on the carbon footprint of activities carried out for the Group by each of its main freight operators in accordance with the EN 16258 global standard. Finally, in line with its SBT 1.5°C target for reducing carbon emissions by 2030, Kering plans to define carbon reduction trajectories compatible with its SBT target in collaboration with its main freight operators.

In 2022, Gucci, Bottega Veneta and Kering Eyewear introduced measures to optimize BtoB transportation (itineraries, loads, functional design, reverse logistics) and various stages of the supply chain through to stores. Kering's logistics teams continued to work actively in partnership with the Houses to optimize packaging, which is another key driver of improvements in the Group's environmental footprint.

Business travel

CO_2 emissions related to business travel by air in 2022, 2021, 2020 and 2019 (in metric tons of CO_2 *equivalent)*

	2022	2021	2020	2019	Change 2019/2022
Business air travel	15,565	5,881	6,781	32,181	-52%

After two years of COVID-related restrictions, which particularly affected international air travel, business travel resumed in 2022. This led to an increase in associated CO_2 emissions relative to 2021 although they were still 52% lower than in 2019 because of remote working agreements and the widespread use of digital events.

In addition, the Group's Houses are also developing alternatives to reduce business travel and encouraging employees to use public transport and green modes of transport, as well as car pooling.

Since 2021, Gucci has been offering a car pooling service at some of its sites in Italy, which can also be used outside working hours. Balenciaga also has a car pooling service at its production site in Cerreto Guidi, Italy.

Use of bicycles is also encouraged, whether by creating bicycle parking facilities (Boucheron, Balenciaga and Kering Corporate) or by setting up a fleet of electric bicycles for employees at Saint Laurent's Paris head office to use free of charge, as well as for logistics teams.

The Group also applies environmental criteria when selecting company cars and is gradually increasing the number of electric vehicles in its fleet. As part of this effort, Pomellato, Dodo, Kering Eyewear, Saint Laurent and Kering Corporate are including hybrid and electric vehicles in their fleets. At the end of 2022, these vehicles accounted for 49% of the vehicle fleet at Gucci, 46% at Bottega Veneta and 65% at Balenciaga.

4. Emissions related to the use of sold products and their end-of-life treatment

Emissions related to the use of sold products and their end-of-life treatment together account for 10% of the Group's Scope 3 emissions according to the GHG Protocol, amounting to 244,112 and 4,044 metric tons of CO_2 equivalent respectively.

Sections 5.4-6.1 of this document contain a detailed description of Kering's initiatives to reduce the impact of these categories and influence consumers.

5.2.2.5 Contribution to climate change mitigation

Reducing greenhouse gas emissions is the first priority of the Group's climate strategy. In addition to the Group's reduction targets validated by the *Science Based Target initiative*, 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).

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 CO_2 via certified nature-based projects. 11% of credits came from projects that remove carbon dioxide from the atmosphere (commonly called "*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.

All projects supported by Kering help to mitigate climate change (by avoiding greenhouse gas emissions and/or capturing carbon) and include positive impacts on biodiversity and local communities, certified by the *Climate, Community and Biodiversity Alliance* (CCBA) and/or by SD VISta (*Sustainable Development Verified Impact Standard*). Kering plans to increase gradually its support for carbon removal projects relative to avoidance projects, as recommended by SBTi.

Kering is also continuing to diversify and step up its efforts to help mitigate climate change beyond its own supply chains, in two main areas:

- Support for targeted projects that use emerging techniques in key landscapes for the Group's activities, in areas where key raw materials to the fashion industry are produced. Since 2020, for example, Kering has invested in Low Carbon Label (*Label Bas Carbone*) certified projects, in partnership with IDELE (*Institut de l'Élevage*, the French Livestock Institute), which support French cattle breeders in developing more climate-friendly practices. In 2022, Kering also made a commitment to the linen industry in France with regenerative agriculture projects coordinated by Sysfarm.
- Climate Fund for Nature: this fund, announced during COP15 in late 2022, was initiated by Kering and is managed by Mirova, a Natixis subsidiary specializing in environmental and social impact investing. It invests in projects in key regions for the production of critical raw materials for the fashion and beauty industries. This fund is also supported by L'OCCITANE Group, and has already attracted €140 million of investments. It is open to other participants in the fashion and beauty industries, and has an investment target of €300 million. The fund is supporting new projects involving high-quality nature-based solutions that generate carbon credits for Kering and other co-investors. Around two thirds are removal projects and one third avoidance projects. The fund aims to reach a contribution of 10 million metric tons of CO_2 equivalent over 15 years and to deliver additional benefits for communities, with a particular emphasis on promoting women's rights and empowerment.

Focus on: Gucci's climate solutions portfolio

Since 2020, Gucci has been developing its positive approach for nature by directly transforming its own supply chain through the use of regenerative agriculture, and particularly via its Natural Climate Solutions Portfolio. In 2022, the House maintained its support programs to protect and restore nature through REDD+ offsetting projects. These projects help to combat climate change while also having a positive economic and social impact on local communities, as well as protecting flora and fauna. This includes protecting undisturbed land by means of "green carbon" offsetting projects and restoring forests and wetlands – mainly mangroves – through "blue carbon" projects, which are particularly effective for carbon sequestration and storage. Gucci supports a number of regenerative agriculture projects in Italy and worldwide, and the materials they produce will feature in Gucci's upcoming collections.

5.3 Preserving biodiversity, ecosystems and natural resources

	END OF LIFE	PRODUCT USE	TIER 0 Operations and stores	TIER 1 Final assembly	TIER 2 Manufacturing	TIER 3 Raw materials processing	TIER 4 Raw materials production
Land use **31 %** **301,709 ha**	0 ha	326 ha	23 ha	3,419 ha	3,333 ha	631 ha	293,976 ha

The Group's 2022 EP&L results show that 31% of Kering's monetized environmental impacts relate to biodiversity and land use, and that they mostly happen in Tier 4 (production of raw materials) of its supply chains.

5.3.1 Biodiversity strategy: preserving natural capital across our entire supply chain (up to Tier 4)

The Group's Houses primarily use natural materials to manufacture their products. These raw materials come from farms, rangelands, forests and mines. With supply chains spread around the world – for example wool in New Zealand and South Africa, cashmere in Mongolia, organic cotton in India and Turkey etc. – Kering is particularly attentive to the preservation and healthy functionning of natural ecosystems.

In 2020, the Group published its Biodiversity Strategy, which aims to stem the loss of biodiversity, restore ecosystems, and protect the species composing them, as well as to drive systemic change throughout the supply chain and beyond. Kering is committed to contributing to a net positive[1] impact on biodiversity by 2025:

- Kering 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), to create a nature-positive trajectory and to develop scientific methods for ensuring that human activities respect planetary boundaries;
- Kering has made quantitative commitments for 2025:
  - by 2025, Kering will support a transition to regenerative agricultural practices across one million hectares of land in key production landscapes of some of the main raw materials forming part of Kering's supply chain, such as leather, cotton, wool or cashmere. To achieve this, Kering has partnered with the environmental NGO Conservation International to create the Regenerative Fund for Nature. The Fund supports projects that are transforming farming and breeding practices in areas that supply raw materials to the fashion industry,
  - by 2025, Kering will protect one million hectares of critical and irreplaceable habitats outside of its supply chain, through programs that deliver positive impact for biodiversity protection, carbon sequestration and improved livelihoods for local communities.

These two million hectares represent more than six times the global footprint of Kering's direct and indirect (supply chain) operations, which was calculated by the EP&L as 350,000 hectares in 2020. Kering has therefore included a significant security margin in its efforts to have a net positive impact on biodiversity.

Through its Biodiversity Strategy, Kering has since 2020 committed to reducing its negative impact on biodiversity and to increasing its positive impact, in line with target 15 of the Global Biodiversity Framework agreed during the UN Biodiversity Conference (COP15) in Montreal in 2022. This includes regularly reporting, assessing and transparently disclosing biodiversity risks, dependencies and impacts, particularly through its EP&L, across all of its operations and supply chains. The Group is also aligned with target 19 regarding increasing the level of financial resources for nature conservation and restoration, via the Climate Fund for Nature.

(1) A business that has a "net positive" impact on biodiversity is one whose negative impacts on biodiversity are outweighed by its positive impacts.

Kering's alignment with SBTN principles and commitment as part of the TNFD

Kering's Biodiversity Strategy sets clear, measurable targets regarding biodiversity in relation to the Group's core business. In line with this, Kering joined the corporate engagement program of the Science Based Targets Network (SBTN) in 2020 and has played an active role in shaping the guidance for all stakeholders and in the implementation of actions. The program will provide the SBTN with strategic insights into cutting-edge science and approaches, as well as providing a forum for sharing best practice and experience with other groups and coalitions. In turn, this allows Kering to continue to refine its objectives based on the best available scientific data.

After a series of consultations, the SBTN intends to publish an initial version of its Science Based Targets (SBT) for nature in early 2023. Kering has undertaken to follow these recommendations, to continue helping to improve them and to encourage their use as widely as possible.

Kering is also a member of the stakeholder forum of the *Taskforce for Nature-Related Financial Disclosures* (TNFD), whose final recommendations should be published in September 2023.

5.3.2 Responsible land use and protection of biodiversity

Firmly believing that businesses have a decisive role to play in the face of the biodiversity loss observed by scientists, and that there is a link between the preservation of ecosystems and the sustainability of its economic activity, Kering has made protecting biodiversity a key aspect of its strategy. As a player in the luxury sector, the nature of its products and the corresponding quality requirements make the Group heavily dependent on natural raw materials (wool, cashmere, leather, cotton, silk, etc.) and on the ecosystems these materials originate from. Climate change, soil degradation and the loss of natural habitats are already disrupting ecosystems, so it is essential to make them more resilient. These biodiversity-rich natural ecosystems provide essential services to our societies, such as climate regulation, soil regeneration, water filtration and the availability of raw materials for Kering's activities, but also for food, medicine and construction.

5.3.2.1 Measurement of ecosystem services and biodiversity and focus on key geographic regions

The "land use" part of the EP&L makes it possible 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 soil use and geographic regions. Kering is committed to improving the allowance made for biodiversity and ecosystem services in its EP&L methodology, for example by making it possible to factor in estimates of changes in Mean Species Abundance as an additional measure. The EP&L results therefore enable a more advanced understanding of the geographic regions in which the Group's efforts should be focused.

Prior to the launch of the Regenerative Fund for Nature in 2020, Conservation International and Kering assessed the geographies supplying the Group with key raw materials alongside a map of the Earth's biodiversity hotspots, specifically identifying locations that are critical for biodiversity, carbon sequestration, ecosystem services and land productivity. The first seven projects selected in 2021 were therefore located in priority geographic regions resulting from this assessment.

The Group has been supporting nature conservation, restoration and regeneration programs in some of these biodiversity hotspots for several years prior to the launch of the Fund, including:

- a full reforestation program for mining sites in the Amazon rainforest, implemented in partnership with Solicaz and ReforestFinance;
- a soil regeneration and species protection program in the South Gobi desert in partnership with Wildlife Conservation International (now continued as part of the Regenerative Fund for Nature in partnership with the Good Growth Company);
- support for the Karoo Lamb Consortium's efforts to preserve the heritage of biodiversity in the Karoo region.

5.3.2.2 Actions guided by the conservation hierarchy

Kering applies the SBTN's hierarchy: Avoid, Reduce, Restore & Regenerate, Transform.

1. Avoid

As a priority, the Houses avoid sourcing materials with known material negative impacts on the environment, particularly in areas of critical ecological importance. As specified in the Kering Standards, this includes ensuring that all raw materials sourced do not cause deforestation or the conversion of other non-forest natural ecosystems, as well as ensuring that materials adhere closely to the guidelines published within the framework of CITES.

2. Reduce

When impacts cannot be entirely avoided, Kering and its Houses strive to reduce negative impacts on the environment by sourcing materials from preferred sources as defined in the Kering Standards. These standards list recommended third-party certifications in the Group's supply chains that guarantee low-impact agricultural practices, such as organic farming. In 2022, 71% of raw materials were aligned with the Kering Standards. The goal is to reach 100% by 2025.

3. Restore & Regenerate

In addition to avoiding negative impacts, Kering aims to bring about a paradigm shift by restoring and regenerating ecosystems. The Regenerative Fund for Nature aims to convert one million hectares of farms and rangelands in landscapes where key raw materials are produced to regenerative agricultural practices by 2025. The first seven projects were selected in 2021 across various critical sourcing landscapes: cotton (India), leather (Argentina, France and Spain), wool (Argentina and South Africa) and cashmere (Mongolia). Each of these projects has a monitoring framework to assess the impact on soil health (including improved soil organic carbon sequestration), biodiversity, the elimination of synthetic input usages, improved livelihoods for local communities and animal welfare. The measurement methods and indicators used – proposed by the project owners with technical and scientific support from Conservation International – vary according to the geographic region so that they can be adjusted to the local context. At an aggregated, portfolio level, Kering measures the number of hectares over which regenerative practices are being implemented thanks to the Fund's support – with a target of 1 million hectares by 2025 – and the number of beneficiaries. These projects represent a total of 840,000 hectares that will eventually be converted into regenerative agricultural spaces and involve 60,000 people across the globe.

Focus on: the Epiterre project

One of the projects supported by the Fund and implemented in the Lot region of France by the NGO Epiterre involves agreements to pay for ecosystem services resulting from action taken by participating farmers. The project is taking place in a region well known for sheep farming and aims to support the planting of 200 hectares of sainfoin, a local species of legume that helps to fix nitrogen in the soil, provides sustainable and nutritious feed for the sheep, and is a rich source of pollen for bees and other pollinating insects. The project also includes installing new beehives in order to provide further support to pollinators. These efforts are helping to strengthen an ancestral, traditional and sustainable local activity that is now making a comeback. They are also promoting the improvement of ecosystem services including protecting soils against the risk of erosion and extreme weather events, helping farms remain productive in the decades to come, supporting pollination and increasing carbon sequestration in the soil.

Kering is a founding member of the Savory Institute's Frontier Founder initiative, which aims to encourage regenerative grazing practices around the world in farms producing such key raw materials as wool, shearling and leather. Via the Savory Institute's Ecological Outcome Verification (EOV) program, Kering has access to data and verifications carried out by the Institute to demonstrate the positive impact of its sourcing choices on soil, water management, animal welfare and biodiversity.

4. Transform

In support of the net positive impact goal, Kering supports initiatives outside the Group's direct supply chains.

1) External collaborations to transform the industry and raise awareness of biodiversity

Kering's people contribute to and speak at various events on the topics of biodiversity, regenerative agriculture and sustainable sourcing. In 2022, those events included the United Nations Conference of the Parties on climate change in Egypt (COP 27), the UN Biodiversity Conference in Canada (COP 15), the annual Textile Exchange conference, the Biodiversity and Economy Forum and Climate Week in New York, as well as the initiatives below:

Coalitions	Initiatives
One Planet for Biodiversity Business (OP2B)	OP2B was initiated in 2019 and is a coalition bringing together 26 companies from the agri-food sector, along with a smaller contingent from the cosmetics and fashion sector. Its aim is to protect and restore biodiversity within the supply chains of member companies and their product portfolios, with actions focused around three pillars: (i) scaling up regenerative agricultural practices, (ii) reintroducing cultivated biodiversity in supply chains, and (iii) protecting high-value natural ecosystems, notably by eliminating deforestation. Ahead of COP 15, OP2B published a new framework for ecosystem restoration projects led or supported by companies, including definitions, principles, examples of impact indicators and member case studies. This framework complements the OP2B's Framework for Regenerative Agriculture published in 2021, and in particular aims to achieve greater harmonization in this area.
International Platform for Insetting (IPI)	The IPI is a coalition of companies seeking to support efforts to reduce carbon emissions and support biodiversity in local communities in the regions from which they source raw materials. Kering is a founding member of IPI and in 2022 supported the publication of its Practical Guide to Insetting, which explains insetting in 10 lessons, as well as describing five ways of scaling the practice. The guide aims to help companies transform their supply chains to move toward a resilient and regenerative future.
Textile Exchange	Kering co-financed a study that takes an overview of programs, standards and certifications relating to regenerative agriculture: Textile Exchange's Regenerative Agriculture Landscape Assessment. The study was published in early 2022 and its aim is to spur wider adoption of regenerative agriculture within the fashion industry. In 2022, Kering supported the next phases of the initiative: the creation of a community of practice around regenerative agriculture, moderated by Textile Exchange, and a study on metrics to better monitor the impact regenerative agriculture practices.
Act4Nature international	Kering has been a member of this French coalition since 2018. Act4Nature seeks to protect, improve and restore biodiversity in corporate value chains through signing joint commitments and individual targets.
IPBES	Since 2019, Kering has been the main private-sector partner of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES). The support provided by Kering contributes to the work conducted by the IPBES to supplement scientific data and, as such, to foster more informed decisions concerning nature. Among other things, this involves establishing political support and capacity-building activities, developing new knowledge, carrying out awareness-raising initiatives and providing assessments performed by scientific experts.
The Fashion Pact	Kering is an active member of the Biodiversity Pillar of the Fashion Pact.

2) Positive contribution for climate and biodiversity beyond Kering's supply chains

Alongside efforts to decarbonize its supply chains, Kering is contributing to global climate change mitigation beyond its supply chains at a scale equivalent to its carbon footprint (Scopes 1, 2 and 3 calculated via the EP&L tool – excluding product use and end-of-life) by funding nature-based solutions. Such projects are supported in particular by the Climate Fund for Nature, which was set up in 2022 (see section 5.2.2.5).

Outside of its supply chain, Kering will protect an additional one million hectares of critical and irreplaceable habitats through programs that deliver benefits for biodiversity protection, avoidance of greenhouse gas emissions arising from deforestation and from ecosystem degradation, increased carbon sequestration and improved livelihoods for local communities.

The Houses are also taking action within their supply chains (see next section), as well as through conservation initiatives that they carry in their own name (see section 6.3.2).

5.3.3 Sustainable sourcing and use of raw materials (Tier 3 and Tier 4)

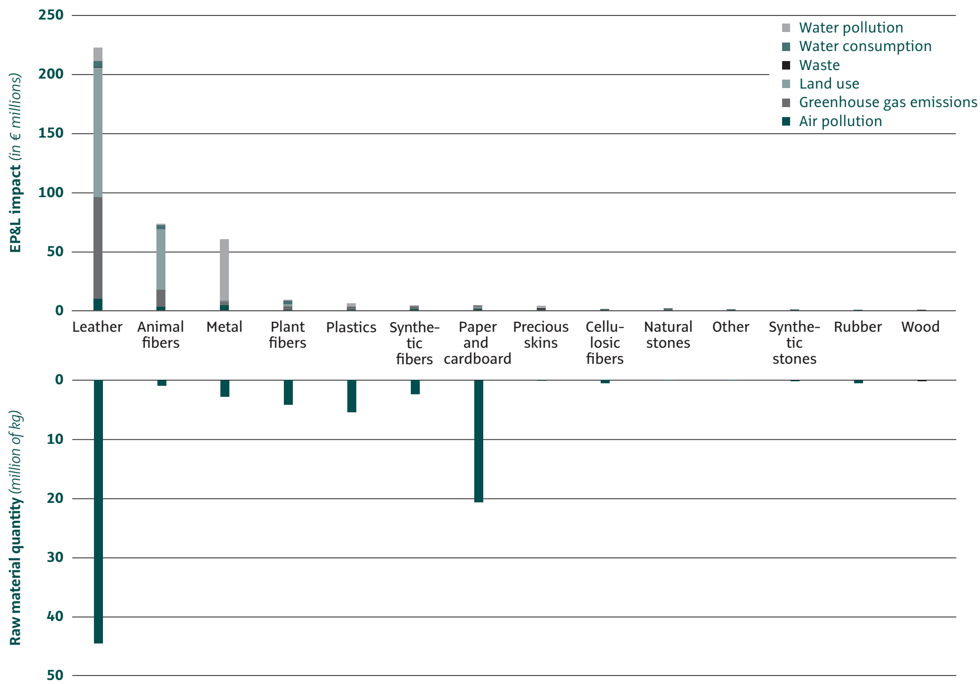
5.3.3.1 Traceability and transformation of raw material production practices

The Group's EP&L clearly shows that most environmental impacts (86%) are located upstream of its supply chains (Tier 1 to Tier 4) during the production of raw materials and their initial transformation (Tiers 3 and 4, 70%). For Kering, critical impacts are generated by the raw materials used in large quantities and whose production can have a significant impact on the environment, such as leather, or by raw materials used in smaller quantities but whose extraction or production can have a major impact. This is the case for animal fibers such as cashmere and wool, as well as metals (such as gold and brass).

The Group's environmental footprint directly mirrors its use of raw materials. For instance, the impact of leather products and textile fibers of animal origin mainly concerns greenhouse gas emissions and land use (and the potential loss of ecosystem services). The use of metals, especially precious metals, has a significant impact on water pollution because of the chemicals used in extraction and the early stages of the refining process.

By analyzing the impact of each material, Kering can prioritize and focus efforts on the raw materials and supply chains that generate the greatest impact:

- raw materials used in large quantities and whose production can have a significant impact on the environment, such as leather;
- raw materials used in smaller quantities but whose extraction or production has a major impact. This is the case for animal fibers such as wool and cashmere, as well as metals (such as gold and brass).



Kering has committed to reducing its environmental footprint, starting with the production of its raw materials. To this end, the Smart Sourcing program, launched in 2013, provides recommendations and guidance for the Houses, allowing them to use raw materials that are produced sustainably and responsibly. This project draws on the Kering Standards and relies on close collaboration between the Group and its Houses, bringing together the Material Innovation Lab and supply chain, R&D and Sustainability teams, with the aim of adopting new responsible sourcing solutions suited to the specific needs of each House.

The Kering Standards lay down the Group's requirements for the raw materials used by the Houses (see section 4.1.1) in particular in terms of traceability. The overall level of traceability of raw materials is consolidated annually through the EP&L tool through the collection of information on purchasing volumes. The level of traceability required by type of material was set on the basis of a risk matrix for each type of raw material, as well as the level of transparency achievable by the market. The origin of the raw materials is established by supplier declarations, and may be supplemented by specific protocols including certification (such as ICEC for leather) and verification by the Houses. In addition to audits, the Houses are investigating various technologies to trace the path from the extraction of raw materials to the intermediate production stages and then into their own operations and finally into stores. These technologies include RFID and NFC chips, blockchain, mechanical marking of hides, and forensic technology.

Kering has undertaken to:

- achieve 100% traceability by 2025, at least to the country of origin and beyond (potentially to the farm) for certain materials (as specified in the Kering Standards for each material).
- achieve 100% alignment with the Kering Standards by 2025, which is reflected by concrete targets for most raw materials. More specifically, in 2022 Kering achieved the following levels of traceability and alignment with the Kering Standards:

Raw materials	Traceability rate[(1)] 2022	Level of traceability	2025 Kering Standards target	Rate of alignment[(2)] with the 2022 Kering Standards
TOTAL – ALL RAW MATERIALS	95%		• Traceability across the entire value chain • Zero deforestation and conversion of natural ecosystems • Promotion of regenerative rearing and farming practices • Support for local communities and cultural practices • Use of recycled or regenerated raw materials wherever possible • Observance of the MRSL and PRSL lists: no hazardous or potentially hazardous substances used in the production process or in the finished product	71%
Leather	96%	Back to the slaughterhouse	• Tanning without heavy metals • From authorized countries • Animal welfare	69%
Wool	95%	Back to the country of origin	• Use of 100% certified or recycled wool • Rearing practices that restore natural ecosystems and soils • Animal welfare	60%
Cashmere	96%	Back to the country of origin	• Use of 100% certified or recycled cashmere • Rearing practices that restore natural ecosystems and soils • Animal welfare	31%
Cotton	94%	Back to the country of origin	• Use of 100% certified organic, regenerative or recycled cotton	72%
Silk	97%	Back to the country of origin	• Use of 100% certified organic, regenerative or recycled silk	48%
Cellulosic fibers	77%	From approved suppliers (FSC or Canopy "Dark Green Shirt" certification)	• Use of 100% recycled fibers or from sustainably managed forests (FSC - Forest Stewardship Council) and sourced from suppliers with a "Dark Green Shirt" rating in CanopyPlanet's most recent Hot Button report	76%
Gold	100% for jewelry 99% for all product categories including plating	Sourced through Kering's responsible gold sourcing platform or internal recycling	• Use of 100% RJC CoC-certified recycled gold, or from artisanal mines that are Fairmined or Fairtrade-certified or approved by Kering	99%
Precious skins	94%	Back to the farm (farmed species) or slaughterhouse (harvested species)	• Observance of CITES procedures (international conventions for endangered species, flora and fauna) • No sourcing of species threatened with extinction • Supplies from countries and industries that are certified or approved by Kering • Preventing any impact that may adversely affect wildlife and their habitat • Animal welfare	93%
Paper/ Cardboard	99%		• Use of 100% recycled or FSC-certified paper or wood	99%

(1) Traceability rate: volume of materials for which traceability has been achieved / total volume of materials purchased.
(2) Rate of alignment: volume of materials for which alignment has been achieved according to the Kering Standards / total volume of materials purchased.
Information is collected by declarations made by all of the Group's Houses and their suppliers for each material, in order to calculate the Group's EP&L and determine rates relative to the Kering Standards.

5.3.3.2 Leather

	2022 traceability rate	Level of traceability	Rate of alignment with the 2022 Kering Standards
Leather – total	**96%**		**69%**
Bovine	96%	Back to the slaughterhouse	77%
Sheep	95%		43%

The concept of responsible leather, as defined in the Kering Standards, combines traceability, i.e. leather that can be traced back to all stages from the slaughterhouse, sourcing from farms that minimize their environmental impact, respect animal welfare and adopt practices that promote soil regeneration and tanning using chrome-free processes. In terms of traceability, in 2021 Kering expanded its work on the investigation and traceability of hides, most of which come from Europe, by adding to the in-depth map of its supply chain, making it possible to identify 487 slaughterhouses in some 40 countries worldwide. Several Houses (Gucci, Balenciaga, Bottega Veneta, Saint Laurent) are testing and developing technologies to trace leather at each stage of production, in particular to avoid losing track at the slaughterhouse, which is the most sensitive link in the chain.

In terms of animal welfare, Kering published its Standards for all animal species present in its supply chains in 2019, also releasing standards specifically targeting calves, cattle, sheep and goats, which account for a sizable proportion of leather supplies. The Standards were published alongside specific practical guidelines for slaughterhouses (see section 5.3.4). In 2021, Kering updated its map of food labels that meet a level equivalent to its Standards in terms of animal welfare and environmental protection, both at the farm and in the slaughterhouse. The chosen approach draws on existing standards in the food industry and creates links between the leather and meat supply chains. To date, 16 standards have been identified in close to 40 countries around the world.

In 2022, around 10 physical audits were performed to check compliance with the Kering Standards at slaughterhouses level.

In the last five years, an internal working group dedicated to responsible leather has brought together representatives from all the Group's leather-using Houses to join forces in this area. In 2022, work focused on transparency and traceability, animal welfare and regenerative agriculture within leather supply chains.

Saint Laurent began a traceability project involving its Italian tanneries, which Balenciaga later joined as well. This project aims to improve information collected about their supplies (countries, slaughterhouses, breeding regions) and their practices, in particular regarding the use of certification or independent third party evaluations.

In 2022, Kering continued its collaborations to promote more responsible practices:

Initiatives	Presentation	2022 results
Paris Good Fashion	Since 2019, alongside the National Leather Council (CNC), Kering ha sbeen co-leading a working group on animal welfare bringing together several major players in the French fashion and luxury sector to accelerate the verification and improvement of practices with participants in the agri-food and meat industries, which have common supply chains.	Publication of a study on the link between the quality of skins and animal welfare.
"*Cuir de Veau Français Responsable*" (responsible French calf leather)	Kering is collaborating with other luxury brands to adopt harmonised animal welfare verification audits and deploy them across the calf leather industry in France, in collaboration with key stakeholders in the veal industry (farmers, integrators, slaughterhouses) This approach will enable participants to share ways of improving performance, by providing financial and technical support to farmers through the initiative	Joint development and validation of a common audit protocol with veterinary experts and Idele (French farming institute) Pilot audits of 50 farms by a third party Intended to be rolled out nationally by 2025
Textile Exchange - Responsible Leather Roundtable	Promoting leather certification: since 2017, as part of Textile Exchange's responsible Leather Roundtable, Kering has contributed to the development of a benchmark for certifications in leather supply chains and to the implementation of a mechanism for rewarding the most virtuous players in terms of animal welfare and environmental impact.	LWG or ICEC (*Istituto di Certificazione della Qualità per l'Industria Conciaria)* certification in Italy for tanneries working with the Group's Houses (Bottega Veneta, Gucci, Balenciaga, Saint Laurent)

Chrome-free and metal-free tanning

Metal-free tanning techniques are also a major focus of Kering's work on leather. Since 2017, the Group has been working closely with its tanneries, as well as its Houses and their suppliers, to promote the use of leather tanned without metals in the following ways:

1. Development of chrome- and metal-free tanning in all of the Group's tanneries by means of R&D activities in tanneries, with the aim of testing articles made from leather tanned without metals and then putting such metal-free tanned items into production;
2. Close collaboration with tanneries to develop new metal-free tanned items and gradually increase the metal-free proportion of their products. Significant progress has been made, and a growing number of tanneries have started to convert their facilities to fully metal-free production. Tanneries have been invited to share information, via the supplier portal, about their tanning methods and certifications.
3. Increase in the proportion of metal-free tanning in the collections of the Houses: in 2022, 50% of volumes purchased by the Houses for leather goods were metal- or chrome-free. In 2016, Kering extended metal-free tanning to crocodile skins, including those used for watchbands designed by its France Croco tannery.

Traceability and optimization of materials

The efforts on traceability, optimization of materials and animal welfare in the leather industry have delivered significant improvements for the Houses, in keeping with the Group's circularity policy (see section 5.4):

- Gucci traces each batch of leather back to the slaughterhouse and/or farm and ensures that the country of supply complies with the requirements laid down in the Kering Standards. In 2022, supplier data shows that 99% of leather was traced back to the slaughterhouse. Gucci improved its data collection processes and continued to carry out traceability audits at tanneries.
- Balenciaga also increased the proportion of leather traced back to the slaughterhouse to 83% by the end of 2022;
- In 2022, Alexander McQueen continued its collaboration with Oritain and its suppliers and tanneries to trace the supply of leather used in its leather goods and shoes;
- at the end of 2022, 95% of Bottega Veneta's leather was traceable back to the country of origin.
- Brioni introduced into its Spring/Summer 2022 and Fall/Winter 2022 collections a selection of shoe models made using metal-free leathers.
- Saint Laurent has developed a set of specific KPIs for its supplier evaluation system in its leather tanneries. Since 2019, drawing on extensive data collection across all product categories, the House has been able to calculate and monitor levels of traceability, percentages of Kering Standards-aligned leather purchases and tanneries' EP&L performance on a monthly basis. The results feed into the supplier evaluation process.

Several Houses have also set up systems with their suppliers for collecting and recycling scrap leather, following the example of Saint Laurent and subsequently Balenciaga: Balenciaga's internal cutting center and two of its manufacturers have recycled and recovered several metric tons of scrap leather with a partner that converts them into reinforcing patches used in the production of leather goods. Balenciaga also works with Authentic Materials to reuse leather scraps for purposes such as reinforcements for bag handles. Since 2013, Bottega Veneta has installed a leather scrap management system, which enables scraps to be reused as fertilizer after removing chromium residues. In 2022, over 230 metric tons (80%) of leather scraps were collected and processed thanks to this project, carried out in cooperation with ILSA and Waste Recycling, two companies specializing in the collection and treatment of production scraps.

Lastly, the Group's strategy on the management of leather sourcing in relation to deforestation is made public and described in Kering's responses to the CDP Forests 2022 Questionnaire, available on Kering's website and at www.cdp.net. It sets out the Group's governance with respect to cattle, risk management, objectives and performance.

5.3.3.3 Cotton and plant textile fibers

	2022 traceability rate	Level of traceability	Rate of alignment with the 2022 Kering Standards
Cotton	94%	Back to the country of origin	72%

For environmental and social reasons, Kering is strongly committed to using certified recycled or traceable, organic and sustainably grown cotton, and to encouraging the transition to regenerative cotton production.

As well as organic farming, through which cotton is grown without synthetic pesticides or fertilizers, a fundamental part of Kering's approach is to support the widespread adoption of regenerative practices in cotton production. The aim is to protect and restore biodiversity (soil biodiversity, as well as the diversity of plant and animal species, both inside and outside farms), encourage measurable improvements in soil quality (such as the soil's ability to retain water and to sequester carbon, which can be improved by maintaining plant cover year-round on farmed land, using crop rotations and minimizing soil disturbance for example) and ensure that farmers receive fair remuneration for adopting these regenerative practices.

Kering takes a multi-level approach to responsible cotton:

1. Define and maintain high standards of sourcing

The standards set out by Kering on cotton specify traceability at least back to the country of origin (to avoid sourcing from countries that are high-risk in terms of both environmental and social impacts) and prohibit the use of chemicals and pesticides. Alignment with the Kering Standards by 2025 includes a 100% organic cotton target. Kering encourages the use of organic cotton through its preference for GOTS (Global Organic Textile Standard) and OCS 100 (Organic Content Standard) certifications, and for regenerative practices, for example through ROC (Regenerative Organic Certified) and EoV (Ecological Outcomes Verified) certifications.

2. Encourage Houses the increase the proportion of cotton sourced from organic and regenerative farming

In 2022, almost half of the cotton used by the Houses was organic (49%) and 24% was certified recycled.

For example, in 2022 organic cotton accounted for 72% of cotton used by Bottega Veneta for its ready-to-wear collections. In 2021, the House also began using recycled cotton for certain leather goods items. In 2022, 32% of the cotton used by Gucci was organic, while 84% of the total volume of cotton purchased by Saint Laurent and 73% of Balenciaga's production (excluding packaging) were GOTS-certified.

As well as committing to organic cotton, Kering also continued to make progress toward sourcing cotton from regenerative agriculture in the medium term, for example by supporting the project led by OCA (Organic Cotton Accelerator) in India as part of the Regenerative Fund for Nature, but also via other cotton projects in other geographical regions (including ones working more closely with direct suppliers of the Group's Houses, e.g. in Italy, Spain, Greece and Turkey). Most of these projects involve ROC (Regenerative Organic Certified) or regenagri certification.

3. Collaborate with other players in the sector to promote cotton from organic and regenerative farming and to attract investors

As a founding member of the Organic Cotton Accelerator (OCA) alongside Textile Exchange and other brands, Kering continued its support for the development of organic cotton farming and the market for organic cotton, and for the adoption of regenerative practices in cotton production. Members undertake to comply with a number of guiding principles, such as promoting organic cotton and improving the environmental, social and economic aspects of production.

Kering is also a member of the Organizing Committee for the Textile Exchange's Organic Cotton Roundtable (OCRT). The OCRT is a global platform that supports and brings together the organic cotton community. It has ongoing working groups on business models, seeds and soils, and consumer engagement, as well as an innovation award.

Lastly, Kering is an active member of a working group on regenerative agriculture in connection with cotton growing, as part of the collective Paris Good Fashion initiative. Following the publication of a charter setting out what constitutes regenerative agriculture, work is now focused on establishing connections between agricultural practices and measurable positive impacts.

4. Support projects in the field

Through its partnership with the OCA, Kering provides practical support for on-the-ground projects in India, with the aim of stepping up the pace at which organic farming practices are adopted by helping farmers making the transition. Furthermore, through the Regenerative Fund for Nature, Kering also enables OCA to encourage farmers already practicing organic farming to adopt additional measures to achieve quantifiable regeneration of soil and of biodiversity in general. Through this project, which is taking place in four Indian states (Gujarat, Odisha, Madhya Pradesh and Rajasthan), 3,500 family farmers will receive support to move from conventional to organic farming, and around 50,000 other producers that are already certified organic will be supported in adopting regenerative practices that go beyond the requirements of organic standards (e.g. the reduction or elimination of tilling, the use of mulching, planting of ground cover, green manure, diversification of crop rotations and the use of compost made on the farm). The three-year project began in late 2021 and should support the adoption of organic and regenerative practices across a total area of approximately 53,500 hectares.

The Material Innovation Lab (MIL) is driving innovation in new growing methods, including hydroponic practices and cotton production in controlled environments. These new approaches considerably reduce the environmental impact of cotton production and could potentially improve quality and yields, while reducing dependency on crop seasonality.

5. Innovate to develop alternative fibers and ensure greater traceability of cotton

The MIL has been working actively since 2018 to obtain the first fully verified organic cotton fabric using forensic science methods. The project has been carried out with two long-standing Kering partners, Italian weaver Albini and Supima, a US-based organization advocating high-quality cotton, as well as with traceability expert Oritain. The technology uses fingerprints organic cotton, thereby allowing it to be tracked at all stages of production. An exact fingerprint match guarantees the authenticity of the organic cotton, and ensures that neither the raw material nor the fabric or finished product have been substituted, mixed or modified at any stage. In 2021, the MIL continued its work with Oritain for the large-scale roll-out of a program to verify the origins of cotton declared by Kering's suppliers. The current Oritain program (2022-2023) allows the Houses to verify their suppliers' claims, thereby ensure compliance with the rules restricting the origin of cotton in accordance with the Kering Standards.

At the same time, Kering is helping its Houses identify and adopt procedures to check the integrity and consistency of claims made regarding sourced materials, for example by having the Kering Test & Innovation Lab (TIL) test for the presence of pesticides and genetically modified organisms (GMOs) in cotton fibers and fabrics.

The Group is seeking to transition some of its cotton sourcing toward alternative plant fibers that have a lower environmental impact (such as linen and hemp), as well as recycled options. Using recycled materials significantly reduces the impact associated with producing virgin materials. In collaboration with the Houses, the MIL explores and tests new solutions that improve these alternatives to virgin cotton – which are increasingly used in the ready-to-wear, denim and accessories categories – in terms of quality and esthetics.

The MIL also has created a dedicated R&D program to investigate and test innovative textiles and technologies, including a number of specific projects developed in collaboration with various innovative suppliers. The program aims to launch advanced industrial trials of these innovations in order to meet the quality and esthetic requirements of the Group's Houses. Using cotton fibers and fabrics blended in varying proportions with other more environmentally-friendly plant fibers helps reduce Kering's environmental impact (although blended, the yarns and fabrics used will remain entirely plant-based and cellulosic).

5.3.3.4 Cellulosic fibers

	2022 traceability rate	Level of traceability	Rate of alignment with the 2022 Kering Standards
Cellulosic fibers	77%	Back to the country of origin	76%

Kering also takes great care with its sustainable sourcing strategy for cellulosic fibers such as viscose since they are made from wood pulp, which can present significant risks in terms of deforestation and forest degradation. To a very large extent, the Kering Standards follow the requirements of Canopy, an NGO that works to protect the world's forests, species and climate. In 2018, Canopy launched ForestMapper, a Kering-funded initiative to create an interactive map tracking ancient and endangered forests, thereby providing businesses with decision-making supportfor their purchases of paper, packaging, wood and cellulosic textiles. The Group and its Houses source primarily from suppliers that have achieved the "dark green" level (score above 30 out of 35) according to the Canopy Hot Button Ranking methodology, as well as buying FSC-certified cellulosic fiber.

In 2022, viscose accounted for approximately 5% of ready-to-wear raw materials, and in total less than 0.5% of the Group's raw material purchases, obtained primarily from suppliers Lenzing, Eastman, Aditya Birla, Jilin and Enka. All achieved a score of over 30 in Canopy's Hot Button report in 2022, except for Enka, whose score was 28.5.

Another major challenge for the textile sector is the large-scale recycling of blended fibers, especially those containing cotton and cellulose. Kering is looking into a number of recycling technologies and, in 2020, joined forces with Fashion for Good for the "Full Circle Textiles Project: Scaling Innovations in Cellulosic Recycling" project, which is studying economically viable and scalable solutions for the chemical recycling of cellulose, in order to enable a closed-loop system to convert textile waste into new man-made cellulosic fibers.

In collaboration with Kering's Houses, the MIL is carrying out an R&D program aimed at investigating and testing new technologies and solutions to improve the quality of chemically recycled cotton from both garments (post-consumer) and waste arising from cotton production (pre-consumer). The program is intended to increase the use of materials with recycled content in categories such as ready-to-wear, denim and accessories. Chemically recycled cotton is a practical and lower-impact alternative to viscose and Tencel, with a look and feel similar to those two materials when used to make fabrics.

In COP 27 in late 2022, Kering added its voice to a collective commitment, alongside Canopy and other companies in the fashion industry such as H&M, Inditex and Stella McCartney, to buy more than half a million metric tons of cellulosic fiber and paper packaging made from "next-generation" materials that have a lower impact on the climate and biodiversity, such as agricultural residues and recycled textiles. This commitment is intended to attract the investment needed to achieve a rapid ramp-up of production of these much sought-after alternatives.

In line with the Kering Standards, all Houses with ready-to-wear ranges (Balenciaga, Saint Laurent, Alexander McQueen, Bottega Veneta and Gucci) favor using sustainable cellulosic fibers in their collections, particularly FSC-or GRS-certified viscose and lyocell, and GRS-certified or recycled cupro. In 2022, 68% of the viscose used by Saint Laurent was FSC-certified. In 2022, 64% of the viscose used by Bottega Veneta was certified or recycled.

All Houses also favor FSC-certified products in their packaging and paper (see section 5.4.4.1).

Kering's strategy on sourcing wood-based products (cellulosic materials, viscose, etc.) that have an impact in terms of deforestation is described in Kering's responses to the CDP Forests 2022 Questionnaire, available on Kering's website and at www.cdp.net. It sets out the Group's governance with respect to these materials, as well as its risk management approach, objectives and performance.

5.3.3.5 Animal textile fibers

	2022 traceability rate	Level of traceability	Rate of alignment with the 2022 Kering Standards
Silk	97%		48%
Wool	95%		60%
Cashmere	96%	Back to the country of origin	31%

Materials made from animal fibers are those with the second-greatest impact in Kering's EP&L and are central to many projects launched by the Group and its Houses. Kering and the MIL have accordingly continued to identify new sources of high-quality fibers that meet the Group's standards, especially as regards farming practices and animal welfare.

In 2022, Kering continued its active engagement with various potential and existing wool suppliers to assess them and help them to improve their sustainable environmental, biodiversity, and animal welfare management practices. Kering also provides expertise to various initiatives in the wool industry, aimed at developing certifications and sustainable wool production methods, such as the Responsible Wool Standard, the Responsible Mohair Standard and the Responsible Alpaca Standard.

Kering also continues to work with experts in farming and sustainable land management practices, such as the Savory Institute, to promote the most ambitious management standards for wildlife and biodiversity conservation among sheep farmers, as well as pastoral practices enabling soil regeneration.

A fabric synonymous with luxury, cashmere has been the subject of research and experimentation to improve the environmental footprint of its production. In 2015, Kering and the Wildlife Conservation Society, an international NGO, launched the Gobi Desert Cashmere program in the Gobi region of southern Mongolia to promote sustainable and traditional production of high-quality cashmere in partnership with two cooperatives of nomadic herders representing 160 families and 150,000 hectares of pasture in Ömnögovi province. In addition to developing the capacity of farmers to produce better-quality cashmere, the program focuses on pastoral techniques such as rotating herds in order to improve impact on biodiversity and animal welfare. In 2022, the project was integrated within the Regenerative Fund for Nature in order to improve further the practices used and share learnings with other project implementers supported by the Fund.

Kering is also a member of the Market Sector Advisory Group formed on the initiative of the United Nations Development Program (UNDP), which works with other stakeholders in Mongolia to promote harmonization and facilitate collaboration between various existing programs there to support the emergence of a sustainable supply chain.

Kering's sustainable cashmere program is now a notable source of high-quality cashmere for the Group's Houses, as it meets the animal welfare and biodiversity conservation criteria laid down in the Kering Standards, with the added bonus of reducing the Group's environmental footprint. More than 32 metric tons of responsible cashmere have therefore been integrated into the supply chains of the Group's Houses since 2015.

In terms of cashmere from farms in China (Inner Mongolia), in 2021, Kering joined the Good Cashmere Standard (GCS), which promotes farming practices that meet demanding animal welfare requirements. In 2022, Kering took part in the first annual GCS conference in Istanbul, in order to participate in discussions about continually improving the standard, including by taking into account the environmental impact of farming practices.

Certain Houses including Gucci and Balenciaga use cashmere fibers from production scraps thanks to an innovative process to recover scraps, which are sorted by quality and color and then transformed into regenerated cashmere fiber. Depending on the collection and the level of quality required, a certain percentage of virgin fibers can be added before the spinning stage. The whole process takes place in Italy; it is environmentally friendly and fully traceable.

Alongside their efforts to increase and verify the use of certified cashmere and cashmere produced using regenerative practices, the MIL and the Group's Houses are seeking to replace some of the cashmere they use with alternative fibers that have a smaller environmental footprint (such as yak and camel hair) and recycled options.

The MIL also has an R&D program to develop innovative textiles, including a number of specific projects developed in collaboration with innovative suppliers and relating to various materials and technologies. The program is aiming to launch advanced industrial trials of these innovations in order to meet the quality and esthetic requirements of the Group's Houses, comparing the resulting fabrics with those made using virgin cashmere. Using cashmere fibers and fabrics blended in varying proportions with other fibers with a smaller footprint and/or with recycled cashmere will help further reduce Kering's environmental impact (although mixed, the yarns and fabrics used will remain entirely of animal origin).

Kering supports certified organic silk production that provides better traceability and a reduced environmental impact. Accordingly, the MIL has established a purchasing platform with the main suppliers of certified silk to guarantee that the Group's Houses have access to this high-quality fiber.

- In 2022, Gucci continued to increase the proportion of fibers aligned with the Kering Standards by means of a number of responsible supply sources: GOTS-certified organic silk (34%), GRS-certified recycled silk (12%) and GRS-certified recycled cashmere (11%). It is also continuing to introduce GOTS-certified organic wool (29%) and certified wool guaranteeing regenerative agricultural practices, as well as ensuiring alignement with animal welfare requirements via ZQ and RWS certifications (31%).
- Balenciaga is increasing its use of GOTS or RWS-certified organic wool and GRS-certified recycled wool, ZQ-certified merino wool, regenerated cashmere and organic silk (GOTS-certified) into its collections. In 2022, 74% of the silk and 90% of the wool purchased by the House was aligned with the Kering Standards and certified sustainable (GOTS, GRS, RWS or ZQ). In addition, 67% of the cashmere used by the House in 2022 came from certified sustainable sources (GCS or GRS).

- Likewise, Alexander McQueen is increasing the proportion of organic wool, ZQ-certified wool and organic silk in its ready-to-wear collections. The House is also working with its suppliers to give preference to sourcing certified cashmere (GCS).
- Saint Laurent is also continuing to source more and more RWS-certified wool, since RWS is the most advanced standard in terms of animal welfare. In 2022, 49% of the silk and 57% of the wool purchased by the House was certified sustainable, either by GOTS, ZQ or RWS or according to the GRS standard. In 2022, cashmere from sustainable certified sources accounted for 65% of the House's total volume, and came in particular from Kering's collaboration with Gobi Desert Cashmere. In South Africa, Saint Laurent is also developing a sustainable impact platform aiming to support supply chain partners in their efforts to adopt regenerative agriculture and responsible breeding practices.

5.3.3.6 Precious skins

	2022 traceability rate	Level of traceability	Rate of alignment with the 2022 Kering Standards
Precious skins	94%	Back to the farm (farmed species) or slaughterhouse (harvested species)	93%

Sustainable sourcing of precious skins such as from crocodilians and other reptiles, including compliance with the strictest animal welfare standards, is a priority for the Group. Over the past eight years, Kering and its Houses have supported a range of initiatives on sustainable supply chains for precious skins. These initiatives combine the Houses' Sustainability Departments and the Group's operations division (which manages its own tanneries and incoming supplies) and various external stakeholders.

The Group and its Houses comply with national and international legislation and regulations on the trade of precious skins: all skins of species classified as endangered or vulnerable by the Convention on International Trade in Endangered Species ("CITES") are obtained with certificates attesting to their legal origin, issued by CITES and the export authority, to ensure that trade does not threaten endangered species. In 2022, the Group resumed its grass-roots verification activities, particularly in Southeast Asia and specifically Indonesia, but also continued to help international associations working on the ongoing improvement of sustainable trade and use of exotic leather.

Kering actively supports the development of industry standards for all exotic species, such as crocodilians, ostriches and reptiles from Asia.

- SARCA: in 2022, Kering continued to provide financial and technical support to the Southeast Asian Reptile Conservation Alliance (SARCA), which specializes in ethical and sustainable trade in reptiles in Southeast Asia. SARCA is a multi-stakeholder platform that brings together key players in the reptile trade, including luxury brands, tanneries, CITES, scientists and conservationists. SARCA operates a study and research program in Indonesia, China, Malaysia and Thailand to gain a better understanding of the various sustainability challenges generated by the trade in reptile skins, particularly with regard to natural habitat and animal welfare. Players in the Kering value chain were also provided with training on both matters. In 2022, SARCA published a common standard for responsible trade in various species of snakes and lizards used in luxury sector supply chains (Responsible Reptile Sourcing Standard – RRSS) covering four modules: commercial integrity, animal welfare, social responsibility and environmental responsibility. In 2022, to ensure that the RRSS is robust and exhaustive, SARCA finalized a multi-party consultation process, in accordance with the guidelines of the ISEAL Alliance and including scientists, other academics, regulators, producers, NGOs, international development organizations and representatives of various areas of expertise (human and labor rights, animal welfare, conservation, politics/economics etc.).
- IFCA: Kering's exotic tanneries are members of the ICFA (International Crocodilian Farmers Association), a non-profit organization created to develop and improve crocodilian breeding practices that respect animal welfare, the environment, and local people and communities. One of the results of this approach is the development, implementation and certification of an international standard (ICFA 1001: 2022 Crocodilian Farming - Requirements) focusing on sustainable breeding and animal welfare at all stages of production. Kering's exotic tanneries source 100% of their supplies from ICFA certified farms.
- SAOBC: Kering contributed to the drafting of animal welfare standards for the South African Ostrich Business Chamber (SAOBC), which were made public in 2020 and gradually implemented in 2021. These standards, based on existing codes of conduct and the state of the art, aim to provide a detailed and verifiable best practice audit program. They are for the most part aligned with Kering's own Animal Welfare Standards for ostriches.

In 2022, as regards Kering's tanneries:

- 100% of crocodilian and ostrich skin suppliers have certifications aligned with the Kering Standards (ICFA and SAOBC);
- 100% of python and lizard skin suppliers were pre-audited according to SARCA's RRSS protocol.

5.3.3.7 Fur

In September 2021, Kering made the decision to stop using animal fur. Starting from the Fall 2022 collections, none of the Group's Houses are using fur. Following Gucci's lead in 2017, all the Group's Houses – in particular Balenciaga, Bottega Veneta, Alexander McQueen, Brioni and Saint Laurent – have gradually decided to take this step.

5.3.3.8 Metals, stones and other precious materials

Illegal or unregulated mining can give rise to major social and environmental damage. In particular, artisanal, small-scale mining can endanger communities by causing serious health and environmental damage if unregulated, whereas properly managed mining can generate responsible development for local communities. Kering is therefore committed to limiting its purchases of metals and precious stones to either certified recycled sources, or mined sources in areas that minimize harmful impacts on the environment and generate opportunities for local communities.

	2022 traceability rate	Level of traceability	Rate of alignment with the 2022 Kering Standards
Gold	100% for jewelry 99% for all product categories including plating	Sourced through Kering's responsible gold sourcing platform or internal recycling	99%

The Houses source gold through the Kering Responsible Gold Framework (KRGF), which ensures that gold is traceable and certified. The refiners selected by Kering as members of the KRGP have RJC Chain of Custody (CoC) certification and supply the Group's Houses only with gold that is RJC recycled, Fairmined, Fairtrade-certified or from artisanal mines whose practices have been checked by Kering. Responsible gold purchases totaled 2.549 metric tons in 2022, bringing the volume of responsible gold purchased to almost 11 metric tons since the platform was launched.

In addition, for each kilogram of gold purchased via the KRGF, the Houses pay a premium, which is used to endow the Kering Gold Fund. The aim of this fund is to support responsible gold producers, contribute to their growth and support mining communities. Each year, a committee composed of representatives of Kering and its Houses selects projects to be supported through the Kering Gold Fund in favor of mining communities offering social and environmental benefits.

In 2022, the Kering Gold Fund provided support for three projects in partnership with mines:

	French Guiana – since 2018	Ghana – since 2019	Colombia – since 2022
Description	• First full reforestation program for mining sites in the Amazon rainforest • Collaboration with Solicaz (reforestation expert) and Forest Finance France (experts in the development and management of reforestation initiatives)	• Program to promote women's independence and improve the environmental practices of local artisanal mines (no mercury used in gold extraction, alignment with codes of practice and certifications such as CRAFT and Fairmined) • Collaboration with *Solidaridad*	• Support for an artisanal gold mine to help it improve its local environmental practices (no mercury used in gold extraction, alignment with codes of practice and certifications such as CRAFT and Fairmined) • Collaboration with the Alliance for Responsible Mining
Initiatives	• Reforest all alluvial mining sites, going beyond regulatory requirements, under which only 30% of the mined surface must be reforested. For the first time, ecological impacts are taken fully into account through 100% reforestation.	• Support and training to help women in mining communities develop their skills and confidence in order to create their own businesses, and to organize themselves into cooperatives with a view to obtaining local permits, concessions and funding. • Men from local communities are stakeholders in these groups to ensure acceptance of the project and create a genuine opportunity for women's empowerment.	• Implementation of health and safety protocols, training in waste management and in the use of hazardous substances, support for marketing processes and the creation of formal supply chains. • The project will include the implementation of an internal control system to ensure that the ore is traceable, along with technical and organizational assistance in areas like traceability for mine employees.
Results	• 34 hectare pilot, subsequently extended to other former mines covering 131 hectares in total, with more than 90,000 trees planted. • Kering's Houses have been buying gold from these mines since 2019	• Local assistance for six groups of women living in communities around three mines • Creation of a microfinance fund	• Located in the Suarez region of Colombia, the mine is managed and operated solely by a group of 35 women.

The Houses also source silver, platinum and palladium from refiners assessed and approved by Kering. The Group has since 2021 been working on adopting programs similar to the KRGF for silver, platinum and palladium, with the pre-qualification of RJC CoC-certified recycled metals.

- Since 2018, Gucci has developed an innovative partnership enabling it to use palladium recycled from catalytic converters used in medical applications. This recycled palladium, which currently covers 100% of Gucci's requirements, is produced at an RJC CoC-certified plant in Italy, ensuring full traceability of the metal.
- Since 2022, Bottega Veneta has been using 100% recycled silver in its collections, through a collaboration with its supplier;
- Pomellato also uses RJC CoC-certified recycled silver and sources emeralds and rubies from a responsible producer of precious stones.

As regards diamonds, Kering is working with its suppliers to ensure that all diamonds used in its products comply with the Kimberley process, which aims to ensure the legality of trade in the international market, so that it does not serve to finance rebel armed conflicts. The Group's Houses map risks in the regions from which diamonds originate. In 2022, the sourcing of diamonds from Russia was suspended. Kering has also worked with its Houses to roll out guidelines and best practices on the traceability and sustainable sourcing of diamonds. For example, Boucheron sources diamonds from RJC CoP-certified suppliers and follows the recommendations of the World Diamond Council System of Warranties.

The Houses also make use of other lower-impact processes: Saint Laurent and Balenciaga have been using physical vapor disposition (PVD) coating on stainless steel for several years now for certain metal parts on their leather goods. Brass is being phased out in favor of steel, which has a lower environmental impact. Steel is also stabilized using PVD, a vacuum metallization process that deposits thin films of material in vapor form, which reduces the environmental impact compared to classic electrolytic plating processes.

The Houses rely on industry certifications and initiatives such as:

- RJC (Responsible Jewellery Council) certification attests to a company's respect for the environment and working conditions in the jewelry and watchmaking sectors. Pomellato, Dodo, Boucheron and Gucci (also RJC CoC-certified) are RJC-certified, while Qeelin is in the process of gaining certification.
- Boucheron is also involved in mother-of-pearl supply projects with suppliers certified by the Marine Stewardship Council;
- In 2015, Kering was a founding member of the Coloured Gemstones Working Group (CGWG), an initiative bringing together jewelry houses with the aim of fostering greater transparency and positive social and environmental impact in the colored gemstone industry. Boucheron also supports and is part of this working group. The CGWG develops resources and tools that are made available free of charge to all entities involved in the industry, enabling them to identify, avoid and manage the risks and impacts inherent to their activities. In 2020, the CGWG posted a common vision and the first round of the new tools on its online community platform. Kering and its Houses have worked actively on pilot projects for the tools developed by the CGWG and encourage their suppliers to use the platform.
- Finally, after its announcement in 2021, Kering and Cartier – mandated by Richemont – launched in 2022 the Watch and Jewellery Initiative 2030, to bring together watch and jewelry companies from around the world on the basis of a shared set of key sustainability targets (see section 6.2.2.2).

5.3.3.9 Plastics

The Houses' use of plastics is governed by the Kering Standards. Kering has had a zero-PVC product policy in place since 2012 and aims to stop using single-use plastics by 2025 (see section 5.4.4.1). In addition, the Houses must favor plastics with recycled content or, failing that, certified bio-based content, and ensure that the chemicals used comply with the Group's MRSL and PRSL. For the product end-of-life phase, the Kering Standards emphasize recyclability.

Because of the large number of plastic alternatives available, it is not easy to compare environmental performance or understand supplier claims. This is why Kering regularly organizes dedicated working groups: in late 2021 and 2022, particular effort was made to review existing standards and certifications concerning the recycled and bio-based content of plastics and their end-of-life phase (recyclability, biodegradability and compostability).

The impact of microfiber pollution on human health and the environment is a major concern for the textile industry. These impacts have not yet been fully quantified but it is clear that a high percentage of microfiber pollution in the oceans and in the air comes from clothing, not just synthetic fibers but also natural fibers. Kering is working on eliminating the use of toxic chemical products and removing microfibers and microplastics from its production processes. The Group is also continuing to keep a close eye on studies and industry developments concerning micro- and macro-plastic pollution in oceans and waterways, with the hope of including their impact in its EP&L methodology in the near future.

In 2021, Kering joined forces with The Microfibre Consortium as part of a collaborative approach between manufacturers and brands to highlight the growing need for better understanding of microfiber pollution and its adverse effect on aquatic environments and air quality. The consortium is calling for the sector to measure, map, guide and reduce levels of microfiber release.

The Material Innovation Lab (MIL) launched a pilot project in 2021 to trial an industrial-scale microfiber filtration system in Kering's supply chain. The results and feedback from this pilot project will be used to optimize and further refine the filtering process and validate the effectiveness of microfiber capture. The results will also be made available to the rest of the industry.

The Group firmly believes that the best solution is to prevent microfiber leakage as early on as possible in the product lifecycle, first of all by working on eco-design, for example using the best quality material and more sustainable long fibers, with specific fabric structures, material compositions, fibers, yarns and dyeing processes to create more sustainable products, as well as limiting microfiber release.

The approach to eliminating microfibers needs to be open and collective. Kering also requires its suppliers to comply with its Sustainability Principles, including implementing mitigation measures to reduce microfiber leakage during the manufacturing phases, such as:

- preferring continuous and/or reinforced fibers;
- using dyeing, finishing and cutting processes that preserve fiber yarn strength and reduce fiber irregularities;
- choosing washing processes that reduce microfiber leakage (closed-loop or microfiber filters);
- increasing pre-washing and filtering of the finished product at the manufacturing plant.

The MIL also offers a range of plastic materials compliant with the Kering Standards to enable the Houses to incorporate more responsible plastic into their collections. The Houses are continuing to reduce the proportion of synthetic materials used and gradually incorporate new alternative materials as well as more responsible synthetic fibers into their collections, made from biomaterials or recycled:

- Gucci, Alexander McQueen, Saint Laurent, Balenciaga and Brioni collections are increasingly incorporating ECONYL®. In 2022, 49% of nylon used by Gucci was recycled. In support of a continuous loop approach, ECONYL® scraps have been recovered from the production processes of Gucci's Off the Grid products and recycled to create new ECONYL® materials as part of the Gucci-ECONYL® Pre-Consumer Fabric Take Back Program since 2018.
- Balenciaga is stepping up the development and incorporation of recycled polyester into its ready-to-wear and leather goods collections. For its spring/summer 2022 ready-to-wear collections, 65% of the recycled synthetic fibers used were GRS-certified.
- Since 2015, Gucci has been gradually replacing the plastic used in the heels of its shoes with recycled ABS plastic. In 2022, it made 442,000 pairs of shoes with soles made of 25% bio-based TPU. The House is involved in a number of projects to allow for the large-scale production of recycled or bio-based sustainable components in its shoe collections.

5.3.4 Animal welfare: the Kering Animal Welfare Standards

Kering believes that the products developed by its Houses must meet the highest standards of quality in all aspects of production, including those related to the welfare of animals supplying many of the materials used by the Houses.

With this in mind, Kering published its Animal Welfare Standards in 2019, with the aim of ensuring the highest standards of animal welfare across the Group's supply chain. They cover all the species featuring in the Group's supply chains around the world, namely cattle and calves, sheep, goats, ostriches, crocodiles, alligators, pythons, and mammals bred for their fur, although the Group decided in 2021 to stop using fur. For each of these species, the open-source Standards highlight specific challenges, laying down breeding, transportation and slaughtering requirements, and provide the list of existing certifications serving as benchmarks. Kering has also published more detailed individual Standards for cattle, calves, sheep and goats, as well as guidelines for slaughterhouses. In 2021, these Standards were updated to reflect changes in practices and experience gained during visits and assessments within our value chains.

Developed with input from animal welfare experts, farmers and herders, scientists and NGOs, the Standards are based on the latest scientific research, as well as prevailing legislation and standards, best management practices and recommendations from a range of sectors. As such, they are based on external expertise, including an external review by several specialized associations such as the Royal Society for the Prevention of Cruelty to Animals (RSPCA) in 2017, Compassion in World Farming (CIWF) and the *Fondation Nicolas Hulot pour la Nature et l'Homme* (FNH) in 2018, and Welfarm and *Oeuvre d'Assistance aux Bêtes d'Abattoirs* (OABA) in 2021.

The Standards lay down a number of requirements for animal management that would significantly improve the welfare of animals in countries around the world if they were adopted by the industry more broadly. They include Bronze, Silver and Gold tiers that provide clear guidance on critical compliance requirements and encourage the Group's suppliers to make continuous improvements.

Specific assessment protocols describing how Kering and its Houses can measure their suppliers' compliance with the Standards have been developed. The protocols cover livestock rearing, transportation and slaughter conditions, but also include broader criteria such as farms' environmental performance and their impact on local communities and people.

A country-by-country risk assessment approach is implemented, based on the Animal Protection Index of NGO World Animal Protection. It assesses the risks inherent to each country in terms of animal welfare, based on indicators such as the prevailing legislation and the voluntary commitments that exist. The level of verification implemented to ensure compliance with Kering's Standards is then adapted to this level of risk by country, as well as other factors such as the type and volumes of raw materials concerned.

In 2022, the monitoring and verification of compliance with animal welfare standards in the Group's various supply chains focused on the leather sector. This led to a case-by-case action plan reflecting the risk presented by the countries of operation and with regard to existing animal welfare certifications for slaughterhouses. In 2022, a dozen field evaluations were carried out to verify that Kering's animal welfare requirements were being met. In the absence of field evaluations, a bibliographical evaluation of a number of standards and suppliers was carried out with regard to their approaches to animal welfare, particularly for the wool and leather supply chains.

Kering is also working with the sector to improve respect for animal welfare and the alignment of sector standards relating to precious skins (see section 5.3.3.6), materials from cattle, sheep and goats (see section 5.3.3.2) and participants in the agri-food industry (see section 5.3.3.2).

In 2022, Kering operated in the fragrances and cosmetics category through licensing agreements between its main Houses and leading industry players such as L'Oréal, Coty and Interparfums to develop and sell fragrances and cosmetics. Accordingly, Kering and its Houses do not directly manufacture products or conduct animal testing in this segment. The entities with which Kering and its Houses have signed licensing agreements have developed strict policies on animal testing, compliant with internationally recognized standards and best practices. Their approaches and requirements are set out in their respective reporting documents. In particular, Kering has laid down specific requirements for fragrances and cosmetics in its Sustainability Principles, available on the Group website.

5.3.5 Responsible use of water resources and discharges to water

Water security is a major global challenge, in view of unanimous scientific findings underscoring the urgency and criticality of climate change and biodiversity loss. The analysis carried out as part of the EP&L methodology shows a range of impacts on water use and pollution can give rise to significant risks in respect of the availability and quality of water in various parts of the world. For instance, water pollution can disrupt aquatic ecosystems through eutrophication, and mismanagement of water use can create life-threatening competition for local communities (competition between the production of raw materials and food, for example). This can have adverse human health impacts (illnesses caused by poor water quality), and can also result in reduced agricultural yields and other serious disruptions of ecosystem services.

	END OF LIFE	PRODUCT USE	TIER 0 Operations and stores	TIER 1 Final assembly	TIER 2 Manufacturing	TIER 3 Raw materials processing	TIER 4 Raw materials production
Water consumption **4%** **38,586 dam³**	2 dam³	4,137 dam³	690 dam³	5,845 dam³	7,565 dam³	4,103 dam³	16,244 dam³
Water pollution **15%** **4,462 t**	0 t	196 t	5 t	101 t	102 t	356 t	3,702 t

The Group's 2022 EP&L results show that 4% of Kering's monetized environmental impacts relate to water use while 15% concern wastewater discharges, which mostly arise in Tier 4 (production of raw materials) of its supply chains, particularly in the production of leather, metals, plant fibers and precious skins.

Kering's water management strategy is detailed in the Group's public response to the 2022 CDP Water Security Questionnaire (Kering obtained a score of A-), which can be accessed on Kering's website and www.cdp.net websites. It sets out the Group's governance with respect to water management, risk management and the Group's objectives and performance.

5.3.5.1 Kering's water footprint

Kering's water consumption within its own operations

Operations and sites under Kering's direct control accounted for 3% of the Group's total water consumption (EP&L scope).

Water consumption in 2022, 2021 and 2020 *(m^3)*

	2022	2021	2020	Change 2022/2021
Industrial water	330,099	335,010	250,870	-1%
of which groundwater	*226,564*	*270,113*	*198,379*	-16%
of which water from public network	*103,535*	*64,897*	*52,491*	60%
Domestic water	703,102	618,083	832,116	14%
TOTAL	1,033,201	953,093	1,082,986	8%

Within the Group:

- 68% of water consumed is used for domestic purposes (store cleaning, sanitary facilities, etc.) and 32% for industrial purposes, of which 22% comes from groundwater;
- The Group's industrial water consumption is primarily attributable to its tanneries, none of which is located in water-stressed zones. Tanneries' water consumption was stable in 2022 compared to 2021. However, tanneries reduced their use of groundwater, preferring to use water from the public network.

Total water consumption rose by 8% between 2021 and 2022, mainly in relation to an increase in domestic water consumption. That increase arose from a larger number of employees being present at the Group's various sites. However, consumption was lower in 2022 than in 2020, particularly as regards domestic water.

Initiatives for reducing consumption in Kering's operations

Given the nature of Kering's operations, the direct environmental impact of its water consumption is not significant. However, the Houses still work tirelessly to come up with innovative tanning processes that eliminate heavy metals and use less water. As a result, water consumption intensity (cubic meters of industrial water consumed/Group revenue) declined by 15% between 2021 and 2022. For example, Gucci's Scrap-less initiative enables the House to only treat the leather needed for product fabrication, thereby reducing use of chemicals and water consumption.

Kering and its Houses are also implementing measures to reduce domestic water consumption, particularly at their headquarters and offices. In the Kering Standards dedicated to stores, the Group has established precise technical criteria in order to limit their energy and domestic water consumption. For example, the standards prohibit the use of drinking water as a heat sink in air conditioning systems, encourage the use of non-drinking water (e.g. recovered rainwater) for certain maintenance purposes, and require the installation of plumbing systems that have low water consumption.

The Houses also have initiatives to reduce their water consumption:

- Measures being rolled out at Gucci, Balenciaga, Bottega Veneta, Saint Laurent and Kering include water fountains, filters, water-saving devices and rainwater harvesting systems at logistics sites.
- Bottega Veneta has reduced water consumption by almost 30% at its Montebello site as part of its LEED certification process. At this site, rainwater collection is supplemented by the recovery of used water from the air-conditioning system, which also allows heat recovery.
- At one of its factories, Kering Eyewear has set up a station for treating wastewater from its closed-loop production process, allowing 100% of treated water to be reinjected into the process.

Initiatives for reducing consumption in Kering's supply chain

Kering is applying its EP&L approach to conduct an innovative review of responsible water management across its entire production chain. Indirect water consumption linked to the use of agricultural raw materials such as cotton and extraction of precious metals is a serious environmental concern.

As regards production processes, the Kering Standards encourage suppliers to use water-efficient equipment, automate water flows, and increase liquor ratios in dyeing and finishing processes. They also encourage the use of waterless dyes and efficient dyeing technologies, such as cold pad batch dyeing. Wet processing factories (dyeing, finishing, printing and tanning) are encouraged to install a reverse osmosis system at the end of the wastewater treatment process in order to close the water loop.

In addition, the "Clean by Design" program involving 56 textile suppliers includes measures to reduce water and chemicals use. On average, factories applying the program reduce their water use by 5 to 10%. In 2022, one supplier achieved the largest reduction in water consumption ever seen by Kering, cutting consumption by around 1 million m^2/month obtained by improving water flow controls. Thanks to this, the water consumption of this supplier decreased by 51%.

The Houses also have initiatives to reduce water consumption in their supply chains. For example, Balenciaga gives priority to tanneries and denim suppliers that are making a genuine effort to reduce energy and water use in their treatment and finishing processes. All ready-to-wear Houses also favor using organic materials and recycled fibers, allowing them to reduce water consumption in their supply chains.

5.3.5.2 Management of chemicals and wastewater discharges

Hundreds of chemicals are used in the production of items made by Kering's Houses. Risk mapping conducted in 2014 served to select priority areas on which to focus efforts to eliminate all hazardous substances from supply chains. This mapping, the results of which are updated regularly, is based on the inherent chemical risks of the processes, the production geography, the sector's maturity and production volumes. Leather (including tanning and finishing) and textiles (especially dyeing) represent the biggest sources of risk. The Jewelry sector has been rated as least at risk among the Group's activities.

Because industrial sites use chemicals, pollutants are found in their wastewater discharges. As a result, the chemicals used by sites and the effluents they discharge must be managed properly in order to prevent and limit this pollution.

Within Kering's own operations

Though the water discharge impact from Kering's directly owned operations is not significant by itself, discharge from textile and leather industry production facilities can have a more significant environmental impact, especially as regards chemical pollutants.

A total of 75% of water is discharged.

Water management is an integral part of the Kering Standards, which set out guidelines for the Group's main manufacturing processes (tanning, textile processing and leather goods manufacturing).

Special wastewater treatment measures are required for tanneries, which use large amounts of water. Each tannery has its own on-site wastewater treatment plant. At all of the Group's tanneries, wastewater is pre-treated on site before continuing the wastewater treatment process. The Group's four Italian tanneries pre-treat their wastewater containing chromium, which is then sent to a special treatment plant used by several other tanneries, which purifies the water and recovers the chromium. The Group's other two tanneries have treatment plants that use sedimentation and physicochemical and biological treatment techniques.

To ensure compliance with local wastewater legislation, analyses are regularly carried out at each tannery and the results are continuously monitored. If any anomalies are recorded, dedicated procedures and action plans are put in place and, where applicable, described in the ISO 14001-certified environmental management system.

Chemical Oxygen Demand (COD) is the most relevant indicator of the quality of effluents after treatment. It allows the overall amount of organic pollutants in wastewater to be assessed.

Chemical Oxygen Demand (COD) after treatment – tanneries in 2022 and 2021 (in metric tons)

	2022	2021	Change 2022/2021
COD	34	57	-39%

In 2022, COD fell sharply in connection with a reduction in the amount of water discharged by the tanneries, and with specific efforts by one tannery to limit its wastewater discharges, reducing them by 63% between 2021 and 2022.

Commitment and sector initiatives

As well as complying with fundamental local and international regulations, Kering has set itself the target of eliminating all hazardous chemicals from all its Houses' products and production processes. To do so, the Group has established two types of lists of substances subject to restrictions:

- the Manufacturing Restricted Substance List (MRSL) for production processes;
- the Product Restricted Substance List (PRSL) for products.

Focus on: Kering's commitments and objectives concerning chemicals management

- Kering has set itself the target of eliminating all hazardous chemicals from all its Houses' production.
- Contractual requirements for all suppliers include the implementation of a chemicals management system within businesses and the roll-out of these requirements among their suppliers during the early stages.
- By 2025:
  - 100% of eligible suppliers evaluated in the Vendor Portal as regards chemicals management and compliance with the MRSL;
  - 100% of strategic suppliers covered by the MRSL compliance control process, which includes audit, certification and the ZDHC Supplier to Zero program;
  - Testing of wastewater, in line with the ZDHC Wastewater Guidelines, for all strategic suppliers.

Kering has been a signatory member of the ZDHC (Zero Discharge of Hazardous Chemicals) program since 2016. The ZDHC program is supported by roughly 30 major international brands and upwards of 100 industrial partners committed to encouraging sector-wide take-up of best practices, application of the MRSL (Manufacturing Restricted Substance List) and the use of sustainable chemicals with a view to eradicating the most hazardous substances from textiles, leather and footwear industry supply chains. Kering plays an active role in the work of the ZDHC program and, in 2022, continued to help it expand its activity in Italy by promoting contact with key players and suppliers.

In 2022, Kering continued to participate in the ZDHC Brands to Zero program, for which purpose the Group's actions taken to eliminate dangerous chemicals from its production processes were evaluated by a third party. The primary goal of this initiative is to assess members' alignment with the ZDHC program and to promote the harmonization of industry efforts to eliminate hazardous chemicals from production processes by defining a bespoke roadmap for each signatory.

The new ZDHC Supplier to Zero program was launched in Europe in 2021. Kering's operational teams were closely involved in defining this program and the evaluation criteria. In 2022, Kering continued to roll out the ZDHC Supplier to Zero program across its supply chains. In 2022, 157 companies supplying Kering, representing 37% of raw materials purchases (leather and fabrics), 37% of its leather products and shoes manufacturers and 47% of finished products bought for the Group's ready-to-wear items and accessories, took part in the ZDHC Supplier To Zero webinar.

Also in 2022, in cooperation with another ZDHC signatory, Kering organized training sessions to promote the ZDHC Supplier to Zero program involving 33 of the Group's strategic suppliers. The sessions were held with the support of a ZDHC training provider in order to ensure a consistent approach. In accordance with its aim of promoting the ZDHC program, Kering continued to support its supply chains through the distribution of ZDHC vouchers suitable for the Foundational level certification of the program, and by providing active support in deploying ZDHC InCheck report and ZDHC ClearStream.

Furthermore, since 2014, Kering has provided active support for its key suppliers in the leather (tanneries and suppliers in charge of production), textiles and finished product categories in ready-to-wear and accessories, to encourage them to comply with the MRSL, offering implementation tools and training.

5.3.5.3 Roll-out of MRSL in the supply chain

The MRSL is focused on discontinuing the use of dangerous chemicals in the manufacturing process, firstly to ensure that workers within the Group's operations and in the supply chains of the Houses are not exposed to hazardous substances, and secondly to reduce toxic discharges into water.

Since 2014, Kering has provided active support for its key suppliers in the leather (tanneries and suppliers in charge of production), textiles and finished product categories in ready-to-wear and accessories to encourage them to comply with the MRSL, offering implementation tools and training.

1) Contractual requirements

The MRSL requirements signed with suppliers since 2015 have been contractually binding since January 1, 2020. This means that no substance listed in Kering's MRSL can be intentionally used in the manufacturing processes of the Houses' supply chains. Version 2.0 of Kering's MRSL, released in 2020 and effective since April 2021, corresponds to the MRSL V2.0 of the Zero Discharge of Hazardous Chemicals (ZDHC) industry standard, supplemented by a ban on certain perfluorochemicals (PFCs). Contractual requirements for all suppliers also include the implementation of a chemicals management system within businesses and the roll-out of these requirements among suppliers upstream.

2) Supplier evaluation

Kering has developed a "chemicals management/MRSL compliance" indicator in the Vendor Portal. To do this, Kering evaluated more than 1,300 suppliers (representing 95% of its purchasing) in different product categories by means of detailed annual self-assessment questionnaires covering all data to be aligned with Kering's contractual requirements, in addition to detailed evaluations or audits of strategic suppliers. 87% (by value) of suppliers evaluated obtained a good or excellent score. The percentage was 90% among the Group's strategic suppliers. Kering's aim is for all eligible suppliers to be evaluated using this indicator by 2025. The results are reviewed biannually with the Houses' operations departments. These committee meetings provide the opportunity to discuss supplier compliance and define measures to be taken for the suppliers concerned, such as help to improve their performance, implementation of remedial measures or even the termination of business relations with suppliers that fail to comply. In addition, on-site audits are conducted on strategic suppliers to check whether they meet requirements relating to chemicals management.

In 2021 and 2022, 159 audits were carried out. As a result, 84% of raw materials purchases (leather and fabrics) and 68% of finished products purchases for Kering's ready-to-wear and accessories products were either covered by a Kering audit or certified by a third party with regard to chemicals management. In terms of chemicals management, Kering has set itself the target of ensuring that the process for checking compliance with the MRSL – which includes attaining the "Progressive" level of the ZDHC Supplier to Zero program – covers all strategic suppliers by 2025.

Kering acknowledges that with the current level of technology and knowledge, despite good chemicals management at the outset, some contamination by hazardous chemicals in production processes could still be possible and affect the quality of water discharged by facilities. In order to promote ongoing improvement in chemicals management, Kering intends to step up its checks of MRSL compliance by also performing tests on wastewater for all strategic suppliers by 2025. This approach is recommended by ZDHC and will make it possible to identify compliance failings and potential contamination by analyzing the root causes and improving the quality and safety of effluents.

3) Ongoing training

Kering has continued to enhance its capabilities internally and with its suppliers with regard to these issues by means of various training sessions on MRSL management. In 2022, 11 training sessions were organized for more than 1,000 Group suppliers in the leather, shoes and ready-to-wear categories (including tanneries, textile factories, metal suppliers and finished goods manufacturers).

An Idea Lab on the management of chemicals was held in 2022. This in-house event brought together representatives of the various Houses and aimed at providing training and information on the subject, focusing on ZDHC-related initiatives, and at taking joint decisions on Kering's action and strategy in this area.

In 2018, Bottega Veneta was the first House to roll out the MRSL with a group of leather goods and shoe manufacturers. Bottega Veneta has continued its work to bring an ever-greater proportion of leather goods and shoe production workshops in line with its MRSL approach. Since 2019, a total of 12 suppliers have received training in the MRSL and its tools, either at the House's headquarters or by videoconference.

Gucci, as Chair of the Sustainability Committee of the Camera Nazionale Della Moda (CNMI), has been particularly active in the debate on the negative impact of dangerous chemicals in the luxury industry, and has contributed to the preparation and circulation of Industry Guidelines on eco-toxicological requirements for apparel, leather goods, footwear and accessories. The House has completed the implementation of the MRSL with major raw materials, shoes, leather goods and ready-to-wear suppliers.

There have also been a number of initiatives at the level of the Houses to ensure the quality of their products and the safety of their consumers in line with regulatory requirements (see section 6.1.3).

5.3.6 Air pollution

	END OF LIFE	PRODUCT USE	TIER 0 Operations and stores	TIER 1 Final assembly	TIER 2 Manufacturing	TIER 3 Raw materials processing	TIER 4 Raw materials production
Air pollution **8%** **13,596 t**	5 t	2,306 t	167 t	1,153 t	2,204 t	1,563 t	6,198 t

The Group's 2022 EP&L results show that 8% of Kering's monetized environmental impacts relate to air pollution, and that they mostly happen in Tier 4 (production of raw materials) of its supply chains.

Solvents used in tanneries contain volatile organic compounds (VOCs) that are released in gaseous form into the atmosphere. There are specific guidelines for managing VOCs and emissions are calculated and monitored closely by each of the Group's tanneries.

Volatile organic compound (VOC) emissions in 2022 and 2021 (in metric tons)

	2022	2021	Change 2022 2021
VOCs	65	58	12%

5.4 Fostering circularity

5.4.1 Circularity ambition: "coming full circle"

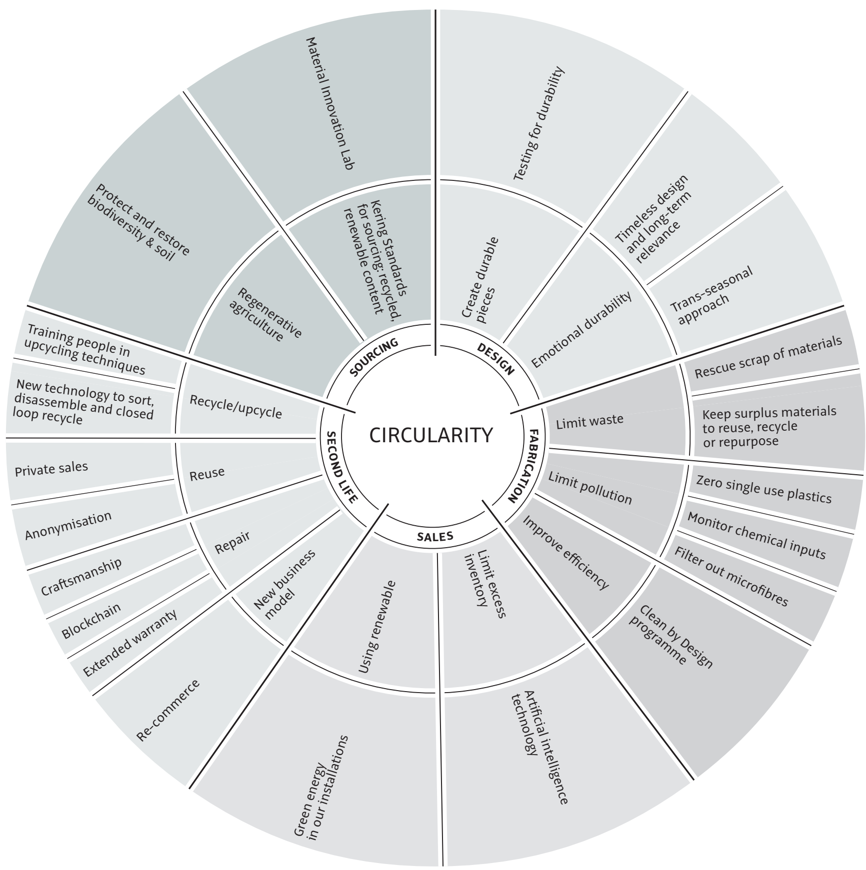
Moving away from the conventional model of "take, make, waste" is not only about recycling. Transitioning to a truly circular economy requires a complete rethink of the way we produce and use resources as well as the way we extend the life of products.

A circular economy provides the opportunity not only to move towards a positive impact on resources, but also to innovate in order to better serve clients and to further advance its sustainability goals. As a business, Kering sees the circular economy as an opportunity to create an industry fit for purpose for future generations. The "Coming Full Circle" ambition, published in 2021, has three central aspects:

1. luxury that lasts;
2. regenerative sourcing and clean production;
3. making production processes more efficient.

Kering has set a series of targets: zero product destruction, 100% renewable energy by 2022, zero single-use plastic by 2025, 100% of raw materials to comply with the Kering Standards by 2025, and zero microfiber leakage by 2030.

In addition, it is essential for Kering to take collaborative action, with its Houses and with partners across its value chain, whilst introducing open-source solutions to allow its ecosystem to evolve. Launched in 2019, the Fashion Pact represents an initial step in the industry's journey towards increased responsibility for its environmental impact. In 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 efficiency, waste management and energy use among our suppliers. Kering also works closely with several experts including The Microfibre Consortium, The Apparel Impact Institute and The Ellen MacArthur Foundation.



5.4.2 Sustainable innovation

To significantly reduce its environmental footprint, Kering aims to stimulate disruptive innovation, transform its traditional processes and encourage the widespread adoption of more sustainable practices. Kering is driving sustainable innovation and setting up internal workshops and structures, while the Houses are developing initiatives specific to their businesses and priorities. In addition, the Group is also engaged in an ecosystem of organizations spearheading innovation.

5.4.2.1 Supporting innovation within the Group

Material Innovation Lab (MIL)

Kering's Houses have access to the Material Innovation Lab (MIL), which opened in 2013 at the heart of the Group's production operations in Italy. It consists of a team of experts and a materials laboratory, with three main missions:

1. Developing sustainable textiles	2. Responsible supply chains management	3. Leading responsible innovation
The MIL develops sustainable and innovative textiles aligned with the Kering Standards to replace conventional raw materials. To achieve this, it provides operational support to the Group's Houses and their existing and/or new suppliers. The MIL also provides technical support for R&D efforts relating to sustainable fabrics, to design new textile and yarn structure for different product categories. The MIL showroom of sustainable materials is updated every six months to incorporate the most updated collections of luxury-level fabrics and yearns suppliers. All obsolete collections are regularly donated to educational institutions in Italy and other countries.	The MIL assists the Houses to source sustainable raw materials (such as certified silk, organic cotton, wool, cashmere, viscose, etc.) by creating connections between raw material producers and finished product manufacturers to implement dedicated supply chain. MIL support Kering Houses to promote more structured sourcing strategy to their suppliers aimed to increase the offer of sustainable materials in collections by contributing financially and with dedicated training. Finally, to ensure as much traceability as possible for its supply chains, the MIL supports the Houses in collecting and checking sustainability certificate documentations related to material used in Kering Houses' products at each stage of the supply chain. Th MIL is working to test digitalized traceability tool.	The MIL identifies, monitors and encourages the incorporation of sustainable textile innovations by meeting with innovators and assessing their technologies with a view to having them implemented by the Group's Houses. Operational pilot projects have been launched concerning new processes and materials in partnership with strategic suppliers, to validate, implement and extend innovations within the Houses' supply chains and/or collections. The MIL also supports pilot projects from the Fashion for Good accelerator, of which Kering is an active member.

The MIL's main achievements in 2022 were as follows:

• Around 5,000 samples of textile components (fabrics, yarns, trims, packaging, non-woven, hard and composite materials etc.) • Over 300 textile developments using sustainable and innovative materials for ready-to-wear and Soft Accessories (scarfs, gloves, hat) and Denim, packaging, shoes and bags categories: - New fabrics and yarns that use low-impact fibers (hemp, linen etc.) and recycled materials (cotton, wool and cashmere) - New textiles structure to replicate fur effect using natural and synthetic materials - Innovative fibers or fibers originating from Regenerative Fund for Nature projects (wool, cotton, cashmere) - Sustainable dyeing, finishing and material treatments to achieve high quality products	• Six main research streams: - Low-impact denim (5 projects in progress) - Fur alternatives (7 projects) - Finishing without fluorinated chemicals (6 projects) - Alternative fibers (12 projects) - Transparency and traceability (12 investigations) - Transparent bio-feedstock (5 projects) • 50 training sessions: - Externally: dedicated training in supplier facilities (spinning, dyeing, weaving mills etc.) - Internally: cross-functional webinar and workshop with Kering Houses and suppliers	• More than 450 suppliers and subcontractors listed in the materials showroom (of which 150 were added in 2022) • Operational collaboration with innovative startups to bring 12 technologies to a level of maturity close to implementation (alternative materials, natural or biotech-based dyes, finishing without controversial substances) • Approximately 200 Group suppliers supported in their ecological transition: - Financial contributions to share the cost of certification or to include more sustainable materials in their fiber portfolios - Onboarding in sourcing more sustainable materials and training for aligning with the Kering Standards

Partnership with Fashion for Good

Kering became a founding partner of the Fashion for Good accelerator in 2017. Its aim is to drive innovation in the luxury and fashion industries by factoring in sustainability criteria and supporting the development of startups through an intensive accelerator program. This comprehensive industry-wide innovation ecosystem is expanding: in 2022, Fashion for Good had 20 corporate partners, including fashion groups and brands such as Adidas, Target, PVH Corp and Patagonia, along with suppliers and financial institutions, which take part in pilot programs, publish industry reports and provide support for more than 143 innovators.

The program helps partners identify the most compelling innovative startups in the sector and support them in their development. Candidate startups must take a 360° approach to innovation, focusing on five priority areas: raw materials – with an emphasis on regenerated or renewable materials – manufacturing processes (dyeing and processing of materials), manufacturing and particularly zero-waste techniques, new business models (including second-hand fashion) and product end-of-life (recycling, circular economy). In 2022, there was a particular focus on leather alternatives (bio-sourced or recycled materials) and on traceability and transparency throughout the supply chain.

The accent is placed on projects and technologies that can help players in the textile industry reduce their consumption of water and energy, production of waste and use of chemicals, adopt alternatives to fossil fuels, and improve their working methods.

Of the 103 pilot projects launched via the accelerator, 23 were coordinated with Kering Houses through the MIL and at Group level. In 2022, these included:

- the D(r)ye Factory of the Future project to trial innovations in the pre-treatment and dyeing of cotton fibers and more specifically denim, wool, polyester and wool-cotton blends, in order to reduce water, energy and chemicals consumption during the dyeing process;
- a hydroponic cotton project, aiming to grow cotton in conditions similar to those of a greenhouse, with considerable reduction in the use of water, chemical pesticides and synthetic fertilizers, while quadrupling yields;
- The "Black Pigment Project" for validating and scaling bio-black pigments derived from waste feedstocks such as industrial carbon, algae and wood that could replace synthetic carbon black dyes offering a more sustainable means of dope dyeing textile production with a lower carbon impact;
- a pilot project to develop a plant-based, pre-reduced indigo – which no longer needs to be chemically reduced in denim mills – as an alternative to petrochemical-based synthetic indigo dyes, in a closed-loop production system.

Sustainable Innovation Lab (SIL) for watches and jewelry

The roadmap for the Sustainable Innovation Lab (SIL), set up in Switzerland in early 2020, is centered around themes in which innovation can help reduce the environmental impact associated with watchmarking and jewelry activities: a high proportion of recycled materials, partly bio-based materials, more ecological transformation processes, and materials and processes allowing for longer product use. The SIL also promotes the creativity generated by these new materials and processes as a result of both their possibilities and their constraints.

A collective approach, bringing together several brands around the same topic and involving academic and industrial partners at the cutting edge in their field, is essential for the SIL. This is an effective way of achieving ambitions such as replacing certain metals with composite materials made from natural fibers, making hard materials using less energy-intensive processes, and developing new metal alloys. Research contracts have been entered into with organizations such as *Politecnico di Milano* and the CNRS Institute.

By working as closely as possible with brands, and particularly their creatives, technicians and manufacturers, the SIL ensures that the specifics of each House are taken into account in this collective approach in order to facilitate the incorporation of these technologies into their products.

In 2022, the SIL worked more specifically on alternatives to precious stones and on processes and materials that have less of an environmental impact (e.g. ceramics produced using limited energy consumption, green batteries etc.).

K Generation Award

Kering and the global innovation platform Plug and Play China have created the Kering Generation Awards to promote sustainable innovation in the fashion industry. As well as identifying innovators in sustainable fashion in China, this award program also seeks to raise awareness within the Chinese fashion ecosystem regarding the importance of more responsible fashion. Following the first awards in 2019, the 2021 edition focused on innovation related to biodiversity for fashion, covering four sub-themes: water, soil, animal welfare and raising public awareness.

Three Chinese startups were selected for their technology and potential to transform fashion. Peelsphere won the first prize, worth €100,000, for its innovative renewable material made from algae, vegetable and fruit waste. OTEX won an award for its work on soil health. Zeno Technology won third prize for developing a dyeing solution capable of covering the entire process from dye production to printing, using new-generation biotechnology.

The third edition of the awards, on the theme of the circular economy, began in December 2022. The aim is to promote circular fashion and identify the most promising innovators in the fields of materials, product design and business models. Kering strengthened its collaboration with CEIBS (China Europe International Business School) and Shanghai Fashion Week, which are helping to mentor and raise the profile of Kering Generation Award winners. Kering also introduced a new award, in collaboration with ChangeNOW: the "Kering x ChangeNOW Award in Responsible Fashion", which was given to Resortecs: its solution, using a heat-dissolvable stitching thread, allows garments to be taken apart five times more quickly than using traditional methods, and allows up to 90% of the original fabric to be recycled.

5.4.2.2 Innovation-oriented initiatives from Kering's Houses

In addition to Group-level initiatives, the Houses also run their own innovation-oriented initiatives, addressing their specific activities and priorities, supplementing the responsible collections they are developing (see section 5.4.3.4). They include:

- Balenciaga's Material Innovation Unit (MIU), aiming to gather business lines (designers, developers, operational representatives) to converge toward common practices, processes and to brainstorm. MIU is also useful for training teams and putting them in touch with startups, NGOs and experts from the academic world. Topics in 2022 included responsible sourcing, innovative materials and the sharing of best practices;
- Boucheron's development of partnerships with new suppliers that have innovative know-how, and support for historic suppliers in terms of developing new capabilities;
- Pomellato's collaboration with SIL to study a treatment to keep silver from oxidizing through a surface deposit of silica, and its development of innovative new materials (a new white gold alloy that is nickel- and palladium-free, bioceramics etc.);
- Kering Eyewear's Blockchain V.I.R.T.U.S project: a system adopting blockchain technology on a regulated platform to measure and quantify the impacts of all parties and processes throughout production flows and check that each link within the chain is adhering to the quality standards and environmental, social and ethical practices set by Kering Eyewear;
- The *TextileGenesis* pilot project led by Alexander McQueen and Balenciaga: mapping the value chain back to the yarn. This project is being managed by the MIL, which has a direct relationship with each selected supplier, aiming to jointly develop sustainable and innovative solutions.

5.4.3 Promote circularity and the reuse of products

Through its Circularity Ambition, the Group aims to demonstrate that Moving away from the conventional model of "take-make-waste"is not only about recycling or designing recyclable products: it requires real change in practices at each stage of the production cycle.

In 2022, Kering worked to implement this ambition through various tools and recommendations, notably with the integration of a dedicated circularity guide in the *Kering Standards*, which translates the Group's ambition into action.

5.4.3.1 Durability by design

The primary focus of circular fashion is to create products that last, retain their value over time and to produce the right number of products so as to avoid unsold products.

The Group's luxury products combine strategic know-how with excellent craftsmanship in processing, cutting and assembly. They are designed and created from unique materials, and are subject to rigorous quality controls to ensure their longevity and durability. Some of the Houses offer their clients repair services to maintain the quality of their products and ensure their longevity.

As part of its commitment, Kering has created specialist repair centers for its clients in China (one in Shanghai and another in Hong Kong SAR) and in the United States (near its headquarters in Wayne, New Jersey). The aim is to provide a local service and an immediate solution for its clients offering the same services as those provided by Houses at their workshops, thanks to ultra-modern equipment and qualified craftspeople who consider repairs to be part of the art of creating. They are specially trained by qualified Italian technicians to carry out these repairs. During training courses run by the Houses' workshops in Italy, they learn the techniques needed to make a bag or a pair of shoes. Kering already offers a resoling service for sneakers, and several Houses have launched pilot programs for shoe cleaning and repairs. Kering's after-sales service helps to build loyalty to the Houses and forms part of a system designed to extend the lifespan of shoes.

In addition, the ready-to-wear and leather goods Houses offer a legal warranty as well as a repair service in the event of defects (a refund or credit note may be offered in some countries). Brioni offers its clients a reconditioning service, which it promotes via its e-commerce site.

Focus on: Bottega Veneta's "Certificate of Craft"

In November 2022, Bottega Veneta introduced its Certificate of Craft, lifetime warranty program for its most iconic bags (Jodie, Cassette and Pouch) offering unlimited refresh and repair. This initiative is free for customers, who receive a physical certificate that matches the serial number of their bag.

5.4.3.2 Build a business model that gives products a second lease of life

Extending the lifespan of products also means looking for new business models that preserve the value of the product and keep it in the economy. As such, the sale of second-hand products is growing in importance and is a strategic focus for the Group:

- Creation of Kering Ventures, with the purpose of investing in innovative new technologies, brands and business models for the future of the luxury sector: financial stake in 2021 in Vestiaire Collective (worldwide pre-owned fashion platform), Cocoon (luxury bag rental service), VitroLabs (startup specializing in the production of lab-grown leather) etc.;
- Gucci has set up a dedicated department for creating new business models and rolling them out on a large scale, particularly in connection with gaming, vintage and pre-owned fashion as well as rentals (subscription service), as part of a circular economy approach;

- in 2022, Balenciaga extended the circularity program it launched in 2020 with pre-owned fashion specialist Reflaunt to enhance its impact and allow a larger number of customers around the world to resell their Balenciaga garments and accessories. Customers can take their products to a participating store, or arrange a scheduled collection. The products are then authenticated and documented. Customers receive a credit that they can use to buy new Balenciaga items in participating stores. There is now a section on the House's website dedicated to products resale.

5.4.3.3 Reuse, upcycle, recycle

The Group's products stand the test of time both physically and emotionally, as a result of which they have a long lifespan and sometimes several users, as demonstrated by Kering's 2020 study, "Capturing the impacts of consumer use and product end of life in luxury". This survey of 3,000 customers in a number of regions (United Kingdom, Italy, Japan, United States) shows that products from the Group's Houses are usually resold or given to charity or friends.

The Group has also accelerated its movement to collect products that are no longer used by customers, collectively via Extended Producer Responsibility if the organizational structure is in place locally, as is the case in France with Refashion, or through partnerships such as Alexander McQueen x Vestiaire Collective, which offer a practical solution for collecting products that are no longer used, while increasing products' active lifespan.

To limit the quantity of unsold products at the end of each season, the Group is investing in artificial intelligence technologies to improve sales forecasts and therefore optimize production and distribution. The machine learning models improve the Group's ability to anticipate seasonal demand and current trends, thereby reducing possible prediction errors. Particular attention is paid to items likely to generate excess inventory, in line with the Group's circular economy approach.

The "circularity" chapter of the Kering Standards sets out the hierarchy of waste treatment methods. This chapter states that products that are not sold in stores, particularly because of feedback about quality, are then offered for sale through channels dedicated to past collections, such as outlets or friends and family sales for employees and their families, or are donated. If products still remain unsold, pilot projects are taking place regarding the upcycling or recycling of those items, together with any damaged products.

As the destruction of products or unsold items is prohibited throughout the Group, Kering is actively working to develop operational recycling and upcycling solutions. For example, Bottega Veneta established a procedure and a dedicated committee for managing unsold items in 2019. These practices enabled the Group to anticipate France's new anti-waste law, published in 2020, whose Article 35 prohibits the destruction of unsold non-food items from 2022 onward.

Balenciaga, through Kering's SPIRA initiative, is continuing its collaboration with a company in France to recycle sneakers; the collaboration has produced 3 metric tons of plastic granules that are then reused to produce shoe components. The House has also launched a program with two French NGOs to recycle the used uniforms of store employees in Europe.

To support and accelerate the development of industrial recycling infrastructure, Kering has joined Fashion for Good's "Full Circle Textiles Project: Scaling Innovations in Cellulosic Recycling" initiative, which aims to test and eventually scale up promising chemical recycling technologies.

All the Houses have developed pilot projects with Revalorem, which specializes in solutions for reusing, repurposing and recycling unsold items and raw materials for the Luxury industry. For Boucheron, the partnership aims to develop solutions for reusing, repurposing and recycling products, particularly display units and jewelry boxes. Boucheron is also working with the SIL on reusing powder from precious and semi-precious stones.

5.4.3.4 Responsible and regenerative sourcing of materials and responsible collections

The final aspect relates to the sound management of chemicals, the maximum use of recycled or renewable materials, and recycling at every stage of production. Kering and its Houses have focused primarily on materials deemed strategic by virtue of their volume, their environmental impacts or their importance in collections. Raw materials aligned with the Kering Standards are traced via the EP&L and account for most of the materials used in products and collections sold by the Houses.

The Kering Standards allow the Group's Houses to identify sourcing preferences – recycled, biobased or certified – by material. In addition, the MIL provides Houses' design teams with a pool of sustainable and innovative materials and assists them in the selection of circular materials. However, the Houses sometimes face technological challenges, largely due to the physical properties of recycled materials, which can be less efficient than virgin materials. For example, recycled cotton fibers are shorter and therefore more likely to fray, creating a conflict between product durability and the integration of recycled material.

Moreover, when virgin materials are required to ensure product quality, Kering devises projects to source materials produced through regenerative production practices that have minimal environmental impact and that guarantee the renewal of resources.

As regards the management of chemicals, the Group's products are designed in accordance with the Kering Manufacturing Substance Restricted List (MRSL) and the Product Restricted Substance List (PRSL) to prevent the use of hazardous chemicals in the manufacturing process, ensure that workers are not exposed to hazardous substances, and reduce toxic discharges into water (see section 5.3.5.3).

All Houses are taking this approach further, developing sustainable collections and capsule collections. This increases the positive impact of their flagship products and thereby raises customer awareness of the issues at hand, meets growing demand for responsible products, and involves customers in the endeavor.

<table>
<tr><th>Houses</th><th>Initiatives</th></tr>
<tr><td>Gucci</td><td>• Gucci is continuing to add new products to the Off the Grid collection it launched in 2020. Off the Grid is the first Gucci Circular Lines collection. It uses recycled materials and textiles with the aim of combating waste and minimizing the use of new resources. It comprises five product lines covering accessories, ready-to-wear and travel bags, all made using recycled, regenerated, organic and biobased materials from sustainable sources (ECONYL® regenerated nylon, organic cotton, recycled polyester, regenerated leather, recycled and RJC CoC-certified gold and palladium etc.).
• In 2021, after two years of in-house R&D, Gucci launched Demetra, a new non-animal material that is an alternative to leather and produced in Italy. This imitation leather is made mainly from sustainable, renewable and biobased raw materials of which 77% are derived from plants, such as viscose, cellulose and biobased polyurethane, all from sustainably managed forests.</td></tr>
<tr><td>Saint Laurent</td><td>• Almost 60% of the ready-to-wear items in the Fall-Winter 2022 and Spring-Summer 2023 collections contained materials aligned with the Kering Standards.
• Items in Saint Laurent's "Le Vestiaire" collection have been made from sustainable and traceable materials since the Fall 2022 collection.
• Since its Spring 2022 collection, Saint Laurent has been making all of its carryover backpacks from ECONYL®-based nylon.
• To reduce its use of virgin materials, Saint Laurent uses recycled leather as trim in its Monogramme small leather goods collection. The House also sells glasses made from partially recycled acetate.</td></tr>
<tr><td>Bottega Veneta</td><td>Following the successful 2020 launch of its Puddle rain boots, made from a biodegradable polymer, Bottega Veneta continued to integrate sustainable materials into its shoes, such as the Lug and Tire models. The Wardrobe 03 collection also features recycled buttons and fasteners.</td></tr>
<tr><td>Balenciaga</td><td>• Between September 2021 and August 2022, almost 77% of Balenciaga's ready-to-wear pieces contained sustainable materials aligned with the Kering Standards.
• In 2022, Balenciaga launched its Maxi Hooded Wrap Coat made from EPHEA™, a mycellium-based non-animal material that has a smaller environmental footprint. The coat was named "Best Luxury Product" in the PETA Fashion Awards 2022.
• Balenciaga is increasingly using certified recycled synthetic fibers in all product categories. In particular, over 65% of fibers were GRS certified in the SS23 ready-to-wear collection and over 70% in certain categories of accessories and shoes in 2022.
• More than 25% of the House's 51st Couture collection, presented in 2022, featured pieces that had been taken apart and reworked, such as bombers, parkas, jeans, belts, wallets and vintage watches.
• The Balenciaga "rag-bench", made of layers of fabric offcuts, was presented in the 2022 Milan Furniture Fair. Created in collaboration with Dutch designer Tejo Remy, renowned for his work at Droog Design, three different formats were included as "Made to order"in the Objects collection.</td></tr>
<tr><td>Alexander McQueen</td><td>An increasing number of ready-to-wear pieces feature responsibly sourced materials such as organic wool, silk and cotton, modal and ECONYL®. The House has also launched a product range based on Frumat, a material produced from apples in Italy.</td></tr>
<tr><td>Brioni</td><td>• The House sells a range of products in Japanese selvedge denim made from GOTS-certified organic cotton and produced using artisanal methods, along with several shoes, tennis shoes and espadrilles made from sustainable materials.
• Brioni also used GRS recycled fibers in outerwear garments as part of its 2022 collections, for example introducing LUXEPAD upcycled padding made from cashmere scraps, which has a smaller environmental footprint in terms of water and energy consumption, CO_2 emissions and waste production.</td></tr>
<tr><td>Boucheron</td><td>• Launch of the Jack de Boucheron Ultime capsule collection featuring Cofalit®, a material made from recycling industrial waste.
• Launch of a solitaire in the Étoile de Paris collection that is fully traceable using Sarine technology. This solitaire comes with a digital certificate of authenticity, which shows where the diamond comes from and the various steps in its production (cutting, polishing etc.).</td></tr>
<tr><td>Pomellato</td><td>Several responsible collections: the upcycled Nudo Gelè collection and the La Gioia collection, featuring the Bahia necklace made from Tanzanite, for which the set of stones is completely traceable and certified by Tanzanite One..</td></tr>
<tr><td>Dodo</td><td>Bracelet in recycled plastic as part of its partnership with Tenaka, along with a butterfly charm as part of a partnership with the WWF.</td></tr>
<tr><td>Qeelin</td><td>Launch of the responsible Silver Bo Bo Charity Necklace collection in 2022, made from recycled silver, with part of the revenue going to the WWF to finance projects protecting the natural habitat of the giant panda in China.</td></tr>
<tr><td>Kering Eyewear</td><td>After obtaining ISCC Plus Certification, Acetate Renew, a material made from wood pulp produced from sustainable sources combined with certified recycled plastic (27%) instead of material of fossil origin, was used in Kering Eyewear's Spring Summer 2023 collection.</td></tr>
</table>

5.4.3.5 Partnerships for the circular economy in fashion

In 2022, Kering continued its involvement in initiatives supporting the transition to a circular economy.

- Ellen MacArthur Foundation: Kering is a partner of this foundation, lending its expertise and resources to promote and jointly develop a new vision of the textile industry. In 2022, Gucci became a strategic partner of the Ellen MacArthur Foundation to strengthen its circular economy strategy.
- Kering joined the *Fédération de la Mode Circulaire* as a founder member. The federation's aim is to accelerate discussions between industry participants and governments around the circular economy in the fashion industry.
- Kering and two of its Houses, as part of a working group coordinated by the *Fédération de la Haute Couture et de la Mode* (FHCM), contributed to work aimed at defining an environmental labeling methodology (data collection, assessment method), as part of the European textile strategy and France's AGEC (anti-waste and circular economy) Law.

5.4.4 Optimization of production processes

5.4.4.1 More sustainable packaging

Packaging challenges in the luxury industry

In 2021 and 2022, Kering worked on a precise definition of what constitutes "packaging" in relation to the Group's products, so that its strategy is based on a common, transparent vocabulary. The exercise was based on the definition contained in the European Directive on packaging and packaging waste: an item of packaging is a disposable article made of any material, intended to contain and protect specific goods and allow them to be handled and transported. As a result, certain items used to protect the Group's products, and intended to be used by customers throughout the products' lives, are not categorized as packaging. For example, this is the case for jewelry boxes, eyewear cases, and clothing and shoe dust bags that are not used as disposable items by customers.

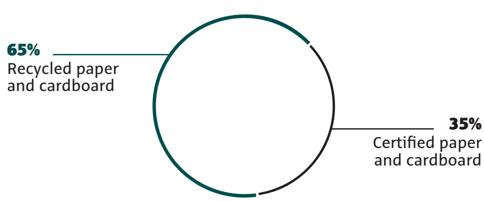
Packaging consumption in 2022, 2021 and 2020 *(in metric tons)*

	2022	2021	2020	Change 2022/2021
Paper and cardboard	19,640	29,849	22,570	-34%
Textiles	442	2,552	2,961	-83%
Plastics	581	1,136	747	-49%
Metals	50	683	517	-93%
Wood	37	219	31	-83%
Leather	0	2	1	-100%
Other materials	6	63	-	-90%
TOTAL PACKAGING	20,756	34,504	26,827	-40%

The sharp fall in volumes in 2022 relative to 2021 arose from the new definition of packaging. The reduction in the quantity of textiles, metals, wood and other materials used is due to the reclassification of jewelry boxes, eyewear cases and dust bags, which are now categorized as an integral part of the products in question. However, the reduction in paper volumes is due to the fact that many Houses purchased and stored large volumes of packaging in 2021 after COVID-19 restrictions were eased, and used remaining stocks of packaging in 2022.

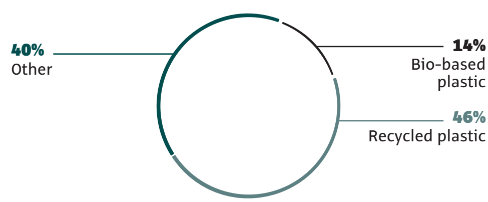
Paper and cardboard packaging

More than 90% of the packaging used by Kering consists of paper and cardboard. In 2022, all paper and cardboard packaging was certified or recycled.



Plastic packaging

Less than 3% of the Group's packaging is made of plastic. In 2022, 60% of plastic packaging consisted of recycled or bio-sourced material.



Measures to promote more sustainable packaging

To limit the environmental impact of its packaging, Kering and its Houses make every effort to opt for the most sustainable solutions available made from recycled or certified biobased materials. They have also adopted initiatives aimed at reducing the use of packaging while guaranteeing an optimal level of protection for the goods manufactured. A Kering Standard dedicated to packaging was developed in 2020, setting out the eco-design principles that should be applied to packaging in order to improve its environmental impact. The principles revolve around four aspects of eco-design: reduction (of weight and volume), reuse, recycling and incorporation of sustainable materials (recycled, bio-sourced and certified). In particular, the standard aims to eliminate single-use plastics and problematic plastics like PVC.

In 2022, an eco-design tool was developed to allow teams to assess packaging with respect to the Kering Standards, identify new avenues for eco-design as regards packaging (recyclability, reuse etc.) and ensure that it can be recycled in theory.

Organic or recycled textiles are also favored by the Houses. For example, the ribbons on Alexander McQueen shopping bags are made from GOTS-certified linen, and its protective apparel bags are made from GOTS-certified organic cotton. The handles of shopping bags in the Gucci Green Packaging range are made from 100% recycled polyester and can be removed, which makes them easier to recycle.

The Houses pay special attention to the packaging used for e-commerce. In 2021 Alexander McQueen conducted a joint study with the Trecate logistics warehouse into reducing e-commerce packaging volumes. Gucci no longer uses plastic in its retail and e-commerce packaging, which consists of reusable cotton packaging and filling made from FSC Mix certified paper. Gucci is also cascading its requirements to its suppliers. As regards plastic protective boxes for its accessories, Gucci's Take Back program avoided the production of 360,000 boxes, equal to 44 metric tons of plastic avoided for BtoB packaging in 2022.

The multi-brand logistics hub aims to reduce the volume of packaging used for shipping products worldwide. It works with the Houses to optimize their capacity and tracks the performance of packaging used for BtoB transportation. It also ensures compliance with the Kering Standards in this regard. In addition, new machines have been installed in the Group's warehouses to provide made-to-measure packaging for orders of one or more items, reducing both packaging volumes and cardboard use. Warehouse employees are taught not only how to package goods correctly, according to the Houses' requirements, but also how to choose the best type of packaging to optimize volume.

Single-use plastics

Kering believes that eliminating plastic packaging across the industry as a whole is a priority and has adopted the ambitious target of eliminating it completely by 2025. To achieve this, the purchasing and sustainability departments have since 2021 been leading a taskforce involving all Houses, whose remit is to adopt joint definitions for BtoC and BtoB packaging, identify single-use plastics within business lines and implement alternatives through pilots. The solutions being considered are as follows, by order of priority:

BtoC:

1. Eliminate packaging
2. Replace plastic with another material such as paper

BtoB:

1. Eliminate packaging
1. Choose reusable rather than single-use packaging
2. Replace plastic with another material such as paper
3. Use 100% circular plastic:
   - Containing at least 30% recycled material (with the aim of increasing that proportion to 100%), with the rest consisting of biobased plastic
   - Recyclable in practice and at scale

BtoB packaging remains the main use of plastic for the Group. Given the difficulty of completely removing plastics from logistics because of its requirements in terms of quality and protecting articles during handling and transportation, Kering authorizes the uses of "circular" plastics, i.e. plastics that are made from recycled or biobased materials and can be recycled at the end of their lives. Packaging may be considered recyclable if it is designed to be recyclable and if collection and recycling networks exist and are operational. Since not all of these networks are at the same level of maturity across the various regions, several studies began in 2022 to gain a better understanding of the systems and participants in collection and recycling networks, to ensure that packaging can eventually be recycled.

5.4.4.2 Hazardous and non-hazardous waste

Waste disposal can lead to a number of environmental outcomes which bring adverse societal impact. The environmental impacts of the various approaches to waste disposal (recycling, incineration, landfill) can include discharges into water (such as leachate), into the air (greenhouse gases and atmospheric pollution) and soil contamination.

	END OF LIFE	**PRODUCT USE**	**TIER 0** Operations and stores	**TIER 1** Final assembly	**TIER 2** Manufacturing	**TIER 3** Raw materials processing	**TIER 4** Raw materials production
Waste production **4%** **512,340 t**	1,542 t	46,109 t	15,434 t	174,037 t	254,686 t	16,181 t	4,351 t

The Group's 2022 EP&L results show that 4% of Kering's monetized environmental impacts relate to waste production, and that they are mostly in Tiers 1 and 2 (final assembly and manufacturing) of its supply chains.

Hazardous and non-hazardous waste

As is the case for the consumption of packaging, the production of waste in the Group's operations is directly related to the intensity of its retail activities. The repackaging of goods and the use of pallets for transportation mostly generate non-hazardous waste. Kering mainly generates packaging waste and also small quantities of hazardous waste, corresponding to specific items of waste on production sites and other waste produced mainly in stores and offices (lighting, ink cartridges, etc.).

The main source of the Group's hazardous waste production is its industrial operations, and more specifically its tanneries. One of the main challenges for Kering's waste management operations is the presence of heavy metals, which are used during the tanning process. Kering's tanneries are therefore actively involved in the research and development of alternative tanning methods that are more environmentally friendly. As a result, a heavy metal-free tanning method is now available at the Group's exotic and non-exotic leather tanneries and lifecycle assessments have been carried out to confirm the improvement in environmental impact associated with the new process, which does not use chromium or heavy metals.

Tanning processes can also give rise to odor pollution because they emit hydrogen sulfide, especially at the stripping stage. Unpleasant odors are managed by an air evacuation system at the stripping tubs, which channels polluted air through a filter that traps sulfur-bearing particles and outputs clean air.

Total waste produced in 2022, 2021 and 2020 and 2022/2021 change *(in metric tons)*

	2022	2021	2020	Change 2022/2021
Non-hazardous waste	22,702	20,452	16,837	11%
Of which recycled and recovered	*65%*	*77%*	*72%*	
Hazardous waste (1)	569	645	573	-12%
Of which recycled and recovered	*43%*	*46%*	*41%*	
TOTAL WASTE	23,271	21,097	17,410	10%
Of which recycled and recovered	*64%*	*76%*	*71%*	

(1) Hazardous waste includes batteries, neon lights, waste electrical and electronic equipment, used oil, paint, aerosols, soiled packaging and ink cartridges.

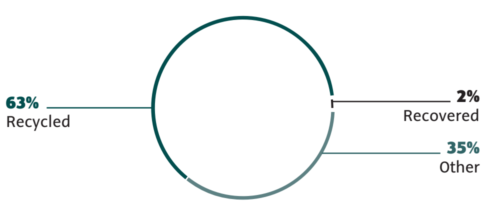
In 2022, 98% of the waste generated by the Group was non-hazardous. The quantity of waste produced rose by around 10% in 2022, which is consistent with the increase in the Group's business levels. Waste consisting of pallets and wood increased by 32%, particularly in warehouses and industrial sites, while paper waste fell by 12% and plastic waste by 18%.

The proportion of non-hazardous waste that was recycled and upgraded fell to 64% in 2022. That was mainly due to more conservative assumptions being used in 2022: where there was no end-of-life information about the waste generated, it was assumed that it would go to landfill.

Waste recycling

Kering is constantly looking for ways of recycling the waste generated by its operations. Paper and packaging have been collected and recycled at its offices for a number of years.

Waste recycling rate in 2022 *(%)*



In 2011, Balenciaga adopted waste sorting at its main sites in Paris. The House works with an ESAT (a company that supports people with disabilities to help them integrate into the mainstream labor market in France) that specializes in the recovery and recycling of conventional office waste (paper, envelopes, flyers, etc.), as well as cardboard, plastic and fabric (such as scraps from the brand's studio and workshops).

In line with each country's regulations, Gucci also ensures the appropriate management of waste from its stores, giving priority to the separation and recycling of key components such as paper, cardboard and plastic.

In 2022, Saint Laurent continued its work on a comprehensive recycling program at its industrial sites, headquarters, stores and showrooms. The House also maintained its numerous partnerships with social impact companies, such as Emmaüs offshoot *Le Relais*, for all used fabrics and uniforms. Saint Laurent equips its sites – particularly its headquarters – using recycled materials such as insulation panels made using fabrics from old collections.

On the basis of a circular economy-led approach, a number of other partnerships have been established in order to find sustainable solutions for recycling and reusing waste relating to production activities, in particular textiles (see section 5.4.3.3).

These measures are helping to achieve the target of zero waste at the Group's offices. Various initiatives were also trialed and rolled out between 2020 and 2022 at the Group's and Balenciaga's headquarters in Paris and at Saint Laurent, such as the collection of single-use face masks for recycling, the adoption of a deposit return system for packaging at the Company canteen with *La Consigne Greengo*, and the introduction of Auum, an innovative machine that cleans and disinfects cups in 10 seconds without chemicals.

Measures are also being taken on a local level to combat food waste, such as Balenciaga and Saint Laurent's partnerships with waste and compost recovery specialists *Linkee* and *Les Alchimistes*, particularly in relation to showroom events. Gucci's has been involved in the *Siticibo initiative* in collaboration with *Banco Alimentare* since 2011, which also partners with Pomellato and Dodo, and Bottega Veneta is involved in the *Food for People project.*

Textile waste

Kering and its Houses have launched numerous initiatives and entered into multiple partnerships with schools, associations and recycling organizations to collect waste and scraps from production processes and fashion shows with a view to recycling or reusing them (see section 6.1.2):

- For three years, Kering has been a partner of *La Réserve des Arts*, a non-profit organization that collects and reuses materials from companies and cultural institutions in the Greater Paris region and in Marseille, and makes them available to its members, which are professionals in the cultural and creative fields. In 2022, *La Réserve des Arts* carried out 24 collection processes for the Group's Houses (18 in 2021), and the reuse rate was 78.8%. While supporting the cultural and creative sector, the association extends the lifespan of the materials through their reuse and helps reduce waste from the sector. Balenciaga also continued with its partnership with *La Réserve des Arts*, particularly in relation to the annual stock-take at its warehouse in the Paris region.
- In 2022, Kering signed a partnership with *M.E.TA*, an Italian organization that also repurposes business materials. This partnership aims to devise guidelines and share best practice regarding design in the Italian fashion industry, and allows Kering to further realize its circularity ambition while also working with local organizations.
- Saint Laurent and Balenciaga – for shoes – along with Alexander McQueen and Bottega Veneta have developed pilot projects with Revalorem, which offers solutions for reusing, repurposing and recycling unsold items for the luxury industry. In 2021, Alexander McQueen also launched a pilot project with FastFeet Grinded to take apart and evaluate the recyclability of 400 pairs of unsellable sneakers. Most of the materials obtained from this process can be reused as raw materials.
- Alexander McQueen, Balenciaga, Bottega Veneta and Saint Laurent made several donations to NGOs and fashion schools during the year, and organized private sales for employees to give a second life to fabrics from previous collections, visual merchandizing tools and benches used during fashion shows. Balenciaga is continuing its partnership with Le Relais, a member of the Emmaüs network that works to promote reintegration through the employment of vulnerable people, for collecting and recycling textiles. More than 30 metric tons of textiles have been recycled since 2018 and transformed into an environmentally friendly building insulation material known as Métisse.
- With support from the MIL, Gucci has established an ambitious collection and recycling program for ECONYL® offcuts. Known as the "ECONYL®-Gucci pre-consumer fabric take back program", it aims to maximize the benefits of this innovative material in Gucci's ready-to-wear collections. The program relies on the cooperation of Gucci's suppliers to collect ECONYL® production offcuts and re-inject them into the ECONYL® regeneration process in order to re-create a high-quality yarn, which is reused in the production of Gucci ready-to-wear collections.
- At the end of 2022, 12 tanneries were taking part in the Gucci Scrap-less project. The project consists of cutting off parts of hides or skins that cannot be used in finished products due to their size or quality before tanning actually takes place. The outcome over the period from 2018 to 2022 was a greatly reduced environmental impact, achieved by reducing the amount of leather needing to be tanned (253 tonnes of scrap leather avoided). In turn, this meant lower carbon emissions (23.8 tCO_2 avoided), as well as reduced a reduction in the use of water (32 million liters of water saved), chemicals (reduction of 453 metric tons, including 77 metric tons of chromium) and energy (2.6 million kW), and a lower impact from transportation.
- In a similar vein, Gucci-Up is a circular economy initiative aimed at promoting the upcycling of leather and textile offcuts generated during the production process, developed in collaboration with social NGOs and cooperatives. The project began in 2018 and saw 76 metric tons processed between 2018 and 2022. In addition, 45,000 meters of fabric was donated to social cooperatives in 2022. Within this framework, Gucci has also set up a textile scraps recycling program with Green Line, an Italian company that specializes in the collection and recycling of fabric scraps. Between 2018 and 2022, 697 metric tons of scraps were recycled under this project, in which Brioni also participates.

Several Houses have also established leather scrap management systems (see section 5.3.3.2).

5.4.4.3 Paper consumption: printed publications and office paper

The paper consumed by Kering and its Houses comes from two main sources:

- indirect purchases of paper ordered by service providers outside the Group (printers and agencies) for printing communication media such as reports, posters, mailshots and point-of-sale advertising;
- office paper.

Paper consumption in 2022

A breakdown of Kering's paper consumption by category is presented below.

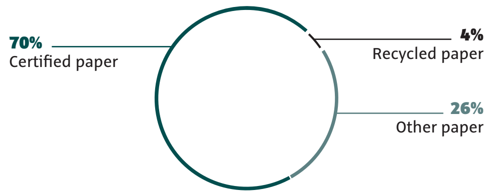
Paper consumption in 2022, 2021 and 2020 and 2022/2021 change (*in metric tons*)

	2022	2021	2020	Change
Paper – indirect purchases	304	713	771	-57%
Office paper	569	521	830	9%
TOTAL PAPER	873	1,234	1,601	-29%

In 2022, paper consumption continued to fall, a trend that began in 2020. This confirms the efforts made by the Houses to reduce their paper consumption through a shift to paperless documents and digital technology as a result of ongoing remote working practices.

In 2022, the proportion of certified (PEFC or FSC) or recycled paper was 74% for the Group, decreasing compared to 2021. As with waste recycling, this was due to the use of conservative assumptions in 2022: where there was no information about the source of paper, it was assumed that it was not certified or recycled.

Types of paper used in 2022 (%)



6 - COMMITMENTS TO OUR CUSTOMERS, OUR STAKEHOLDERS AND SOCIETY AS A WHOLE

6.1 Crafting tomorrow's Luxury

6.1.1 Raising awareness among employees and informing clients

Broadly speaking, Kering's strategy is to change the way in which products are designed at the earliest possible stage and subsequently at every step of the value chain (processing, production), from creation and design to the customer, as part of a circularity approach. Raw materials aligned with the Kering Standards are traced via the EP&L and now account for most of the materials used in products and collections sold by the Houses (see section 5.3.3). In addition to product design and the sourcing of raw materials, it is also essential to take action and raise awareness of sustainability issues concerning its products.

With this in mind, the Group and its Houses are stepping up internal training and awareness-raising operations, particularly for their sales, design and merchandizing teams, as well as increasing interactions with customers and consumers.

Training and raising awareness among employees

Kering and its Houses have developed a range of training and awareness-raising initiatives, and regularly share news and updates on internal projects:

- dedicated awareness-raising and training sessions during the induction process for all new employees at Kering and its Houses;
- sharing of updates and news on the Group's and Houses' sustainability projects via the Group's corporate social media platforms;
- quarterly challenges on the dedicated digital platform for employees, The Kering Planet;
- inclusion of sustainability topics in the compulsory annual Ethics & Compliance training for all Group employees around the world.

Focus on: Launch of the *Sustainability Academy*

In November 2022, Kering launched the Sustainability Academy – an online space providing training on sustainability matters – for all its employees. The first training module helps people understand the forces that drive climate change and the impact it may have on companies and society more broadly.

Involvement in targeted events	• More than 300 employees of Kering and its Houses took part in a **Climate Fresk** workshop to raise their awareness about the causes and processes of climate change. A Climate Fresk workshop was also organized for Kering's Luxury Committee, notably composed of the Executive Committee and the CEOs of its Houses. • An online seminar took place around Earth Day in April to raise awareness among **Alexander McQueen** employees about issues related to biodiversity, circular economy and the importance of developing regenerative agriculture in fighting climate change. • **Balenciaga**'s Sustainability Days give its employees the chance to take part in practical initiatives such as beach cleans and efforts to raise awareness of ocean plastics pollution, as well as clothing collections at head office and in the regions as part of Charity Days in September 2022. The House also organized 14 Climate Fresk sessions, which attracted 250 participants at head office, as well as a session raising awareness of its partnership with the World Food Program. • In-house sustainability weeks organized twice per year by **Boucheron**. • International Volunteer Day dedicated to the ***Gucci Changemakers*** volunteering program. • Two **Gucci** Fireside Chats took place on the House's internal social media platform in connection with International Women's Day (May), dealing with gender equality and with the Pride Month (June). For this second session, internal and external participants underlined the importance of self-expression and gender equality in helping our society to advance. • In-house events (videos and webinars) were organized by **Kering Eyewear**, **Pomellato** and **Dodo** during awareness-raising days, such as the International Day for the Elimination of Violence Against Women. • Partnership with the Noé association to protect **butterflies** at the Laennec site
In-house awareness-raising and training at the Group's Houses	• **Gucci Education** is an e-learning platform launched by Gucci for its corporate employees, covering topics such as diversity, inclusion and the environment. • **Saint Laurent** offers all its employees sustainability training comprising three modules on its in-house E-University platform. A new retail module to address customers' most common sustainability questions was introduced in 2022. • **Balenciaga** organized monthly in-person or remote training sessions in 2022 for several teams, to raise their awareness of sustainability matters. The House also has a Material Innovation Unit dedicated to sustainable innovation for designers and developers. • **Kering Standards training** is provided to salespeople and employees with key roles – such as design, retail and merchandising teams – as well as product office teams (Brioni) and management teams. • Training for **retail teams** (particularly at Balenciaga, Saint Laurent, Boucheron and Gucci) • **Gucci Retail Academy**: the House's internal training platform through which it provides specific training modules for its sales personnel worldwide, taken by over 90% of the employees concerned. In particular, these modules explain the environmental benefits of products that feature sustainable materials, along with the House's People & Planet commitments. • Creation of a network of 400 sustainability ambassadors in **Balenciaga** stores, working to reduce the impact of retail sites and to raise awareness of the matter in-house. At the same time, a performance rating system was set up to monitor each store's commitment to sustainability around the world, based on criteria such as leadership, awareness-raising and waste sorting.

Measuring the footprint of products

Kering takes part in work and methodological discussions regarding environmental labeling to consumers, particularly via the work done by the *Fédération de la Haute Couture et de la Mode* as part of its European PEF (Product Environmental Footprint) project. In 2022, preparations for the implementation of article 13 of France's AGEC Law included developing a data collection system in order to display the environmental information required by the Law to consumers at the time of purchase. The information displayed relates to matters such as the recycled content of products and packaging, their recyclability and the traceability of materials. In 2023, only Gucci and Balenciaga will be concerned by these rules in relation to their products.

Kering's Houses are increasingly intent on measuring and monitoring the performance of their collections in terms of sustainability. Saint Laurent, for example, has developed a set of indicators for tracking the performance of its ready-to-wear categories twice a year with its development teams.

In 2022, Bottega Veneta continued developing its *Green Atelier*, an integrated system for monitoring the sustainability performance of its materials and suppliers, and therefore of its products. The system allows the House to assess all ready-to-wear, leather goods and shoes collections across five criteria: traceability of materials, compliance with sustainability standards, environmental impact, social performance and the quality of suppliers' chemical management processes. The *Green Atelier* uses a number of interfaces that allow results to be shared widely in-house, including an app installed on the phones of Bottega Veneta's employees, which shows each product's performance and strengths.

Informing customers

Kering's spirit of sharing and its desire to encourage the world of fashion to adopt more sustainable practices permeate all the Group's Houses, and is expressed through initiatives targeting their customers and the general public, as well as through their websites and social media accounts:

- Since 2020, Gucci has posted sustainability data for 400 products on its e-commerce website and *Gucci App*. In 2022, Saint Laurent also launched its *Saint Laurent App*, which includes a section dedicated to sustainability, and is continuing to add information to its product descriptions on its website.
- Kering Eyewear, Pomellato, Brioni and Saint Laurent communicate with the general public on sustainability via dedicated pages on their websites, while Brioni and Saint Laurent also communicate via client newsletters. Balenciaga and Saint Laurent have developed dedicated content for their in-house retail apps.
- In 2022, Boucheron published its first *Precious for the Future* impact report aimed at sharing its sustainability vision and strategy. The report focuses on three aspects – where, how and who – and explores the House's new sourcing, operational and creative methods, in harmony with its ecosystem. Gucci published the second edition of its *Gucci Equilibrium report*, which complements the content on its dedicated website and Instagram profile.
- Balenciaga formed a partnership with Reforestum, raising awareness among e-commerce customers about the impact of their purchases by funding environmental assets (carbon credits or Forest Shares). These assets correspond to the impact (in terms of CO_2 emissions) of products purchased, and support forest and/or biodiversity restoration/protection projects, as well as the development of local carbon sinks.

In 2022, Kering also published a Practical Guide to Environmental Claims as part of the Kering Standards, designed to provide support to its Houses and to avoid any risk of potential greenwashing statements. The guide sets out the kind of information that should be provided: according to best practice guides on green claims, for a claim to be fully responsible and trustworthy it must be: true and relevant, clear and unambiguous, fair and without exaggeration, substantiated and verifiable, not over-using visual natural or nature-like elements, and putting forward certifications properly.

Finally, the Charter on working relations with fashion models and their well-being, published in 2017 by Kering and LVMH and applied to all of their brands, promotes high standards of integrity, responsibility and respect toward the people concerned. As well as paying particular attention to models' working conditions, this Charter forms part of the Group's responsible communication efforts, aiming to promote respect for the dignity of all people and to convey a positive image to the audiences of the Group's various Houses, particularly among vulnerable groups.

Gucci has a set of responsible marketing and communication guidelines that set out the procedures that should be implemented before and during photo shoots, fashion shows and other events and initiatives, such as the creation of promotional materials and more generally any photographic/ audiovisual material produced or used by Gucci.

6.1.2 Green fashion shows: rethinking fashion shows and managing event footprints

Fashion shows are an essential part of the operations of Kering's Houses, enabling them to share their creative vision and present new collections. They also provide a unique opportunity to raise awareness about sustainability, and to mobilize all the parties involved (brands, model agencies, event organizers, media, etc.) around this important topic.

In 2019, all of the Houses took up the Green Fashion Shows internal guidelines on minimizing the environmental impact of fashion shows, while allowing the creative directors to express their artistic potential. The topics covered by the guidelines include governance, stakeholder relations, energy management, waste management, elimination of single-use plastics, catering and transportation. The associated specifications cover the before, during and after phases of each event. Since 2020, the safety department has carried out procedures to check that the charter is applied in each show. These procedures were reinforced in 2022.

The Houses' efforts to minimize the overall footprint of their fashion shows include reducing and recycling waste; reusing or upgrading stage materials (wood, steel, synthetic materials, carpets, seating, etc.); using compostable crockery; reducing and optimizing the transportation of empoyees, merchandise and equipment; and offsetting the carbon footprint of events via REDD+ certified projects. Partnerships are also formed with various local non-profits and organizations to collect and redistribute materials at the Group level (with *Réserve des Arts*), as well as equipment and leftover food (Gucci with EcoSet).

- Balenciaga has been working with NGO Up2Green Reforestation and supporting a project based in the Indian province of Gujarat to offset greenhouse gas emissions related to its physical shows. In 2022, Balenciaga funded a second project via the same NGO in Senegal to promote the use of green energy to combat deforestation and climate change through the production of biochar.
- As part of the Group partnership, Balenciaga and Saint Laurent work with *La Réserve des Arts* for their fashion shows, as do Gucci and Alexander McQueen for their Paris shows.
- Gucci obtained ISO 20121 certification for its advertising campaigns and shows, both physical (such as Gucci Love Parade) and virtual. The ISO 20121 standard examines environmental, social and economic factors to determine whether an event can qualify as sustainable, and Gucci's compliance was verified by Bureau Veritas. In addition to the Group's Charter for fashion shows, Gucci applies its own standards – the *Gucci Guidelines for Sustainable Events* – to all its events. The House also measures the environmental impact of all its shows, verified by an independent third-party organization. The impact is then offset via projects in *Gucci's Natural Climate Solutions Portfolio*.
- Alexander McQueen uses a local network of subcontractors for its London shows, and favors the use of green energy.

In 2022, with the aim of getting its Houses' shows to take a more circular approach, Kering formed a partnership with M.E.TA, an Italian organization that upcycles business materials, to create guidelines and share best practice regarding the eco-design of fashion shows. The partnership will also create a traceability system for materials along with the performance indicators needed to ensure circularity as regards the sets used in shows. Gucci has so far sent M.E.TA 17 tonnes of materials as part of their collaboration, while Bottega Veneta has also worked with M.E.TA to reuse materials from various events around the world.

Kering also takes part in working groups on this topic, set up by fashion industry associations and non-profit organization *Paris Good Fashion*. In particular, Kering and its Houses have worked with the *Fédération de la Haute Couture et de la Mode* and all the parties involved in putting on a fashion show, to develop a tool for measuring the various environmental, social and economic impacts of such events. This tool is in operation for all Houses holding shows in Paris. It factors in all the operations involved, including digital and media impact.

6.1.3 Product compliance and consumer health and safety

Kering is committed to helping raise awareness of sustainability issues among consumers, while ensuring that its products respect both their health and the environment.

To enable customers to enjoy the products developed by the Houses safely, Kering has defined a set of quality and compliance control procedures that comply with the strictest international consumer health, safety and environmental standards and regulations, such as REACH, US CPSIA, China GB Standards and Japan Industrial Standards (JIS). The Product Compliance Advisory department aims to pool services, for the purpose of advising and supporting the Houses on product development and the various stages of production, including product testing protocols to ensure that products comply with the local characteristics of each market. The department publishes the Product Restricted Substance List (PRSL) and Product Safety Requirements, an internal document listing substances to be removed and thresholds not to be exceeded, as well as requirements in terms of product safety. To take into account the pace of technological development and progress in chemical research, the PRSL is updated at least once a year. In particular, it has specific modules for products intended for children in terms of managing chemical substances and safety. Specific training sessions are provided each year.

Focus on: the *Test & Innovation Lab* (TIL)

In 2021, Kering strengthened its product testing system by opening its Test & Innovation Lab (TIL) in Prato (Italy), a facility that supports Kering's Houses (and external clients) with testing, the resolution of problems and R&D projects. As well as quality and regulatory controls, the TIL also tests innovative materials and identifies solutions to potential problems that the Houses may encounter in the various phases of production. The TIL has ISO/IEC 17025 accreditation from Accredia, covering over 250 testing methods in 2022 for both raw materials and finished products.

In 2022, the Product Compliance Advisory Department continued its activities in the following areas:

1. Strengthen compliance controls: regular audits of product compliance were conducted at the warehouse level together with the Houses to detect potential non-compliance. Relations with laboratories accredited to carry out tests and measurements were maintained to cover the growing number of non-core products (food contact materials, toys, electrical/electronic devices). Since March 2021, the TIL has been carrying out testing activities and providing support for Houses to ensure product compliance;
2. Improve knowledge-sharing on product compliance processes: training programs have been strengthened and extended to all key departments (product development, production, quality and purchasing), from raw materials to production (leather, fabric and metal accessories) and testing. In 2022, around 20 training sessions were organized, attended by over 500 employees. The sessions dealt with key aspects of production processes, compliance requirements and the related tests and controls. The department also adopted specific guidelines covering the most important subjects regarding product compliance. Due to the increasing complexity of the Houses' products and new environmental regulations on packaging, major efforts are made to ensure maximum accuracy in labeling;
3. Support the product development teams: in collaboration with the Chinese authorities, company-specific product standards have been established for Kering's Houses. These standards already existed for handbags, wallets, shoes and belts. They make it possible to develop pieces that meet all requirements in terms of health, safety and compliance, while leaving the Houses' creative teams significant scope to follow their inspiration. In 2021, Kering took the initiative to develop a draft standard for unregulated product categories in China.

Kering's Customs & Trade Compliance department is also tasked with optimizing the Houses' global distribution flows from the regulatory and procedural perspective around the world. This activity consists mainly of analyzing requirements and laws relating to customs and compliance in destination countries for new products and projects, working with local logistics teams and external experts as required. By working with the Customs & Trade Compliance Department from the early stages of development, Houses can prevent risks, penalties and delays, and ensure that the distribution chain is fully compliant. Once requirements have been defined, the Customs & Trade Compliance Department is tasked with pulling together and sharing product-related information and documents with regional logistics teams, brokers and clients; checking the consistency of product Master Data managed by the Houses' production departments and taking steps to correct potential errors; managing product certifications and supplier audits by following the standards established by international certification authorities; and implementing appropriate compliance procedures, often by directing other Group entities. In 2022, the department dealt with almost 48,000 internal requests.

The Group also has a Multi Brand After Sales Department, dealing with quality assurance for products after they have been sold, in accordance with House standards as regards value-added services (VASs). The department also implements and manages activities related to product returns from stores to the Group's distribution centers and warehouses. Activities include repair management, product checks, on-demand audits, re-labeling and the hallmarking process for jewelry. The department is a single point of contact for the Houses, regardless of where the product is located in the world.

Some Houses also carry out specific work related to regulatory compliance in respect of hazardous substances and the implementation of the PRSL and MRSL (see section 5.3.5.3). Houses including Boucheron, Pomellato and Dodo also ensure that their products conform to the REACH regulation, while Qeelin also carries out chemical tests on its natural stones to ensure compliance with European Union standards. Lastly, Kering Eyewear uses accredited laboratories with specific expertise in eyewear for its compliance checks.

6.2 Involving our ecosystem in creating tomorrow's Luxury

6.2.1 Community impact and preservation of know-how

Conscious of its responsibility to future generations, Kering is continuing its policy of academic partnerships with design schools, business schools and universities worldwide. The aims of this policy include raising awareness among designers and future fashion industry leaders regarding the major social and environmental challenges they will face. Details of the main partnerships are provided in section 3.1.2.

In addition, and in order to ensure that top-level expertise is maintained and promoted within their business activities, certain Houses are developing dedicated training centers and local partnerships. These professional organizations help to ensure the survival of some very demanding and unique skills, and support long-term employment in the regions where these crafts originated. To date, more than 1,900 people have taken part in these programs and training courses delivered by the Group and its Houses.

Houses	Training program
Gucci	The *Gucci ArtLab* center of excellence, which opened in 2018, brings together Gucci's leather goods and shoes operations in a single ultra-modern site in Italy. The center's purpose is to preserve the unique know-how developed by Gucci and to instill technological innovation in order to optimize production, a key factor underpinning the House's growth. Within the *Gucci ArtLab,* the *École de l'Amour* education program was created, which includes a craftsmanship school (Scuola dei Mestieri), offering a six-month program to train students to professional standards; a factory school (Scuola di Fabbrica), which trains operators in leather production techniques; and the Artlab academy and factory (Accademia Artlab e Fabbriche), an ongoing in-house training program that aims to meet the specific training needs of people in various roles and working in various production units within Gucci.
Saint Laurent	In 2022, in partnership with the Institut Français de la Mode (IFM), Saint Laurent continued its *Saint Laurent Couture Institute* program in order to preserve and pass on Saint Laurent's unique expertise and generate new ideas for the future. This six-month high-end training program consists of several modules in the ready-to-wear category, combining academic learning, a core syllabus exploring the House's iconic pieces, and on-the-job learning with the focus on creativity and craftsmanship. It gives around 15 students the chance to develop their skills and learn about fashion. Saint Laurent employees also take part in this program, in which innovation and sustainability play a central role. Overall, almost 450 people have received training since 2018.
Bottega Veneta	The *Scuola dei Maestri Pellettieri* aims to train a new generation of leather craftspeople, to guarantee the continuity of its cultural heritage and excellent craftsmanship. Located in the Montebello Vicentino workshop, the school serves as a permanent training center for Bottega Veneta employees and apprentices alike, allowing them to immerse themselves in the craftsmanship and values of the brand.
Brioni	Since 1985, Brioni has supported the *Scuola di Alta Sartoria*, offering a three-year course followed by a one-year apprenticeship at its workshops to teach the Brioni method. More than a hundred tailors have graduated from this school and are now working for Brioni, either in its workshops or its boutiques. The House has also formed a partnership with the *Istituto Istruzione Superiore Vincenzo Moretti di Roseto degli Abruzzi* as part of Altagamma's *Adopt a School* program, of which Brioni is a member, and supported by the Italian ministry for education, in order to encourage technical teaching related to the luxury and fashion industry among secondary-school students.
Boucheron	In 2022, Boucheron formed a partnership with the *Haute École de Joaillerie* in France in order to preserve unique know-how in the field of high jewelry. The House sponsors the 2022-2025 Boucheron promotion, and organizes competitions and job-dating sessions. In 2022, Boucheron took on two students from the promotion on apprenticeships in its high jewelry workshops.
Pomellato	Since 2017, Pomellato in partnership with the *Galdus Goldsmith Academy* has offered a program named *Virtuosi,* offering a full professional training curriculum over three to seven years. Pomellato's support takes the form of program sponsorship, the involvement of its experts in classes and seminars, apprenticeships and in some cases internships at Pomellato. 330 students have been able to access this training since its creation in 2018. In 2022, Pomellato introduced a new module specifically covering the setting of stones, along with a dedicated facility within the *Galdus Goldsmith Academy*. The House also began a new partnership with the *Goldsmith School of Gallarate* in the Milan region. Academic classes will begin in 2023.

The Group's Houses also support craft guilds and undertake local initiatives, like Bottega Veneta with its *Bottega for Bottegas* program. The project supports and celebrates the creativity of Italian bottegas, which are small artisan stores that sell handmade products. In 2022, Bottega Veneta highlighted the work of 14 companies chosen from across Italy, showcasing Italian craftsmanship.

Finally, in 2018, Brioni integrated the *Arazzeria Pennese* historic tapestry production site – one of Italy's most important tapestry centers – with its Montebello workshops in order to preserve this highly specific form of craftsmanship.

6.2.2 Conveying our vision for future generations to our stakeholders

6.2.2.1 *The Fashion Pact*

The Fashion Pact continued its development, with 14 projects already launched or in the launch process at the end of 2022. Bringing together more than 250 brands representing more than one third of production volumes in the fashion and textile industry, the Fashion Pact now has considerable European and international influence, establishing itself as the leading CEO-led coalition for the sustainable transition of the fashion sector. Its practical actions, split between the three key areas of Climate, Oceans and Biodiversity, are driving positive impacts for the Pact's signatories. They cover subjects including renewable energy, microplastics and microfibers leakage, regenerative agricultural practices in sourcing raw materials, and tools for calculating biodiversity footprints.

In 2022, the Fashion Pact officially launched its first major project: the CEOs of 12 member companies (including Kering) undertook to generate 100,000 MWh of solar or wind energy per year and inject it into the grid. This CVPPA (Collective Virtual Power Purchasing Agreement) project will reduce emissions across the industry over a long period of time by increasing the amount of renewable energy available to purchase.

6.2.2.2 *Watch & Jewellery Initiative 2030*

In 2022, in partnership with Cartier, the Group officially launched the *Watch & Jewellery Initiative 2030*. The initiative had 27 member companies at the end of 2022. It aims to bring together watch and jewelry companies on the basis of a shared set of key sustainability targets, while also focusing on three main priorities: building climate resilience, preserving resources and fostering inclusiveness. The initiative is firmly committed to supporting transparency with the requirement of regular reporting on progress made. It will also help members to respond to the growing expectations of stakeholders, in particular customers, civil society and regulators, with regard to environmental, social and ethical practices. In 2022, Kering hosted the *Watch & Jewellery Initiative*'s first working group. Its work focused on current sustainability trends in the watchmaking and jewelry industry, and on the initiative's governance.

6.2.2.3 Mobilizing the whole of civil society

Kering and its Houses organize media campaigns covering their main initiatives each year. Kering and its Houses also actively support and take part in numerous events and forums focused on sustainability. Through its campaigns and statements in this area, the Group regularly shares Kering's vision and strategy with future generations, helps to raise public awareness about sustainability issues and aims to mobilize the whole of civil society to address these themes.

March	**In conversation with…**	In its "In conversation with…" series, Kering invites leading figures to discuss luxury, fashion and sustainability. In the first episode, Kering's Chief Sustainability and Institutional Affairs Officer, spoke with Camille Charrière, fashion influencer and entrepreneur, about Kering's commitments and the increasing focus on these topics on social media.
April	Launch of the ***Watch & Jewellery Initiative 2030*** at the *Watches & Wonders* fair in Geneva.	
	Earth Day (April 22) **Climate Fresk (in–house)**	Kering developed a digital campaign to highlight its Houses' sustainability initiatives: Demetra, a new material developed by Gucci, Bottega Veneta's puddle boots, Balenciaga's upcycled denim and Boucheron's Sarine technology were presented on Kering's social medias. Balenciaga also launched a social media campaign to raise the public's awareness of regenerative farming practices.
June	**World Environment Day (5 June)**	Kering joined forces with The Explorers to organize a biodiversity competition. Participants were invited to focus on the beauty of our planet by publishing photos of places they want to preserve, with the winners receiving Gucci products.
	Fashion our Future	Kering and Marie Claire decided to bring together their convictions, expertise and networks to engage the general public, and mainly women, on the topic of sustainable fashion. This resulted in the first Fashion our Future event, which took place in Paris and included talks, an upcycling workshop and an exhibition of Kering's Material Innovation Lab and responsible products developed by Gucci, Balenciaga, Bottega Veneta and Kering Eyewear. At the same time, a digital campaign was designed to launch the initiative in China, while several of Marie Claire's international editorial teams covered the program in their countries, including the United States, Greece and the United Kingdom.
November	Participation in **COP27,** the 27th United Nations climate change conference (Sharm el-Sheikh, Egypt).	
December	Participation in **COP15,** the 15th United Nations biodiversity conference (Montreal, Canada).	
		Launch of the **Climate Fund for Nature** with Mirova and the L'OCCITANE Group.
	Kering x My EP&L challenge (in-house)	Kering held a competition to raise public awareness of the challenges involved in sustainable fashion. By simulating the design and creation of a coat and a ring, participants could gain greater knowledge of a product's life cycle and how it can be made part of an environmental approach, encompassing the production of raw materials, sustainable design, and products' second life.

Throughout the year, the Kering sustainability team spoke to a diverse range of audiences about the Group's strategy and initiatives. Other events and platforms include the One Ocean Summit, the Global Positive Forum, Watches & Wonders, the International Weather and Climate Forum, the Digital Finance Awards, the Watch Forum, NYC Climate Week, Forces of Fashion, ChangeNOW and the WWD Japan Summit.

They are supplemented by conversations with the Houses. For example, Marie-Claire Daveu and Leo Rongone spoke together on the stage of the Global Fashion Summit in Copenhagen. Antonella Centra was invited to talk about Gucci's sustainability approach at Fashion our Future in Paris and in panel discussions regarding production systems as part of the Venice Sustainable Fashion Forum.

6.2.3 Contribution to professional organizations and other institutions

Kering takes a global approach to dialogue with stakeholders, and is ever-attentive to the major issues they face. It takes part in a number of initiatives involving business and industry-specific associations. Kering's contributions to these associations are determined according to budgets that are either fixed or vary according to the Houses' revenue.

Kering and its Houses allocated €1,496,295 to institutional affairs worldwide in 2022, including €1,226,520 of contributions to business and industry-specific associations. The main contributions were as follows:

- €383,000 to the *Camera Nazionale della Moda Italiana*, which is helping to develop a responsible fashion industry in Italy;
- €221,674 to *Confindustria*, which represents Italian companies and helps drive their exports;
- €174,266 to the *Comité Colbert*, which promotes the Luxury industry and its specific features with respect to public authorities in France and Europe.

Of that total, €269,775 was spent on lobbying, solely via organizations of which the Group is a member. This expenditure is intended to encourage the sustainable growth of the Luxury industry, and is entirely consistent with the Group's Sustainability strategy.

In line with Kering's Code of Ethics, no financial contributions were made in 2022 in the name or on behalf of the Group to any political organization in exchange for any direct or indirect material, commercial or personal advantage.

The amount allocated to institutional affairs breaks down as follows:

In euros	**2022**
Lobbying or similar	269,775
Funding of political organizations	0
Contributions (business or industry-specific associations, *think tanks*)	1,226,520
Other	0
TOTAL	1,496,295
Scope	100%

6.3 Initiatives carried out by the Kering Foundation and sponsorship programs

6.3.1 The Kering Foundation is increasing its impact combating violence against women by supporting ambitious, cross-discipline projects in France and abroad

Worldwide, one in three women is or will be a victim of violence in her life, regardless of her background, culture or social class. In 2008, based on its belief that companies have a vital role to play in addressing the issue alongside public authorities and NGOs, Kering launched the Kering Foundation, which is dedicated to combating violence against women. The Foundation operates according to a five-year program, with Kering providing funding of €10 million (€2 million per year).

To create real impact, the Foundation works with local partners on a long-term basis in six countries: Mexico, the United States, France, Italy, the United Kingdom and China. The Foundation's work focuses on three aspects:

- improving care for women who are victims of violence by supporting local non-profit organizations;
- changing behaviors and attitudes to end the cycle of violence, particularly by involving boys and men;
- taking collective action to eradicate violence by creating a working environment in which women who have suffered violence feel safe, and encouraging other companies to join the combat.

6.3.1.1 Comprehensive, adapted support for women victims of violence

The Kering Foundation has always worked with local and national organizations whose programs put women survivors of violence at the center of their actions, providing them with tailored support.

In the United States, France, Italy and the United Kingdom, the Foundation continues to work with a number of specialist organizations: the *National Network to End Domestic Violence* (NNEDV), the *Fédération Nationale Solidarité Femmes* (FNSF), *Donne in Rete contro la violenza* (D.i.Re), and *Women's Aid*. In 2022, the Foundation pursued its approach by forming a new partnership with the *Red Nacional de Refugios* (RNR), a Mexican non-profit consisting of 75 spaces that welcome and protect women and their children. Support for these organizations comes in the form of unrestricted funding, enabling them to increase their capabilities for taking action in the most efficient way.

The Foundation also supports pilot initiatives such as *La Maison des femmes de Saint-Denis*, which opened in 2016. This unique venue provides women with a full range of support, meeting their medical, psychological, emotional and material needs with the help of 60 professionals (medics, social workers, lawyers etc.).

Focus on: the Re#Start collective

This innovative model developed by *La Maison des femmes de Saint-Denis* has a proven track record in terms of impact and value added. This is why the Kering Foundation is taking action, alongside the public authorities and other relevant partners, to roll out similar venues acrossFrance through the *Re#Start* Collective, which brings together organizations that care for and support women who are victims of violence. Launched in 2021, this collective is sponsored by Élisabeth Moreno, French Minister Delegate for Gender Equality, Diversity and Equal Opportunities between 2020 and 2022, and François-Henri Pinault, Chairman and Chief Executive Officer of Kering and Chairman of the Kering Foundation. During the Generation Equality Forum 2021 convened by *UN Women*, François-Henri Pinault announced that Kering, via its Foundation and together with the French government, would provide €1 million of funding per year for five years to support the opening of 15 centers in France based on the *Maison des Femmes de Saint-Denis*model. In 2022, Kering supported the opening of *La Maison des femmes de Marseille* in January and the structuring of *La Maison des femmes de Rennes*, which is scheduled to open in 2023. At *La Maison des femmes* à Marseille, 1,700 medical, psychological and social consultations have already taken place to support 380 women survivors of violence.

In addition, the Kering Foundation works with social entrepreneurs that take innovative approaches to combating violence against women. It has thus set up a "Social Entrepreneur Community", which aims to develop synergies between these entrepreneurs in different sectors and countries, in order to increase their impact. Members of the Community receive financial support from the Kering Foundation, follow an incubation program and take part in annual workshops. The Community currently has nine members, including *Colori Vivi, Chayn, Gendes, Las Panas and du Pain & des Roses*.

Colori Vivi, Italy
- Since 2018
- Supporting female refugees and providing them with training through its *Made in Italy* tailoring workshop
- Participants receive guidance from qualified volunteer tailors and stylists, who teach them the principles of making quality clothing and accessories. *Colori Vivi* has so far provided jobs to seven vulnerable women, while four women are currently undergoin training

Las Panas, Mexico
- Since *2019*
- Providing low-income women with the opportunity to meet for bread-making workshops and support to escape violence
- Since 2019, 105 women living in Mexico City have taken part in a free three-month workshop. The grant provided by the Foundation in 2021 supported the opening of a social bakery in 2022

Chayn, United Kingdom
- Since 2018
- Supporting women survivors of violence by providing easy-to-access interactive online resources in 12 languages.
- In the last nine years, over 500,000 women and users have accessed *Chayn's* resources, with 1.5 million page views. In 2022, the organization broadened its audience by offering remote classes and a chat facility in English, French, Spanish, Portuguese and Hindi..

du Pain & des Roses (DPDR), France
- Since 2018
- Training vulnerable women in the practice of floristry through professional courses in order to develop their skills and create social connections
- Between 2020 and 2022, DPDR significantly increased its professional training offering and obtained accreditation in order to access public funding. With an additional grant from the Kering Foundation, it opened a branch in Nantes, where it organized 14 workshops attended by 107 women in 2022.

The Foundation continued to support other pilot projects, including the *Casa di Accoglienza delle Donne Maltrattate* (CADMI) in Milan and its Work and Freedom program. The aim of the program is to facilitate the reintegration and professional development of women who have suffered from violence, in order to contribute to their socio-economic empowerment. As of October 2022, 122 women had joined the program, of whom 35 have already found work.

In the United Kingdom, the Foundation is helping the London lack Women's Project (LBWP) to set up The Safe Haven Project. The aim is to support 150 women survivors and train 200 professionals in caring for victims of gender-based violence by 2024.

The Kering Foundation also supports grassroots organizations, working with Women's Funds. In 2022, it continued its five partnerships with Rosa Fund in the United Kingdom, the Mediterranean Women's Fund in France and Italy, Fondo Semillas in Mexico, the Women's Foundation of California in the United States and the HER Fund in Hong Kong.

- Via the Women's Foundation of California, the Foundation supports FreeFrom, a non-profit based in Los Angeles that focuses on the financial security and long-term protection of victims of domestic violence. In the United States, 92.3% of domestic violence survivors stated that they were also victims of financial abuse, which is a major barrier to them leaving their partners.
- Since 2016, *HER Fund* in Hong Kong has been bolstering the financial resources and capacity of three small grassroots non-profits led by marginalized women who have suffered violence: two of these organizations work to prevent and raise awareness of cyberbullying among young people, and the third, *Les Corner*, works with lesbian women who have suffered domestic violence. Over the past five years, this organization, founded by eight young Hong Kong volunteers, has been running awareness-raising courses, and has been able to establish a dialogue with local authorities and the police on procedures in tackling matters that affect this community in particular.

Focus on: the first *Caring for Women* dinner

In 2022, the Kering Foundation organized its first fundraising dinner called *Caring for Women*. The event took place on September 15th in New York with the support of Kering Group Houses. It raised over USD 3 million and benefited four non-profits: the *National Network to End Domestic Violence* (NNEDV), the *Global Fund for Women*, the *Jordan River Foundation* (JRF) and the *Ms. Foundation for Women*. The money raised will notably fund a legal hotline for victims of violence in the United States, initiatives related to the crisis in Ukraine, and the *Girls of Color Initiative*, which helps young girls of color experiencing various forms of discrimination

6.3.1.2 Changing behaviors and mentalities by engaging with young people to promote gender equality

As well as providing support for victims, it is essential to address the origins of violence with a view to preventing it occurring in the first place. In 2022, the Kering Foundation stepped up its support for young people, and boys in particular, in order to break the cycle of violence.

- In New York, the Foundation pursued its commitment to the New York City Alliance Against Sexual Assault (NYCAASA) and its Project Dream Own Tell (DOT), an innovative program that prevents sexual violence and works with young people from underprivileged communities. Project DOT offers these young people, who are often excluded from traditional sex education programs, a platform for creating and sharing positive messages with their communities. In 2022, 52 young people benefited from the project and more than 175 people took part in events to raise awareness of violence. The organization also started translating its resources into Spanish in order to reach its target communities more effectively.
- The Kering Foundation renewed its support to *Equimundo,* formerly known as *Promundo-US*, an organization that promotes gender equality, particularly among men and boys. Together, they continued to deploy the *Global Boyhood Initiative* (GBI) to provide boys aged 4-13 (and the adults around them) with educational tools to help them grow into men embracing a healthy and gender-sensitive masculinity. The initiative focuses on four fundamental axes: sharing emotions in healthy ways, accepting and connecting with others, breaking free from stereotypes, and standing up and speaking out against bullying and inequality. After being launched in the United States in 2020 and after quantitative and qualitative research in 2021, *GBI* was launched in the United Kingdom in 2022. The State of UK Boys 2022 was published in November, highlighting the pressure on boys to conform to masculine norms. At the same time, Lifting Limits, a UK non-profit developed a pilot program in schools for children aged 7-11. In France, the initiative should launch in 2023 with the name *"D'égal à égale"*, supported by studies carried out by *Ipsos* and *ARESVI*. As part of this initiative, non-profit *En avant toute(s)* has started to hold equality workshops in three schools, in order to raise awareness among almost 450 young people.
- *Gendes* is a non-profit in Mexico that runs weekly men's group sessions to encourage a shift in mindsets with regard to the definition of masculinity. Since it was founded, it has helped 1,050 men to explore how every person is responsible for their actions. Three out of four women whose partners have taken part in *Gendes*' programs have reported a reduction in violence and feel increasingly safe in their relationships.

In 2022, the Kering Foundation stepped up its commitment to breaking the intergenerational cycle of violence and the silence that surrounds the subject of incest. According to the World Health Organization, 20% of women and between 5% and 10% of men say that they suffered sexual abuse during childhood. 80% were victims of incest. In response to this intolerable reality, in 2019, the Foundation supported *La Maison des femmes de Saint Denis* to create a new unit focused on treating adults who were abused during their childhood. In 2022, 47 women survivors of incest received support and 69 consultations took place. In parallel, 212 healthcare professionals received training in how to provide better care to victims and 105 in-school interventions took place in France.

- The Foundation is also a partner of the *Grande Cause pour la Protection de l'Enfance*, together with *Make.org* and the French Secretary of State for Children and Families, with the aim of taking action alongside specialist organizations and protecting young people. In 2022, several projects were developed, including an e-learning course for healthcare professionals, support groups for victims of bullying and a chatbot for young people aged 10-14, deployed by *En avant toute(s)* to facilitate discussions on the theme of romantic and family relationships.
- The Foundation continued to support the non-profit *Face à l'Inceste*, in order to raise its profile and communicate more effectively.

6.3.1.3 Working together for a greater impact

Through the efforts of its networks and collective action, the Kering Foundation works to achieve a lasting shift in behavior patterns and greater awareness of violence against women.

Accordingly, in 2011 it developed an in-house program to create a safe and supportive working environment for victims of violence. The Kering Foundation trains employees from the Group and its Houses on understanding, listening to and helping victims of domestic violence, in partnership with expert organizations: the *Fédération Nationale Solidarité Femmes* (FNSF, France), *Donne in Rete Contro la Violenza* (D.i.Re, Italy), *Women's Aid* (United Kingdom) and the *National Network to End Domestic Violence* (NNEDV, United States). So far, 1,912 employees have received this training, including all members of the Executive Committee. The Foundation has also developed a 30-minute e-learning session, available in seven languages (English, French, Italian, Spanish, German, Portuguese and Dutch) for all employees.

The Global Policy on Domestic Violence, launched by the Kering Foundation in coordination with the Group's Human Resources Department in 2021, guarantees confidential and appropriate support to any person employed by Kering or its brands. Support measures include flexible working hours, special leave and financial help, and victims are also put in touch with specialist organizations. The Policy has been translated into nine languages, and can be consulted at any time by the Group's employees.

Externally, the Foundation seeks to mobilize others to join its efforts. In 2018, the Kering Foundation and *FACE Foundation* co-founded *One In Three Women*, the first European network of companies committed to combating violence against women. The network currently has 15 members alongside FACE and the Kering Foundation: L'Oréal, Korian, BNP Paribas, Carrefour, le Fonds de solidarité OuiCare, SNCF, Publicis, PwC, Epnak, Orange, Superga Beauty, Air France, Sanofi, La Poste and Agence Française de Développement (AFD).

To mark the International Day for the Elimination of Violence against Women on November 25, 2022, the network held a campaign on LinkedIn to encourage other companies to take action: entitled *Sous Vos Yeux (Before Your Eyes)*, its aim was to highlight the weak signals when a woman is suffering domestic violence.

The Foundation also communicated on the new *Maison des Femmes de Rennes*, and provided financial support and additional coverage for the *Fédération Nationale Solidarité Femmes* (FNSF)'s campaign to raise awareness of economic abuse.

As a Leader of the Generation Equality Forum's Action Coalition on Gender-based Violence and as part of the *16 Days of Activism*, the Foundation co-organized with *UN Women* a working group in December 2022. The event was attended by 15 companies in Paris, including BNP Paribas, Paypal, Vodafone and Accor. Its aim was to allow private-sector entities to share best practice about how action can be taken in the workplace to combat domestic violence.

Focus on: the Giving Back platform

The Kering Foundation encourages Group employees to use their professional and personal skills to support partner organizations and social enterprises. Since 2021, volunteering opportunities have been available on the Giving Back platform, managed by Kering's HR department. Employees in France, Italy and the United Kingdom can dedicate 21 hours of working time per year to local non-profit organizations, depending on their needs and skills. In 2022, seven of the Foundation's partner organizations offered missions.

6.3.2 The Group's philanthropic activity

Alongside the initiatives undertaken by the Kering Foundation, Kering and each House support causes of their own choice by providing financial support, donating products, running special sales, taking part in charity dinners, offering employee skills and time, or forming partnerships with non-profit organizations. In 2022, support for various causes connected with the Group's corporate citizenship approach – such as the protection of women against violence, inclusion and the fight against discrimination, the preservation of cultural, artistic and historical heritage and environmental protection, in which the House's initiatives are detailed below – totaled more than €14,680,000. This also includes a number of other initiatives focusing on education, efforts to fight poverty, the promotion of health and sport, as well as the refugee crisis in Ukraine. Several of them are specifically for the benefit of women, consistent with the Group's priorities, and children, and of the aforementioned total support figure of €14,680,000, these initiatives accounted for more than €5,792,000.

These commitments form part of the Group's efforts in pursuit of the United Nations Sustainable Development Goals.

6.3.2.1 Support for women and children

In 2022, Kering and its Houses backed several programs and organizations working to support for women and children, providing overall funding of around €5,792,000.

- They also came together to support the *Caring for Women* fundraising dinner organized by the Kering Foundation in 2022. Saint Laurent, Pomellato, Brioni, Boucheron, Bottega Veneta, Gucci, Balenciaga and Alexander McQueen donated products and bought tables, contributing over €1,200,000, which went to four non-profits operating in the United States and internationally: the *National Network to End Domestic Violence* (NNEDV), the *Global Fund for Women*, the *Jordan River Foundation* (JRF) and the *Ms. Foundation for Women*.
- In Italy, Brioni provides psychological support via a hotline set up in 2017. The project is managed by the women's rights organization *UnioneDonne in Italia (UDI) – Pescara*. It supports employees of workshops in Penne, Civitella, Montebello and Curno, with a specific attention on women. It aims to provide them with the tools they need to manage and defuse conflicts and stressful situations. Brioni also renewed its collaboration with *Colori Vivi Sartoria,* a social enterprise supported by the Kering Foundation and Gucci, which provides training to refugee women in the field of tailoring, to help them become financially independent and gain self-confidence.
- Pomellato continued its partnership with non-profit *Casa di Accoglienza delle Donne Maltrattate di Milano* (CADMI) by holding a charity event entitled *Women, Audacity, Freedom.* The event gathered more than 700 guests and gave a voice to women survivors of violence, while raising awareness on the topic. Meanwhile, Gucci supported the *Associazione Artemisia* in Florence and its *SOStieni la Libertà* project.
- Gucci pursued its global *Chime for Change* campaign, donating more than €1,000,000 to organizations promoting gender equality with an intersectional approach, such as *BEAWARENOW* and *Equimundo.* Projects that were granted funding include the *Global Fund for Women*, which received a donation of €237,000, shared between four women's funds: *Fondo Semillas* in Mexico, *ELAS Fund* in Brazil, *HER Fund* in Hong Kong and the *Mediterranean Women's Fund.* The House also supported *Equality Now*, which accompanies female activists in the Middle East, North Africa and South Asia, along with non-profit *Mothers to Mothers*, which provides healthcare services to women and children in Ghana. This initiative, to which Gucci donated more than €173,000 in 2022, seeks to provide HIV-positive women with tools to end mother-to-child transmission of HIV. In parallel, Gucci also supported the *Associazione Artemisia* in Florence and its *SOStieni la Libertà* project, along with *SVS Donna Aiuta Donna Onlus* in Milan and the *Casa Internazionale delle Donne* in Rome.

- In France, Saint Laurent again donated 10% of the proceeds from a special sales event to *Solidarité Femmes* (FNSF) and *SOS Femmes 49*. These are Kering Foundation partner organizations that specialize in providing help, assistance and shelter to women survivors of violence. The donations totaled €186,000. Saint Laurent also renewed its support for *charity: water*, a non-profit that works with numerous local organizations to bring safe drinking water to people who lack it, while helping young girls attend school, through a contribution of €631,000. Over the last five years, Saint Laurent has funded projects in Ethiopia, Rwanda, Malawi, Uganda and India.
- Boucheron announced the creation of the *Boucheron Fund for Education*, which aims to include improving access to education. Through the fund, the House donated more than €180,000 to the non-profit *PARTAGE*, which works with local partners to protect children and young people living on the streets in Burkina Faso, helping to make them safe and building local infrastructure to support them; as well as in Madagascar, where it provides free meals for over 1,000 young people per year in order to improve their access to education.

The Houses are also committed to healthcare, particularly by supporting breast cancer survivors. Kering Eyewear continued to provide financial support for the *Run for IOV* project run by non-profit *RYLA Onlus* in Italy. Bottega Veneta and Gucci donated products to an auction to raise funds for *Susan G. Komen Italia*. In addition, Gucci made donations to the *Lega Italiana per la Lotta contro i Tumori Novara*, *Libellule Onlus* and *AIRC Foundation*. Balenciaga sought to increase the visibility of this health condition in South Korea, by organizing a photography session dedicated to breast cancer in South Korea and making a donation to the *Korea Breast Cancer Foundation*.

6.3.2.2 Promoting integration and combating discrimination

In 2022, the Houses donated more than €1,600,000 to promote inclusion and combat discrimination, which are key priorities in the Group's philanthropic approach. These initiatives form part of the Group's pursuit of SDG 10 – Reduced inequalities.

- In the Netherlands, Balenciaga donated €100,000 to the *Sheltersuit Foundation*, funding the production of 770 innovative jackets, with integrated sleeping bag, provided free of charge to refugees in Calais, France by the *Auberge des Migrants*. In the United States, Balenciaga continued its long-term partnership with the *National Association for the Advancement of Colored People* as part of the *Stand Against Racism* campaign, by making financial donations aiming to accelerate change, end discrimination and eliminate racism.
- Brioni donated products to the *Madison Square Boys & Girls Club Foundation*, which works with children from marginalized neighbourhoods in New York, and Pomellato did likewise for the *Associazione della Comunità di San Patrignano*, a community that supports and cares for marginalized people and those suffering from addiction.
- Gucci provided financial support to the *Queer Texas Crisis Fund*, to provide families of young transgender people with assistance in protecting their rights and accessing care. Gucci also continued its *Gucci-Up* circular economy initiative, supporting women, deprived people and migrants by donating fabric with a total value of more than €233,000 to Italian non-profits and cooperatives such as *Progetto Quid*, *Luminanda*, *Flo Concept, E.V.A., Società Cooperativa Sociale Onlus* and *Colori Vivi Sartoria*.
- Bottega Veneta donated €10,000 to *Urgence Homophobie*, a non-profit that defends the rights of LGBTI+ migrants, asylum-seekers and refugees in France. The House also donated 10% of proceeds from products sold on May 5th in Mexico to *TEDI*, which provides scholarships to children with Down syndrome. In addition, Bottega Veneta renewed its partnership with the *Adecco Foundation*, for the employment of refugees in its factories in the Veneto region of Italy. So far, it has recruited three people under this partnership, two on permanent contracts and one on an internship.
- Saint Laurent donated 10% of the proceeds from a special sales event, amounting to €170,000, to *Sidaction*, a non-profit supporting the fight against AIDS, respect for the rights of HIV-positive people and access to care around the world.

6.3.2.3 Long-term support for culture and heritage

The Houses donated more than €2,430,000 to projects supporting the culture industry.

- In Venice, Italy, Pomellato donated more than €78,000 to *Venetian Heritage Onlus* to help restore St Mark's Basilica, while Kering Eyewear launched the *Luxury Golden Domes* project alongside the University of Padua, highlighting the impact of climate change on the city's historical heritage.
- Gucci donated €380,000 to the *Fondazione Torlonia* to fund the restoration and conservation of the Villa Albani-Torlonia in Rome.
- Alexander McQueen donated €291,000 to the *Sarabande Foundation*, which supports young artists and creators in the United Kingdom.
- Bottega Veneta was the main sponsor of the *Biennale Danza 2022* for the second consecutive year, and it designed the costumes of 16 dancers for a performance of a Merce Cunningham's piece. The House also contributed to the creation of a grant for the winner of the Grand Prize for Photography of the Jury of the *Festival de Hyères*, organized by the *Association Villa Noailles*.

6.3.2.4 Protecting the environment and ecosystems

In 2022 and in line with the Group's strategy, the various Houses contributed €549,000 to environmental initiatives, which form part of the Group's commitment to SDG 13 (Climate Action) and SDG 15 (Life on Land).

- Balenciaga continued the reforestation project it began in 2019 in the Gujarat province of India, in partnership with NGO Up2green Reforestation. In 2022, its financial support aimed to improve community resilience, with a particular focus on women and children. It also collaborated with *Sky High Farm*, a New York organization working on food safety and biodiversity, by donating products with a total value of €77,000.
- Gucci donated €20,000 to the *Circolo Legambiente di Andria "Thomas Sankara"*, as part of an urban reforestation project in memory of COVID-19 victims.
- In China, Qeelin reiterated its support for the World Wildlife Fund (WWF) with donations of €67,000 to restore and protect damaged bamboo forests, which constitute the natural habitat of pandas. The House also donated products, which were auctioned off by Christie's, to raise funds to protect the Hainan gibbon, the world's most endangered species of primates.
- In the United Kingdom, Alexander McQueen formed a three-year partnership with the *Royal Botanic Gardens, Kew* and its national awareness-raising program called *Grow Wild*. The House donated €69,000 to support community projects aiming to transform urban spaces and protect the United Kingdom's biodiversity.
- In Morocco, Saint Laurent collaborated with the *High Atlas Foundation* in order to plant 23,000 trees and provide access to drinking water to 56 families by December 2023. The House is also providing financial support to the *Association Marocaine pour la Biodiversité et les Moyens de Subsistance* (MBLA) and its development of an environmental education program. The objective is to create an agroecological school garden in a rural village, in order to raise awareness among 400 children about local biodiversity, sustainable practices and water management.

6.3.2.5 The Group's contribution to addressing the refugee crisis in Ukraine

In 2022, Kering and its Houses made exceptional donations to support those affected by the war in Ukraine, which has displaced more than 14 million people according to the UN:

- Kering Corporate, Alexander McQueen, Bottega Veneta, Boucheron, Brioni, Gucci and Pomellato supported the UN Refugee Agency (UNHCR) and its emergency appeal for Ukraine. Those donations helped to bring transversal support to refugees, particularly vulnerable women and girls, by providing essential items and shelter, along with psychological support and education.
- In connection with its Winter 22 fashion show, Balenciaga highlighted the humanitarian and refugee crisis in Ukraine via its Instagram account and by setting up a dedicated donations platform. All funds raised went to the World Food Program to provide food aid to people fleeing the conflict in Ukraine and in neighboring countries. The House also designed an exclusive T-shirt, with all proceeds going to the UNITED24 charity initiative. The money will be spent on rebuilding infrastructure such as roads, bridges, hospitals and schools, to allow refugees to go back home and resume their lives;
- Bottega Veneta made a donation to non-profit Voices of Children, which helps children and their families in Ukraine, and also matched individual donations made by its employees.

7 - CROSS-REFERENCE TABLE

Pursuant to Articles L.225-102-1 and R.225-105 of the French Commercial Code/Green Taxonomy Regulation/ Global Compact/Global Reporting Initiative (GRI)

This chapter, entitled "Sustainability", constitutes Kering's Non-Financial Information Statement (NFIS) for 2022, and as such sets out information on the Group's principal non-financial risks and the related policies, outcomes and performance indicators.

Kering is disclosing the information required by Article L. 225-102-1 and by Article R. 225-105 of the French Commercial Code (Code de commerce), where relevant taking into account the principal non-financial risks identified, as well as information required by European regulation no. 2020/852 of June 18, 2020 (the "Green Taxonomy" Regulation). In accordance with Article R. 225-105, Kering also presents additional information, where that information offers further insight into Group operations.

Kering presents the following cross-reference tables in accordance with the main international reporting frameworks, which are available in the Sustainability/Measuring our impact/Reporting and indicators section of the Kering website:

- the Sustainability Accounting Standards Board (SASB) Apparel, Accessories & Footwear Standard;
- the United Nations Guiding Principles on Business and Human Rights (UNGP);

Kering's website (section Sustainability/Measuring our impact/ reporting and indicators) also features an ESG Databook, various thematic factsheets and a glossary of the main documents relating to the Group's Sustainability approach, providing details each key document's contents.

	GRI	Sections of the Universal Registration Document
The Group's vision and business model	102-1 to 102-8, 102-10	Chapter 4, section 1.2 Chapter 1
Information on the value chain	102-9	Chapter 4, sections 1.2; 4.1; 5
Materiality and main priorities, principal non-financial risks linked to NFIS categories	102-11, 102-15, 102-46 & 102-47, 103-1 & 103-2	Chapter 4, section 1.3 Chapter 5 Risk management and internal control
Sustainability strategy	103-1 & 103-2	Chapter 4, section 1.4
Governance and organization of sustainability within the Group	102-18	Chapter 4, section 1.5
Methodology for reporting non-financial information, Assurance Report	102-45 to 56	Chapter 4, section 1 Chapter 4, sections 7; 8 and 9
Taxonomy:		
Proportion of eligible revenue, capital expenditure and operating expenditure resulting from products and/or services associated with economic activities defined as sustainable in Annexes I & II of the Climate Delegated Act		Chapter 4, section 5.1.3

Non-financial information	GRI	Global Compact	Sections of the Universal Registration Document
SOCIAL AND SOCIETAL CONSEQUENCES, HUMAN RIGHTS, COMBATING CORRUPTION AND TAX EVASION			
Employment:		**#3 to 6**	
Total number of employees and breakdown of employees by gender, age and region	102-8		Chapter 4, section 3.1
Hires and redundancies	401-1		Chapter 4, section 3.1
Remuneration and changes in remuneration			Chapter 4, section 3.3
Work organization:		**#3 to 6**	
Organization of working time			Chapter 4, section 3.2.4
Absenteeism	403-10		Chapter 4, section 3.2.4
Health and safety:		**#1 to 6**	
Occupational health and safety	403-1 to 403-8		Chapter 4, section 3.2.4
Work-related accidents, in particular frequency and severity, and work-related illnesses	403-9		Chapter 4, section 3.2.4
Labor relations:		**#3 to 6**	
Organization of employee-management dialogue, procedures for informing, consulting and negotiating with employees	402-1		Chapter 4, section 3.4
Collective bargaining agreements in place within the Group and their impacts on economic performance and working conditions of employees, including in terms of occupational health and safety	102-41		Chapter 4, section 3.4
Training:		**#3 to 6**	
Training policies, especially in terms of environmental protection	404-2		Chapter 4, sections 3.2; 4.1; 5
Total number of training hours	404-1		Chapter 4, section 3.2.2
Fair treatment:		**#1 to 6**	
Measures taken to promote gender equality	405-1		Chapter 4, sections 2; 3.2; 6.3
Measures taken to promote the employment and integration of people with disabilities	405-1		Chapter 4, section 3.2
Anti-discrimination policy	405-1		Chapter 4, sections 2; 3.2; 6.3

Non-financial information	GRI	Global Compact	Sections of the Universal Registration Document
Societal commitments to sustainability:		**#1 to 6**	
Impact of the Group's operations with respect to employment and local development	203-1, 203-2		Chapter 4, sections 3.2; 4.1; 6.1
Impact of the Group's operations on neighboring or local populations	203-1, 203-2		Chapter 4, section 6.1
Relationships and dialogue with Group stakeholders			Chapter 4, section 1.2; 6.1
Partnership and sponsorship initiatives			Chapter 4, section 6.3
Subcontracting and suppliers:		**#1 to 10**	
Incorporating social and environmental issues into the purchasing policy	413-1 to 414-2		Chapter 4, sections 4; 5 Chapter 5, section 3 (duty of care plan)
Steps taken to raise awareness among suppliers and subcontractors with respect to corporate social responsibility	413-1 to 414-2		Chapter 4, sections 4.1; 4.2 Chapter 5, section 3 (duty of care plan)
Fair practices: measures taken to promote consumer health and safety	**416-1 & 2**		**Chapter 4, section 6.1.3**
Information on the fight against corruption: anti-corruption measures	**102-16; 205-1 to 205-3**	**#10**	**Chapter 4, section 2**
Information on steps taken for the protection of human rights	**406-1 to 412-3**	**#1 to 6**	**Chapter 4, sections 2; 3; 4.1; 6.1; 6.3**
Promotion of and compliance with the provisions of the International Labour Organization conventions relating to:			
Compliance with freedom of association and the right to collective bargaining		#3	
Elimination of discrimination in respect of employment and occupation		#4	
Elimination of forced and compulsory labor		#6	
Effective abolition of child labor		#5	
Steps taken for the protection of human rights		#1 to 6	
Respect for animal welfare			**Chapter 4, section 5.3.4**
ENVIRONMENTAL CONSEQUENCES			
General environmental policy		**#7 to 9**	**Chapter 4, section 5**
Steps taken to address environmental issues and any environmental assessment or certification procedures			Chapter 4, sections 1; 4.1; 4.2; 5
Resources allocated to the prevention of environmental risks and pollution			Chapter 4, section 5
Amount of provisions and guarantees for environmental risk (provided that this information is not likely to cause serious damage to the Group in an ongoing dispute)			Data not consolidated at Group level
Pollution		**#7 to 9**	
Measures taken to prevent, reduce and rectify emissions into air, water and soil that have a significant impact on the environment	303-2, 303-4		Chapter 4, section 5
Steps taken to address noise, light and any other form of pollution relating to a specific activity			Chapter 4, section 5

Non-financial information	GRI	Global Compact	Sections of the Universal Registration Document
Circular economy	**301-3**		**Chapter 4, section 5.4**
Waste prevention and management:			Chapter 4, section 5.4
Measures taken to prevent, recycle and reuse waste, and other means of waste recovery and elimination	306-2		Chapter 4, section 5.4
Steps taken to prevent food insecurity and waste; Respect for responsible, fair and sustainable food			Not applicable
Sustainable use of resources:			Chapter 4, section 5.4
Water consumption and supply of water in accordance with local regulations	303-1, 303-3, 303-5		Chapter 4, section 5.4
Raw materials consumption and measures taken to promote more efficient use	301-1, 301-2		Chapter 4, section 5.4
Energy consumption and measures taken to improve energy efficiency and use of renewable energy	302-1 to 5		Chapter 4, section 5.4
Land use			Chapter 4, sections 5.3; 5.4
Climate change	**201-2, 305-1 to 305-5**	**#7 to 9**	**Chapter 4, sections 1; 5.2**
Key issues regarding greenhouse gas emissions arising from the Group's activities and from use of the goods and services it produces	305-1 to 305-5		Chapter 4, section 5.2
Measures taken to adapt to the consequences of climate change			Chapter 4, section 5.2
Medium-and long-term targets set voluntarily to reduce greenhouse gas emissions and the measures put in place to achieve this			Chapter 4, sections 1.3; 5.2
Protection of biodiversity: measures taken to protect and restore biodiversity	**304-1 to 4**	**#7 to 9**	**Chapter 4, section 5.3**

Information required under the SFDR (Sustainable Finance Disclosure Regulation)

Kering presents below the list of information expected by financial market participants subject to the SFDR for the consideration of the principal adverse indicators (PAI) relating to sustainability:

	Indicators identified in connection with the principal adverse indicators	Kering performance indicators (2022)	Sections
ENVIRONMENT			
Greenhouse gases emssiions (GHGs)	Greenhouse gas emissions	Scope 1: 21,660 tCO_2e Scope 2: 7,598 tCO_2e Scope 3: 2,398,466 tCO_2e	Chapter 4, section 5.2
	Carbon footprint	Total Scopes 1, 2 and 3: 2,427,724 tCO_2e	Chapter 4, section 5.2
	Greenhouse gas intensity of investee companies	119.29 metric tons of CO_2 equivalent/€ million of revenue	Chapter 4, section 5.2
	Exposure to companies active in the fossil fuels sector	Not applicable to Kering	
	Share of non-renewable energy consumption and production	Consumption: 23% Production: 0%	Chapter 4, section 5.2
	Energy consumption intensity per high impact climate sector	Not applicable to Kering	Chapter 4, section 5.2
Biodiversity	Activities negatively affecting biodiversity-sensitive regions	The EP&L tool identifies pressures on nature through six impacts in each country (GHG emissions, air pollution, land use, water consumption, water pollution and waste production) connected with Kering's operations and its value chain. The 2022 results show that the main impacts (94%) arise outside of Kering's operations, and particularly at the level of raw materials production and processing (70%).	Chapter 4, sections 5.1 and 5.3
Water	Emissions to water	COD after treatment: 34 metric tons (Group tanneries)	Chapter 4, section 5.3
Waste	Hazardous waste ratio	Hazardous waste: 569 metric tons	Chapter 4, section 5.4
SOCIAL			
Social, human rights and anti-corruption indicators	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	No violation	Chapter 4, sections 2; 4
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	• Group Code of Ethics • Group compliance program and related procedures • Duty of care plan • Whistleblowing system	Chapter 5, section 3 (duty of care plan) Chapter 4, sections 2; 4
	Unadjusted gender pay gap	15.7% in favor of men. In average and not considering roles, seniority and location, women average salary is lower than men average salary by 15.7%	Chapter 4, section 3
	Adjusted gender pay gap by band	0.4% in favor of women. This pay gap corresponds to the average of pay gaps by equivalent level of responsibility	
	Board gender diversity	Proportion of women: 45% Percentage not taking into account Directors representing employees, in accordance with recommendations of the AFEP-MEDEF Code.	Chapter 3, section 2.2.2
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Not applicable to Kering	

8 - REPORT OF ONE OF THE STATUTORY AUDITORS, APPOINTED AS AN INDEPENDENT THIRD PARTY, ON THE VERIFICATION OF THE CONSOLIDATED NON-FINANCIAL INFORMATION STATEMENT

Year ended December 31, 2022

This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders' Meeting,

In our capacity as Statutory Auditor of Kering SA (hereinafter the "Company"), appointed as an independent third party ("third party") that is accredited by the French Accreditation Committee (Cofrac), under number 3-1886 rév. 0 (Cofrac Inspection Accreditation, scope available at www.cofrac.fr), we have conducted procedures to express a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial information statement, prepared in accordance with the Company's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2022 (hereinafter the "Information" and the "Statement", respectively), presented in the Group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code (*Code de commerce*).

It is also our responsibility to express, at the request of the Company and outside the scope of our accreditation, a reasonable assurance conclusion about whether some information selected by the Company and presented in the Statement has been prepared, in all material aspects, fairly in accordance with the Guidelines.

Conclusion of limited assurance on the consolidated non-financial information statement in accordance with Article L. 225-102-1 of the French Commercial Code *(Code de commerce)*

Based on the procedures we implemented, as described in the "Nature and scope of the work" section above, and on the information we collected, nothing has come to our attention that causes us to believe that the non-financial information statement is not in accordance with the applicable regulatory provisions and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Conclusion of reasonable assurance on selected information included in the Statement

In our opinion, the information selected by the Company has been prepared fairly, in all material aspects, in accordance with the Guidelines.

- Energy consumption and related CO_2 emissions
- Renewable electricity proportion at Group level
- Emissions associated with B2B transport
- Metric tons of CO_2 offset

Preparation of the consolidated non-financial information statement

The absence of a generally accepted and commonly used reference framework or established practices on which to base the assessment and measurement of the Information means that different measurement techniques can be used, provided they are acceptable, and this may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines, a summary of which is available on the Company's website.

Limitations inherent in the preparation of the information relating to the Statement

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions and/or estimates used for its preparation and presented in the Statement.

Responsibility of the Company

Management is responsible for:

- selecting or determining the appropriate criteria for the preparation of the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented with respect to these risks as well as the outcomes of these policies, including key performance indicators and the information set out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- and implementing such internal control as it determines is necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the Company's Guidelines as referred to above.

Responsibility of the Statutory Auditor appointed as an independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R. 225-105 of the French Commercial Code;
- - the fairness of the information provided pursuant to part 3 of sections I and II of article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks (the "Information").

As it is our responsibility to issue an independent conclusion on the Information prepared by management, we are not authorized participate in the preparation of the Information, as this could compromise our independence.

It is not our responsibility to provide a conclusion on:

- the Company's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the duty of care and the fight against corruption and tax evasion);
- the fairness of information set out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with our verification program in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code, with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*), and with international standard ISAE 3000 (revised - "Assurance engagements other than audits or reviews of historical financial information").

Independence and quality control

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and French Code of Ethics for Statutory Auditors (*Code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of seven people between October 2022 and March 2023 over a total period of around six weeks.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around 30 interviews with people responsible for preparing the Statement, including representatives of the Human resources and Sustainability departments of Kering and its Houses.

This work involved the use of information and communication technologies allowing the work and interviews to be carried out remotely, without hindering the good execution of the verification process.

Nature and scope of procedures

We planned and performed our work taking account of the risk of material misstatement of the Information.

We consider that the procedures conducted in exercising our professional judgment enable us to express a limited assurance conclusion:

- We familiarized ourselves with the activities of all companies in the consolidation scope and the description of the principal risks;

- We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, respect for human rights and the fight against corruption and tax evasion.
- We verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code.
- We verified that the Statement presents the business model and a description of the principal risks associated with the activities of all the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated with the principal risks.
- We referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (regarding actions and outcomes) that we considered to be the most important. For some risks or information, our work took was carried out on the consolidating entity(1).
- We verified that the Statement covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, subject to limitations specified in the Statement;
- We obtained an understanding of internal control and risk management procedures implemented by the Company and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;
- For the key performance indicators and other quantitative outcomes(2) that we considered to be the most important, we implemented:
  - analytical procedures that consisted of verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sample basis and using other selection methods, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities(3) and covered between 58% and 96% of the consolidated data selected for these tests.
- We assessed the overall consistency of the Statement in relation to our knowledge of the entire Company.

The procedures conducted in a limited assurance review are substantially less in scope than those required to issue a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Pursuant to the request of the Company, we performed additional work with the aim of providing a reasonable assurance conclusion on the following information:

- energy consumption and related CO_2 emissions
- renewable electricity proportion at Group level
- emissions associated with BtoB transport
- metric tons of CO_2 offset

The work carried out was of the same nature as that described in the section on limited assurance above, but more in-depth, particularly regarding:

- analytical procedures that consisted of verifying the correct consolidation of collected data as well as the consistency of changes thereto;
- substantive tests, on a sample basis that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents.

The selected sample represents between 62% and 96% of the information concerned.

Paris-La Défense, March 2, 2023

One of the Statutory Auditors,

Deloitte & Associés

Bénédicte Margerin	**Julien Rivals**
Partner, Audit	Partner, Sustainability

(1) Qualitative information selected: highlights of 2022, existence of the Kering Standards and monitoring of alignment and traceability in relation with footnotespresented in the table in section 5.3.3.1 of the URD.

(2) Indicators and quantitative results selected:
- **Social:** Workforce and breakdown, Permanent/fixed - term contract hirings, Permanent departures, Training hours (including safety training), Employees that participated in at least one training session (excluding safety training), Frequency rate and severity rate of work - related accidents, Overall rate of absenteeism, Number of social audits and breakdown by severity of anomalies.
- **Environmental**: Energy consumption and associated CO_2 emissions, Renewable electricity proportion at Group level, Emissions associated with BtoB transport, Industrial water consumption and metric tons of CO_2 offset.

(3) Selected Houses or entities for:
- Social indicators: Gucci, Saint Laurent, Brioni
- Environmental indicators: Gucci, Saint Laurent, Boucheron (for energy consumption and related CO_2 emissions), Gucci Operations Conceria 800 (for industrial water) and Trecate/LGI (for CO_2 emissions associated with *BtoB* transport).

9 - LIMITED ASSURANCE REPORT OF ONE OF THE STATUTORY AUDITORS ON SELECTED INFORMATION CONCERNING THE ENVIRONMENTAL PROFIT & LOSS ACCOUNT (EP&L)

Year ended December 31, 2022

This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Executive Management,

Pursuant to your request and in our capacity as Statutory Auditor of Kering SA (hereinafter the "Company"), we performed a review with the aim of providing limited assurance on information concerning the Environmental Profit & Loss Account ("EP&L") selected by the Company (hereinafter "the Information[(1)]") for the financial year ended December 31, 2022.

Conclusion

Based on the procedures we have performed as described under the paragraph "Nature and scope of procedures", and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Information is not prepared, in all material respects, in accordance with the procedures used by the Company (hereinafter the "Guidelines").

Preparation of the Information

The absence of a generally accepted and commonly used reference framework or established practices on on which to base the assessment and measurement of the Information enables the use of different but acceptable measurement techniques that may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines and criteria, summarised in the methodological note referred in section 5.1.1.1 of the Universal Reference Document and available on the Company's website or on request from its headquarters.

Limits inherent in the preparation of the Information

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used, including certain elements such as traceability and certifications, environmental impact factors ("multipliers") and monetisation factors used. Some data are sensitive to the choice of methodology and the assumptions and/or estimates used for its preparation and presented in the methodological note referred in section 5.1.1.1 of the Universal Reference Document.

Responsibility of the Company

The Company is responsible for:

- Selecting or establishing suitable criteria and procedures for preparing the Guidelines;
- Preparing the Information in accordance with the Guidelines;
- Implementing internal control relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

Responsibility of the Statutory Auditor

The conclusion presented in this assurance report only covers the Information and does not extend to other information and data concerning the Environmental Profit & Loss account (EP&L) included in the Universal Reference Document.

(1) Total amount for environmental impact estimated in € for 2022, Intensity (€EP&L/€ thousand of revenue) for 2022, % change in total amount and intensity in relation to 2021, Mapping of 2022 impacts per environmental impact (six impacts for Tiers 0 to 4 and for the use and end of life phases), Distribution of impacts per raw material (Tiers 3 & 4) for 2022.

Based on our work, we are responsible for:

- expressing limited assurance on the fact that the Information has been prepared, in all material respects, in accordance with the Guidelines and are free from material misstatement, whether due to fraud or error;
- forming an independent opinion, based on the evidence that we obtained; and
- reporting our opinion to the management of the Company.

As it is our responsibility to issue an independent conclusion on the Information prepared by Company, we are not authorised participate in the preparation of the Information, as this could compromise our independence.

Applicable regulatory provisions and professional guidance

The work described below was performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with the international standard ISAE 3000 (revised) « Assurance Engagements other than Audits and Reviews of Historical Financial Information » issued by the IAASB (International Auditing and Assurance Standards Board).

Independence and quality control

Our independence is defined by regulatory texts (article L.822-11 of the French *code de commerce*), and the French Code of Ethics for Statutory Auditors (*code de déontologie*). In addition, we have implemented a system of quality control including documented policies and procedures aimed at ensuring compliance with applicable legal and regulatory requirements, professional ethical requirements, and French professional standards applicable for this assignment.

Nature and scope of procedures

We planned and performed our work in order to express a limited assurance regarding the following Information:

- Total amount for environmental impact estimated in € for 2022;
- Intensity (€EP&L/€ thousand of revenue) for 2022;
- % change in total amount and intensity in relation to 2021;
- Mapping of 2022 impacts per environmental impact (six impacts for Tiers 0 to 4 and for the use and end of life phases);
- Distribution of impacts per raw material (Tiers 3 & 4) for 2022.

The nature, timing and extent of procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error, in the Information.

We:

- assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability;
- verified the set-up of a process to collect, compile, process, and check the completeness and consistency of the Information;
- interviewed the relevant staff from the Company's Departments at its headquarters and for a selection of contributing entities in order to analyse the deployment and application of the Guidelines;
- performed analytical procedures on the Information and verified the calculations as well as the consolidation of the data and the consistency of its evolution;
- carried out substantive tests using sampling techniques, for a representative selection of entities that we selected(1) to verify the correct application of the definitions and procedures and reconcile data with supporting evidence.

We consider that the sampling techniques and sample sizes we have used in exercising our professional judgement enable us to express our conclusion. The procedures conducted in a limited assurance review are substantially less in scope than those required to issue a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, March 2, 2023
One of the Statutory Auditors
Deloitte & Associés

Bénédicte Margerin
Partner, Audit

Julien Rivals
Partner, Sustainability

(1) - Information concerning Tiers 0 to 2 of the EP&L: Boucheron, Gucci, Saint Laurent (Energy consumption and associated CO_2 emissions) and Kering Group Operations (LGI for CO_2 emissions from BtoB transport);
-Information concerning Tiers 3 & 4 of the EP&L: Balenciaga (calf leather, wool, brass), Gucci (calf leather, cow leather, cashmere) and Saint Laurent (calf leather, cashmere, brass).

CHAPTER 5

Risk management and internal control

1 - INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY THE COMPANY

This section of the Report by the Chairman of the Board of Directors on the Group's risk management and internal control system is part of the reference framework of the French financial markets authority (Autorité des marchés financiers – AMF) published in July 2010 and draws on the ESMA guidance on risk factors provided under European Regulation (EU) No. 2017/1129 of June 14, 2017 (the "Prospectus Regulation") supplemented by Commission Delegated Regulation (EU) No. 2019/980 of March 14, 2019. It also takes account of the requirements set out in Article 173 of French law no. 2015-992 of August 17, 2015 on energy transition for sustainable development.

The AMF's framework is based not only on the aforementioned French and EU legislation and regulations, but also on internal control and risk management best practices and international standards, in particular ISO 31000 and COSO (Committee of Sponsoring Organizations), which were analyzed in depth when the risk management policy was drafted. This policy is set out in the section entitled "Components of risk management".

In accordance with ordinance order no. 2017-1180 of July 19, 2017 on non-financial reporting and its implementing decree no. 2017-1265 of August 9, 2017, the Kering group presents the Non-Financial Information Statement (NFIS) for 2022 in Chapter 4 of this Universal Registration Document. The following sections include references to the NFIS.

1.1 Scope and principles of organization

Kering is the parent company of the Kering group, whose entities operate in the luxury industry. The following report aims to describe the internal control procedures in the Group and especially those procedures relating to the preparation and processing of financial and accounting information. The scope of the Group covered by the report includes all fully consolidated subsidiaries, i.e. the companies over which the Group directly or indirectly exercises exclusive control.

As a holding company, Kering's own operations consist in (i) defining and implementing its strategy, (ii) organizing and managing its holdings, (iii) stimulating the development of its activities and coordinating their financing, (iv) providing support and communication functions, and (v) defining and implementing the insurance coverage policy.

The internal control function follows the general organization of the Group. It is both:

- decentralized at the level of the activities: Executive Management of the operating and legal entities is responsible for managing and coordinating the internal control process;
- unified around a common methodology and a single set of standards. The Kering holding company coordinates its deployment across the Group, supported by teams at Kering Asia-Pacific and Kering Americas.

1.2 General principles of risk management

According to the AMF definition, risks represent the possibility that an event may occur and could have an impact on people, assets, the environment, the Company's objectives and its reputation.

Risk management covers areas that are much wider than just financial risks: for example, operational, labor–related, environmental and compliance risk. Risk management is a key management tool that helps to:

- create and preserve the value, assets and reputation of the Company;
- strengthen the security of the Company's decision-making and other processes to support the achievement of its objectives;
- mitigate the risk of unexpected outcomes and operating losses;
- ensure that initiatives are consistent with the Company's values;
- bring Company employees together to develop a shared view of the main risks.

1.3 Components of risk management

The Group constantly strives to make its operations more secure and improve its methodology to identify and mitigate risks. In 2022, the Group moved ahead with the changes to its risk management methodology initiated in 2011 and maintained the resources used for its risk management process. The Group's process provides for an organizational framework, a three-step risk management process and continuous monitoring.

1.3.1 Organizational framework

This organizational framework includes:

- an organization that sets out the roles and responsibilities of the various persons involved and lays down procedures, as well as consistent and clear standards, for the process;
- a risk management policy that sets out the objectives of the process in line with the Company's culture, the shared language used, and the process to identify, analyze and deal with risks;
- an IT system that makes it possible to register data about risks;
- planned reporting of risk information to stakeholders identified within the Group, as well as an annual presentation to the Board of Directors.

Risk Committee

Within the scope of the Group's risk management policy and in accordance with Kering's corporate governance, Kering's Executive Management created a "Kering Group Risk Committee" in 2011. It comprises of the Group Managing Director, the Chief Financial Officer, the General Counsel, the Chief Audit Executive, the Head of the Security Department, the Chief Information Security Officer and the Risk Manager. As the Group's operations and activities expand, become more complex and more international, the Risk Committee helps identify and rank the main risks that could have an impact on the Group's business operations. Internal rules determine how the Committee is managed, and how it operates.

The Risk Committee reviews (i) the validation and monitoring process for the Group's risk management policy; (ii) the monitoring of the latest developments and relevance of analysis relating to operational, labor-related, environmental, financial and compliance risks; (iii) the analysis summaries of general and specific risks; and (iv) the validation and monitoring of action plans rolled out with the aim of mitigating identified risks.

The Risk Committee's work is brought to the attention of the Audit Committee, which is informed of the Committee's internal rules and has access to the minutes of its meetings.

Risk Manager

The Risk Manager position was created within the Company to coordinate the robust risk management process, ensure that the Executive Management teams of the Group's activities analyze the main risks within their scope of business, and provide the members of the Risk Committee, prior to each meeting, with the information and documents necessary for their work and their discussions.

Risk management policy

After reviewing the COSO internal control frameworks in particular, the Group implemented a risk management policy that was sent to the Executive Management teams of the group and the Houses. This document describes the methods used by the Group for its risk analysis.

1.3.2 A three-step risk management process involving:

- **Identifying risks**: in this step, the main risks are identified. A risk is characterized by an event, one or more internal or external sources, and one or more consequences. Within the Group, the identification of risks is part of an ongoing process that takes the Houses' perspective into account, as well as the Group's broader vision. During this stage, interviews with the main stakeholders (the recommended and most widely used technique) are conducted to identify the risks that could impact the Group's ability to achieve its objectives. Kering relies on prior year's risk registers, as well as various sources that are, both external (e.g. surveys) and internal (e.g. reporting of information).
- **Assessing risks**: this step involves evaluating the main risks identified on the basis of three criteria: their impact, their probability of occurrence and their level of control. It is also a continuous effort, and assessments are conducted once a year during work sessions with key managers from the Houses, Kering's divisions in the Americas, Asia-Pacific, and the Group. The risk management policy describes in detail the criteria and procedures for these assessments.
- **Prioritizing risks**: during this last step, risks are ranked by priority and the most appropriate action plan(s) for the Company is(are) identified.

Since 2011, a consolidated risk map has been submitted to the Risk Committee for comment before being presented to the Audit Committee and the Board of Directors. In addition, risk information is also shared with each of the Houses during feedback meetings.

2011
First consolidated risk map presented to the Risk Committee

2013
The Group deployed dedicated software for the management of risk identification and analysis exercises that **guarantees a common methodology** across all activities and extends the responsibilities of the managers included in these work sessions

2014
The Group extended its risk identification process through work sessions with the holding company's main managers

2015
The Group extended its risk identification process through work sessions with the key managers of Kering's divisions in the Americas and Asia-Pacific

2019
The Group introduced a top-down approach in addition to its bottom-up approach at the risk identification stage. **Feedback meetings** were organized with participants in the risk identification and assessment exercises

2020
In light of the pandemic, **the Group adjusted its approach** (e.g., by holding meetings remotely)

2021
The risk factors were pared down and assigned to the Group's fundamentals. The Group's risk map reflects the updated risk assessment carried out to fulfill its **Duty of care**, as well as the initial climate risk assessments in line with **TCFD recommendations**.

1.3.3 Oversight of the risk management process

The risk management process is monitored and reviewed on a regular basis to continuously improve the process. The objective is to identify and analyze the main risks and to learn from the risks that have materialized.

The Risk Committee meets in principle at least twice a year to review the risk maps drawn up by the Group Internal Audit Department, and to monitor the progress of the specific action plans.

The Risk Committee met four times in 2022, and the Audit Committee and Board of Directors were apprised of its work at their meetings held in June and October 2022, respectively.

1.4 Link between risk management and internal control

The risk management and internal control processes are complementary, which together help control the Group's activities:

- the risk management process is designed to identify and analyze the main risks. Risks are managed and addressed through action plans, which may include project management and may also involve implementing controls that can be adapted to the organization. The controls to be implemented are part of the internal control program and may be reviewed based on the risk maps;
- the internal control program uses the risk management process to identify the main risks to be mitigated;
- the audit plan uses the risk map to test the assessment of the level of control of the identified risks.

The interaction and the combined balance between the two processes are influenced by the control environment, which provides a common foundation particularly the risk and control culture of the Company and the ethical values of the Group.

Operationally, the approach is as follows:

The internal control culture is determined by Kering's top management ("tone at the top")

Establishment of the internal control system

- The Group defines internal control policies and procedures, which the Houses can adjust as necessary. The Houses remain responsible for defining their own internal control policies and procedures.
- The Houses' top management teams are in charge of ensuring proper business conduct.

Internal control self-assessment campaigns take place every year, aimed at Group entities and stores

Self-assessment of the internal control system

- Internal control is everyone's responsibility. Audit assignments cannot provide assurance regarding the level of internal control across all Group entities every year. The Internal Audit and Risk Management Department has therefore used self-assessment questionnaires since 2012. These activities are coordinated by the Group's Internal Audit and Risk Management Department.
- Respondents assess their own internal control systems. The results are reported to the Audit Committee.
- The participation rate is rising significantly each year. In 2022, it was 90%, as opposed to 81% in 2021.

Internal audits take place within Group entities and sores

Independent assessment of internal control during audit assignments

- Internal audit assignments carried out by the Internal Audit and Risk Management Department provide assurance regarding the internal control system established within Group entities and stores.
- Auditors independently assess the internal control systems established within entities.
- Assignments are defined in an annual audit plan validated by the Audit Committee.

The Group seeks to strengthen its business processes through a continuous improvement approach. As well as analyzing feedback, it defines action plans based on internal control self-assessment campaigns and on recommendations made in internal audit reports.

1.5 General principles of internal control

1.5.1 Definition of internal control

The internal control procedures applicable within the Kering group rely on a set of resources, policies, conduct, procedures and appropriate actions to ensure that the necessary measures are taken in order to control:

- activities, operational effectiveness and the efficient use of resources;
- operational, labor-related, environmental, financial or compliance risks that could have a significant impact on the Company's assets or the achievement of its objectives.

Internal control is defined as a process conducted by Executive Management, under the supervision of the Board of Directors, and implemented by senior executives and all employees. Regardless of its quality and its degree of application, it cannot provide absolute assurance that the objectives falling within the following categories will be met:

- compliance with laws and regulations in force;
- application of guidelines and directions set by Executive Management;
- smooth operation of internal processes, particularly those contributing to the safeguarding of assets;
- reliability of financial and accounting information.

1.5.2 Limitations of internal control

The probability of meeting these objectives is subject to the limitations inherent in any internal control process such as:

- human errors or malfunctions occurring when decisions are made or applied;
- deliberate collusion among multiple individuals, enabling them to elude the control system;
- situations in which implementing or maintaining a control would be more expensive than the risk that it is intended to remedy.

Furthermore, in pursuing the objectives indicated above, it is understood that companies are faced with events and uncertainties beyond their control (unexpected changes in the markets, competitive environment or geopolitical situation, or error in forecasting or assessing the effects of such changes on the organization, etc.).

1.6 Components of internal control

The quality of the internal control process is based on the following components:

- the control environment based on rules of conduct and integrity supported by management and communicated to all employees;
- an organization that clearly defines responsibilities and has adequate resources and skills;
- a system to identify, analyze and manage the main risks;
- ongoing oversight of the internal control system and regular review of the functioning of the system.

1.6.1 Internal control environment

The Group's internal control process is based on a decentralized organization that clearly defines responsibilities through the Group Charter. It includes principles and values governing the conduct and ethics of all its employees, presented in the Code of Ethics. It also includes an Internal Control Charter. Moreover, it relies on human resources management that ensures the competency, ethical conduct and involvement of its employees.

The Group Charter

The Kering group adopted a Charter several years ago, which was updated in 2012 and provides the framework for the decentralization of the organization and the responsibility of senior executives. The Charter defines the guiding principles governing the relations between Kering and its activities. It also defines, within each functional area: (i) the matters that fall within the delegated responsibility of the activities; (ii) those that must be communicated to Kering within appropriate time frames; and (iii) those requiring Kering's prior authorization.

Group principles and values

The ethical principles of the Kering group are set out in the Code of Ethics, first circulated in 2005 and then again in 2009, 2013 and 2019, following its update in 2018. It is now available to all Group employees in 14 languages.

The latest update focused chiefly on strengthening commitments regarding personnel and the behavior expected of everyone, including Group measures and policies that were implemented following the introduction of new legislation and regulations, such as France's Sapin II law. The update was also an opportunity to strengthen the Suppliers' Charter included in the Code of Ethics, with regard to human rights in particular. In addition, the Code of Ethics now extends to the commitments of members of the Executive Committee as well as the Chairman and Chief Executive Officer, and for the first time, was presented to and reviewed by the Kering Board of Directors.

The Code of Ethics clearly sets out the ethical principles that should be applied everywhere and by everyone, including the Group's values, what it believes in, and what it does not tolerate. It presents the Group's ethics organization (regional Ethics Committees, the Group Ethics Committee, the ethics hotline and the steps to take in cases of suspected non–compliance with Kering's ethics commitments) and contains the Group's commitments and rules of conduct towards its main stakeholders:

- employees;
- customers and consumers;
- shareholders and financial markets;
- business partners and competitors;
- the environment;
- civil society.

As part of its revitalized commitment to the promotion of and respect for ethics within the Group, an annual online training program in ethics and Code of Conduct compliance was rolled out for all Kering employees worldwide in 2014. It is based on case studies that show ethics in the light of daily professional life and is updated annually.

The Ethics Committees are composed of representatives of the Group's Houses and Kering staff. This entire structure is managed by Kering's Chief Sustainability and Institutional Affairs Officer.

The Ethics Committees have three main functions:

- supervising the circulation and application of the Code of Ethics and the principles that it establishes;
- responding to any issues raised by a Group employee, be it a simple request for clarification or a question relating to the interpretation of the Code and its application, or a complaint submitted to the Committee due to alleged non-compliance with one of the Group's ethical principles, a procedure now open to third parties in certain circumstances;
- generating initiatives for developing the Group's sustainability and ethics policy and activities.

The changes made to the Code and the organization of ethics within the Group are examined in detail in section 2 "Ethics, the cornerstone of our business" of Chapter 4 "Sustainability" of this Document.

The Internal Control Charter

The Kering group adopted an Internal Control Charter in 2010. In order to adapt the Charter to changes within the Group since its initial publication, a new edition was published in 2015. The Charter defines internal control and sets out its objectives as presented in the AMF's reference framework. It also specifies the limitations of internal control, which cannot under any circumstances provide absolute assurance that the Company's objectives will be achieved. The Charter specifies that the holding company acts as the fulcrum point coordinating the various entities. It also sets out the responsibilities of each of the activities and Houses in implementing an internal control process that fits their operations.

The Charter defines the role of each person involved in the internal control process and the bodies responsible for oversight and assessment.

Furthermore, the Charter specifies the existing tools for assessing internal control and risks, namely self-assessment of internal control, mapping of major risks and sets out the basic principles for creating new procedures.

Human resources policy

The quality of Human resources and management cohesiveness are key success factors for the Group.

Kering makes sure that the various Houses apply human resources policies aligned with their situation, challenges, and meeting the highest local standards.

The Houses lead and engage in dialogue and employee involvement at local level concerning labor policy, while the Group manages dialogue within the Group's employee representative bodies namely the Group Works Council and the European Works Council.

The Group also supports the Houses with spotting talent for key positions and succession planning, while keeping a close eye on the market to enrich the pool of internal applicants.

Kering supports the Houses by handling transactional HR activities (payroll, absence management, employee benefit management) and provides a shared framework for developing Group-wide projects: digital platforms, HRIS and internal social media network, talent and performance management, internal communication for key issues linked to Kering's values, global remuneration and employee benefits policies, etc. This framework is constantly evolving so the Houses can meet the new challenges they are faced with.

1.6.2 Organization and resources

The organization of internal control depends on persons involved at every level in the chain of responsibility, from Executive Management to all employees, as well as the bodies responsible for oversight and assessment: the Board of Directors, the Audit Committee, the Internal Audit and Risk Management Department, and the Statutory Auditors.

Executive Committee

The Kering group Executive Committee, which is an Executive Management body, comprises 13 members, as described in section 3 of Chapter 1 of this Document.

The Executive Committee meets regularly in order to:

- draw up and coordinate the Group's operating strategy;
- define the priorities through objectives assigned to the activities and the main functional projects;
- develop synergies between the Houses;
- propose acquisitions and disposals to the Board of Directors;
- ensure proper implementation of the policies and projects defined within the framework of the Group's commitments to sustainability.

Kering group strategies and goals are discussed each year via the medium-term plans and the budgets of the business units of each of its activities.

Executive Management teams

The Executive Management teams define, coordinate and oversee the Group's internal control process.

They are also in charge of taking the requisite corrective measures. The Executive Management teams' involvement is of key importance to the internal control process given the Kering group's organization.

Management and employees

Management plays a leading operational role in internal control; it relies on internal control to perform its duties and reach its objectives. In this respect, management implements the internal control operations related to its area of responsibility and ensures that the internal control process fits its activities.

Employees must have the knowledge and information necessary to set up, operate and oversee the internal control process in order to meet the objectives assigned to them. In their day-to-day activities, they follow the principles, rules of control and can suggest ways to improve and detect malfunctions.

The bodies responsible for oversight and assessment are:

The Board of Directors

The Board of Directors contributes to the overall control environment through its members' skills and expertise. The Board is regularly informed about the methodologies used for internal control and the management of major risks, which it presents in its Board report.

The duties of the Board of Directors are presented in section 2.2.1 of Chapter 3 of this Document.

The Audit Committee

Under the responsibility of the Board of Directors, to which it regularly reports on these matters, the Kering Audit Committee is comprised of six members, four of whom are independent. It is in charge of monitoring:

- the procedures for preparing financial information;
- the effectiveness of internal control and risk management systems;
- the statutory audits of annual financial statements and, if need be, consolidated financial statements performed by the Statutory Auditors;
- the independence of the Statutory Auditors.

The Kering Audit Committee also:

- verifies that the Group has an Internal Audit Department that is structured and well suited to the tasks of identifying, detecting and preventing risks, anomalies or irregularities in the management of the Group's affairs;
- assesses the relevance and quality of the methods and procedures used;
- reviews the Internal Audit reports and the recommendations issued;
- approves the annual Internal Audit plan;
- reviews the work conducted by the Risk Committee and has access to the minutes of its meetings.

Since 2021, Kering's Audit Committee has met at least five times a year.

The composition of the Audit Committee and its duties are presented in section 2.3.3 of Chapter 3 of this Document.

The Internal Audit and Risk Management Department

Kering group's Internal Audit Department ensures full coverage of the Group.

Through its work, the Internal Audit Department helps assess the internal control process and recommends improvements.

It is also in charge of coordinating risk management through risk mapping and action plan monitoring. The Chief Audit Executive informs Executive Management and reports the main results of his assessments to the Audit Committee.

It coordinates, harmonizes and optimizes working methods and tools, as well as providing services (regulatory intelligence, expertise, resources, etc.) and conducting audit assignments within the scope of the annual audit plan.

The Group Internal Audit Department centrally administers and analyzes internal control and risk management in accordance with the laws and regulations applicable in this area, as described above.

The Internal Audit Department also performs active intelligence monitoring with regard to best internal control practices. It checks the control procedures implemented by other departments and conducts operational and financial audits within its remit. In light of the pandemic situation, the Internal Audit Department conducted 38 audit assignments at Group entities and 146 audit assignments in stores during 2022.

The Internal Audit Department draws up the audit plan based, on the Group's process guidelines and from the major risks identified for the Houses. It takes account of special requests from senior management and other operational departments. These projects are discussed with the main persons in charge. The Audit Committee reviews and approves the final audit plan.

The main issues identified by the Internal Audit Department are reported to the Audit Committee. In this way, the Audit Committee is informed of the issues identified and the action plans set up by the entities concerned.

Apart from these assignments, all of the Internal Audit resources in the Kering group are dedicated to promoting internal control across all business processes and activities, be they operational or financial, related to stores, warehouses or headquarters, distribution or manufacturing activities.

At the end of 2022, the Group's Internal Audit Department had 21 employees, a number that had remained virtually stable since 2017. Their rules of conduct are described in their Audit Charter, to which they refer. A new version of the Audit Charter was published in 2018. The Charter stipulates that:

- at the end of each audit, the findings and recommendations are presented to the managers of the area or areas concerned;
- any agreements or disagreements made known by the audited parties concerning the proposed recommendations are included in the final report, which specifies any action plan, as well as responsibilities and the deadlines for implementation;
- the operational staff members concerned are responsible for implementing recommendations;
- the Internal Audit Department is in charge of verifying their implementation.

Internal Audit activities are performed in conjunction with the work of the Audit Committee and the results of the work performed by the Statutory Auditors.

The Internal Audit Department updates the Audit Committee on progress made on the audit plan and the follow-up of the action plans at least once a year.

In 2013, Kering's Internal Audit Department published the following referential frameworks that establish a common methodology: the audit manual and the audit approach. In 2020, the approach to auditing stores was updated.

In December 2021, Kering's Internal Audit Department obtained professional certification from the IFACI (French institute of audit and internal control) that it conducts its activities in accordance with the mandatory requirements of the International Professional Practices Framework of the Institute of Internal Auditors (IIA). This seal of quality demonstrates that the Internal Audit Department adds value for the Group, improves its operations and helps it to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

In 2022, the Kering Internal Audit Department introduced a tool for drafting and sharing reports on audit assignments in stores. The follow-up process on the various assignment stages is fully digitalized, making for more effective monitoring and smoother discussions with stakeholders.

The Statutory Auditors

The Statutory Auditors review the internal controls in order to certify the financial statements. They do so by identifying the strengths and weaknesses of internal controls, assessing the risk of material misstatement, and, where applicable, making recommendations. Under no circumstances do the Statutory Auditors take the place of the Company in implementing internal controls.

The role of the Statutory Auditors is to certify the completeness, accuracy and fair presentation of the parent company and consolidated financial statements on an annual basis and issue a review report on the Group's interim consolidated financial statements.

The audit engagements are split between the joint Statutory Auditors: Deloitte and PwC.

The main matters covered by the Statutory Auditors are as follows:

- identifying risk areas and performing tests by sampling in order to validate the completeness, accuracy and fair presentation of the financial statements with regard to their individual or consolidated materiality threshold;
- validating the main types of accounting treatment and options throughout the year, in coordination with the management of the activities and Kering;
- applying the accounting standards defined by Kering for its activities based on the relevant accounting standards;
- preparing an audit report for each House, in order to certify Kering's consolidated financial statements, including any comments on internal control;
- presenting a general overview of the Kering group to Kering's Management and to the Audit Committee;
- preparing the Statutory Auditors' reports for Kering's shareholders. These reports are presented in Chapter 6 of this Document.

1.6.3 Risk management

- The Group's risk map is defined based on various sources (see diagram below). The risk factors identified are subject to the mitigation measures presented in section 2 of this chapter.

Risk perception among Houses' and Kering's executive management teams

- Qualitative interviews with **78 individuals**
- **10 CEOs** involved

Duty of care and Sapin II

Work performed by the Compliance team

TCFD recommendations

Review led by a multi-disciplinary work group and coordinated by the Sustainability team

KERING GROUP RISK MAP PREPARED
consolidating all the data and information

Input shaping the annual internal audit plan

1.6.4 Oversight of the process

The ongoing oversight of the internal control process and regular review of its functioning rely on the work performed by the Internal Audit Department, any comments made by the Statutory Auditors and the annual self-assessments. In the annual self-assessments carried out within the entities for each process identified, the managers in charge are asked to assess the level of internal control through key controls for their operations, in order to identify any weaknesses and implement corrective measures.

Self-assessment is not simply a reporting tool intended for the Internal Audit Department or the Audit Committee; it is also a system that allows the Executive Management teams of the activities to obtain reasonable assurance regarding the strength of the internal control process. Self-assessment makes it possible to strengthen the level of internal control through operational action plans.

The approach used to analyze internal control is based on the following principles:

- a self-assessment, using questionnaires, is conducted with the key operational staff members in each of the entities following the breakdown of operations into key processes. In 2015, all of the questionnaires were reviewed in the light of participants' responses during the previous annual assessment and comments from those conducting the assessments. Key controls, as well as fraud risk controls, were also identified and added to these questionnaires in order to strengthen the effectiveness of the action plans. The self-assessment campaign now covers all of Kering's operations. The overhaul of the self-assessment questionnaires continued in 2019 in order to make them more effective and a better fit for the business operations. In 2021, the financial process questionnaires were revised to reflect the changes introduced within the Group. In 2022, the entire content of the questionnaires for the other processes was reviewed. The goal of the update was to focus on more operational, clearer and more concise points reflecting adjustments to the Group's processes that have undergone major changes;
- these questionnaires provide operational staff with an additional indicator for assessing the quality of the internal control procedures of which they are in charge. They make it possible to harmonize the level of internal control applied throughout the Group and for all activities to benefit from best practices, in particular newly acquired entities. They allow action plans to be launched based on the results of these self-assessments;
- the finance, accounting and management process questionnaire takes into account the AMF's reference framework and, in particular, its application guide. It includes some 60 questions on the Group's mandatory key controls. It is circulated among the largest subsidiaries in the Group's activities. There was no change in the scope of processes covered in 2022.

Since 2013, the Internal Audit Department has extended its self-assessment procedures to stores throughout the Group's Houses. These self-assessments give the sales network managers an idea of the effectiveness of their internal control and represent a training guide to help store managers meet their internal control obligations. The self-assessment questionnaire for the Group's stores was extensively revised in the first half of 2020 to (i) take into account changes in all store activities, (ii) clarify and simplify the questions and make them more relevant, and (iii) simplify the connection with the control points verified during in-store audits for comparison purposes. In addition, to facilitate the use of the results, the frequency of self-assessment campaigns in stores was reduced from half-yearly to yearly. This approach was presented and approved by the Kering Audit Committee.

In 2021, the Group's Finance Department continued to implement the tool for continuously monitoring the transactional activities managed by the Group, within the financial Shared Services Centers. It was deployed more widely across financial processes in accordance with the Group's financial transformation project.

1.7 Description of internal control procedures relating to the preparation of financial and accounting information

Financial and accounting information is prepared by the Group Finance Department. At the level of Kering, this department supervises the Financial Control Department (which includes the accounting, consolidation and management control teams), the Financial Communications Department, the Financing, Treasury and Insurance Department and the Tax Department.

1.7.1 Financial Control Department

The financial information is produced and analyzed using a set of financial management procedures including:

- medium-term plans, which measure the impact of strategic priorities on the Group's key financial and management indicators. They are also used for the annual assessment by the Group of the useful value of assets allocated to the various cash-generating units;
- budgets, which are drawn up on the basis of discussions between the operating departments and the members of the Group's Executive Management. The first phase takes place in the fourth quarter of the fiscal year when a preliminary budget sets out the main financial indicators and operating action plans. The second stage, which finalizes the budget, takes place in the first quarter of the following year and builds in any significant events that may have occurred in the meantime;
- monthly reporting that monitors the performance of the Group's activities throughout the fiscal year via specific indicators whose consistency and reliability are reviewed by the Financial Control Department. This department also oversees the consistency of the accounting treatment applied by the activities with Group rules and carries out, together with their financial controllers, an analytical review by comparison with the budget and the previous year;
- monthly meetings of Kering's Executive Management and the senior executives of the Group's activities to assess business trends on the basis of financial and operational data provided by meeting participants;
- the Group's regular monitoring of the activities' off-balance sheet commitments. This control is carried out, in particular, as part of the statutory consolidation process insofar as the activities are required to provide an exhaustive list of their commercial or financial commitments and to monitor them from year to year.

The statutory consolidation of the financial statements is carried out at the end of June and December using the Group consolidation tool. It enables financial information to be transferred from the activities in real time after full validation of the consolidation reporting packages by the Statutory Auditors and by the Chief Executive Officers and Chief Financial Officers of the Houses. They make a legally binding commitment via a signed representation letter, underpinning the quality of the financial information made available.

Consolidation levels within the activities provide a first level of control and consistency.

Kering's Financial Control Department coordinates the process and is in charge of producing the Group's consolidated financial statements. For this purpose, the Department sends instructions to the activities specifying the reports to be sent, the common assumptions to be applied and the specific points to be taken into account.

1.7.2 Financial Communications Department

The Financial Communications Department's role is to produce and release the permanent and periodic information that makes up the regulatory information.

It conducts this role in line with a precise regulatory framework and in compliance with the key general principles applicable to financial reporting. The Financial Communications Department thereby upholds the principle of equal access to information for investors, the principle of consistent, accurate, precise and fairly presented information and the full and effective release of regulated information.

Financial Communications forms a key component of market transparency and represents a core pillar of investor confidence. It is intended for a diverse range of audiences, mainly consisting of institutional investors, retail investors and (financial and non-financial) analysts. Executive Management, the Chief Financial Officer and the Financial Communications Department are the contacts for analysts and investors. The Human Resources Department provides information for employees and employee shareholders, in conjunction with the Financial Communications Department.

The role of the Financial Communications Department also extends to non-financial (CSR) topics in its dealings with analysts and investors. Moreover, the Sustainability Department is responsible for relations with non-financial rating agencies.

1.7.3 Financing, Treasury and Insurance Department

The Financing, Treasury and Insurance Department manages liquidity, counterparty, foreign exchange and interest rate financial risks. It also coordinates the Group's cash management. It manages the Group's banking policy, establishes guidelines for the allocation of activity by bank, and coordinates Group calls for tender. It ensures consistency between published financial information and policies governing interest rate, foreign exchange and liquidity risk management. Almost all of the financing is set up by Kering or Kering Finance. Exceptions are analyzed on a case-by-case basis according to specific opportunities or constraints and require Kering's agreement.

The Insurance Department, an integral part of the Financing, Treasury and Insurance Department, establishes and manages the Group's policy on insurance. It is responsible for identifying, quantifying and handling risks (prevention, self-insurance or transfer to insurers or reinsurers).

1.7.4 Other Departments

Internal control is also strengthened by the centralization of certain functions within Kering.

Legal Department

Apart from its specific function at Company level, the Legal Department assists the entire Group with important legal matters and coordinates analyses or studies common to the activities or of significant interest for the Group. It also formulates Group policy and oversees its application. It provides the Houses with a methodology for identifying standard risks enabling them to anticipate such risks and inform the Legal Department.

Tax Department

The Tax Department coordinates the Group's tax policy and advises and assists the activities on all issues related to tax law, as well as on the implementation of tax consolidation in France.

Communications Department

The Communications Department is involved in the Group's development by enhancing its image and reputation both internally and externally.

Information Systems Department

The Information Systems Department is responsible for providing optimal operational performance, controlling IT risk and improving the Group's information systems.

2 - PRESENTATION OF RISKS

In accordance with the regulation EU n°2017/1129 of June 14, 2017 (Prospectus Regulation) and ESMA's guidelines on risk factors, the following section describes the main risk factors specific to the Kering group.

2.1 Ranking of the Group's main risk factors

The risks identified by the Group have been ranked according to their level of criticality, on a scale ranging from 1 (very critical) to 4 (less critical), which is based on the probability of their occurrence and the magnitude of their impacts, as well as reflecting the risk management measures implemented. The table below shows the Group's nine main risk factors (levels 1 and 2):

	Risk	Change vs. n-1
Level 1	Human rights and fundamental freedoms	→
	People	↑
Level 2	Cybersecurity and IT systems	→
	Image	↑
	Kering's major initiatives	→
	Macro-economy and geopolitics	→
	Real estate	→
	Climate change	→
	Kering's business model	→

All of the risks presented below represent the specific risk factors to which the Kering group is exposed. These risks are considered material for the Group within the meaning of Article 16 of the Prospectus Regulation, despite the risk management policies adopted to mitigate the probability of their occurrence or their impact.

The Group has classified its risks based on its fundamentals, which are as follows:

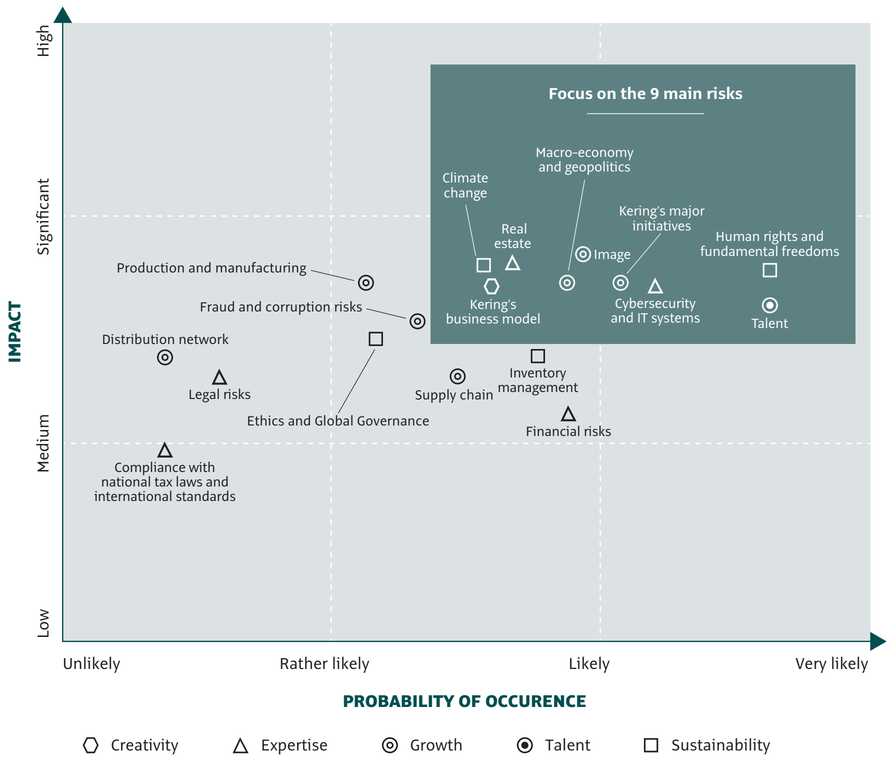
- creativity: championing a vision of Luxury that combines heritage with boldness;
- growth: promoting organic growth;
- expertise: enhancing synergies and integration;
- talent: developing talented individuals;
- sustainability: crafting Luxury in a sustainable manner.

In addition, the risks have been streamlined to make them easier to understand and be presented. For 2022, the table below presents the risk factors ranked by type:

Fundamental	Level of criticality	Risk	Change vs. n-1
CREATIVITY	2	Kering's business model	→
GROWTH	2	Image	↑
		Kering's major initiatives	→
		Macro-economy and geopolitics	→
	3	Fraud and corruption risks	→
		Production and manufacturing	→
		Supply chain	→
	4	Distribution network	↓
EXPERTISE	2	Cybersecurity and IT systems	→
		Real estate	→
	3	Financial risks	→
	4	Legal risks	↓
		Compliance with national tax laws and international standards	→
PEOPLE	1	Talent	↑
SUSTAINABILITY	1	Human rights and fundamental freedoms	→
	2	Climate change	→
	3	Inventory Management	→
		Ethics and Global Governance	→

To assess the overall materiality of its risk factors, Kering draws up a risk matrix summarizing the criticality of each one based on a graphical representation of its probability of occurrence and its average potential impact.

Kering group's risk map



Descriptions of the risks identified and the actions taken by the Group to manage them are provided in the following sections. The pictograms presented below have been used to indicate the probability of occurrence and impacts of the risks identified by the Group.

Probability of occurrence	Impacts	High	Significant	Average	Low
Unlikely	Human Capital				
Rather likely	Customer				
Likely	Compliance/Legal				
Very likely	Finance				
	Operational				
	Projects				
	Reputation				
	Health & Safety				
	Strategic				

The various types of impacts referred to above are defined as follows:

- Human Capital: impact on management of the Group's Human resources;
- Customers: impact on customer satisfaction levels at the Group's Houses;
- Compliance/Legal: impact of a legal or compliance nature on the Group's individuals or legal entities;
- Finance: impact on the Group's financial results and/or likely to result in a cash outflow;
- Operational: impact on the Group's business operations, such as product development, production or logistics activities;
- Projects: impact on the conduct of the Group's projects, as well as the timeline and success of its transformation projects;
- Reputation: impact on the image and reputation of the Group, its Houses and its executives;
- Health & Safety: impact on the health and/or safety of the Group's employees, customers and stakeholders;
- Strategic: impact on the ability of the Group and its Houses to implement their strategy.

2.2 Creativity risks

Kering's business model

Probability of occurrence: **Impacts:**

Description of the risk

Problems adapting the Houses' business model based on creativity to meet the Group's strategic objectives and market expectations.

Example case(s)

- Lack of structure supporting the Creative Directors with the expression of their creative talent.
- A House's over-reliance on its Creative Director.
- Loss of a House's appeal with changes in the Creativity Director's expression of their creative talent.
- Difficulty anticipating changes in consumer expectations.

Actions taken

The creative leadership of each House and the success of its collections and resulting commercial appeal over time are managed by Creative Departments and sustained by remaining true to the identity and fundamental values of the brand.

Kering continuously consolidates its organizational structure and encourages the development of its talents to ensure that the Creative Directors are supported and stimulated in their work and their quest for new inspiration. Continuous interaction between the House CEOs and Group Management promotes dynamic management of the Houses and improved responsiveness. Furthermore, the Chief Executive Officers of the main Houses sit on Kering's Executive Committee, which gives the Group a better understanding of its Houses' needs and enables it to maintain permanent dialogue with the Creative Directors and support their creative process.

Regular interaction between the Chief Executive Officer and the Creative Director of each House preserves its value and respect for its identity over time. The accounting impacts of impairment losses, which could arise from the loss of a House's appeal, are described in Notes 11, 33.11 and 33.12 to the 2022 consolidated financial statements.

2.3 Growth risks

Image

Probability of occurrence: **Impacts:**

Description of the risk

Damage to the Group's image or reputation or that of its Houses, giving stakeholders (e.g. customers, consumers, suppliers, employees, shareholders, civil society, etc.) a negative opinion of the Group and ultimately affecting its results.

Example case(s)

Unfavorable or inaccurate media coverage, as well as negative discussions on social media, concerning the Group's alleged practices or its Houses' products or communications, could harm not only the Group's image and reputation, but also potentially lead to a slowdown in sales.

Actions taken

The Group keeps a close eye on media and discussions on social media about the Group and its Houses. The crisis management procedure, for which regular drills are performed, includes image risk and its media management, for all type of potential crisis, whether operational, health-related, social, legal, reputational or other.

The Houses are also in regular discussions with the Group to anticipate risks arising from the use of potentially sensitive images and messages in their communication.

The Group has taken further steps to improve the processes protecting the Houses' intangible assets and reputation following the controversy surrounding a Balenciaga advertising campaign (particularly in the United States) in the last quarter of 2022. Stricter internal control mechanisms will be introduced for the various marketing actions, alongside efforts to promote a culture that nurtures both independent judgment and collective discussion.

Besides, it organizes training for employees via e-learning sessions, in particular on business ethics and compliance. This training also aims to instill a culture of equality and inclusion, for example, by combating stereotyping and unconscious biases that could be at odds with the Group's values and thus harm its image.

Kering provides its employees with regularly updated guidance on their use of social media.

Kering's major initiatives

Probability of occurrence: **Impacts:**

Description of the risk

Difficulties:

- supporting the Group's strategy while prioritizing projects adequately;
- obtaining an overarching view of all initiatives in progress and the interdependencies between them; and
- identifying (or anticipating) the project-related risks and associated remediation plans;
- obtaining the requisite level of data quality to unlock the savings anticipated by the Group's various departments.

Example case(s)

- Difficulty anticipating and handling a risk arising from the parallelization of several projects (creation of bottlenecks among certain IT or business populations, impact of change multiplied by close or simultaneous start-ups, etc.) and aligning stakeholders with a pace and density of projects guaranteeing rapid and secure progress in the transformation.
- Difficulty arranging the various transformation programs in the most effective order given the various interdependencies and risks.
- Longer delivery times, leading to higher costs.
- Freeze on projects needed given the imperative of stabilizing operations.
- Partial achievement of the business objectives set for the project.
- Difficulty maintaining agility in exceptional situations, without losing sight of the Group's priorities.
- Difficulty coordinating cross-program activities required to achieve objectives specific to a project.
- Processes blocked, poor (or sub-par) decisions as a result of poor data quality.
- Difficulty establishing and rolling out periodic performance assessments and/or appropriate metrics measuring a program's success and its return on investment (ROI).

Actions taken

To ensure the Group's transformation projects are tracked effectively, Kering set up a *Transformation Office* in 2017, with a more specific focus on the *Roadmap Group* since 2020. The team was renamed the *Transformation & Data Governance* Office in 2022 and was additionally given responsibility for establishing a data governance framework within the Group and its Houses.

The main goals of the Transformation team are to provide the Group's senior management and the Transformation Initiatives Leads with a holistic view of priorities and projects. The Transformation Office's role is to coordinate and align the Group's stakeholders, identify and anticipate risks, and help to embed and entrench the methodological aspects, where necessary. The alignment of the Group's various projects depends on gaining an overarching view of:

1. regularly reviewed business priorities presented in sufficient detail to reflect the constraints and opportunities to make it actionable;
2. all significant transformation projects in progress or to be launched by the Group or the Houses covering all regions and all functional areas, to ensure that the projects are consistent and in line with the Group's strategic vision.

In addition to its consolidation work, the Transformation team drafted or recommended various revisions to the Transformation Initiatives Leads to make sure they achieve the objectives of the programs in relation to:

- the risks arising from interdependencies between programs;
- the methodological aspects with areas for improvement (e.g., change management framework, risk management framework, post-start-up feedback and tracking of take-up).

The main objectives of the Data Governance team are to formally establish the Data Governance concepts and principles, disseminate them across Kering's organization (business and IT populations) and at its Houses, and make certain that these concepts are adequately supported by the Technical architecture. Whether these goals will be achieved depends on how the efforts across the various data domains are prioritized. The cross-department drive will need to be incorporated in the Kering Roadmap.

Macro-economy and geopolitics

Probability of occurrence: **Impacts:**

Description of the risk

The Group is present in many markets and exposed to changes in the economic, regulatory, social or political environment (possibly resulting from public health crises such as SARS or COVID-19) that may affect consumer demand, disrupt its operations or dampen its profitability.

Example case(s)

- Lower tourist numbers influenced by factors such as political instability, security threats, exchange rate volatility, and changes in customs or tax policies.
- Failure to consider the changes driven by macro-economic trends and a deterioration in the future outlook for the Luxury industry on a global level or specifically among key categories of consumers, such as Chinese consumers.
- Major events with an international reach, such as a political crisis or instability, natural disaster or pandemic could have a material impact on the Group's production and distribution operations.

Actions taken

After a major rebound in 2021 – with sales up 33% compared to 2020 and up 7% compared to 2019 at constant exchange rates according to Bain & Company and Altagamma – the Luxury industry was relatively resilient in 2022 with estimated sales growth of around 15% (according to Bain & Company and Altagamma, Euromonitor and based on the average projection in investment research reports published in December 2022 and January 2023). Despite this solid performance, the sector remains exposed to macroeconomic and geopolitical risks.

In 2022, the main adverse impact of the COVID-19 pandemic was on Chinese demand.

From the start of the year, the COVID-19 situation improved considerably in North America and Western Europe, leading to the gradual lifting of most restrictive public health measures, despite further waves of infection taking place during the year. As a result, the Group's operations in these two regions were not affected. In Europe, they even received a boost from a sharp upturn in tourist numbers after travel restrictions were lifted.

In Japan and most other countries in the Asia-Pacific region, the gradual easing of measures to control the pandemic throughout the first half of 2022 had a major positive impact on consumers' confidence and propensity to spend.

In China, however, the strict zero-COVID policy was maintained until early December, hampering business levels in the Luxury sector. From the end of the first quarter, China applied Draconian testing and lockdown measures when COVID-19 cases were identified. This dragged down both store footfall, online sales, and led to significant volatility in consumer spending. After China changed its strategy for dealing with the pandemic at the end of the year, rising COVID-19 case numbers also affected the economic recovery. As a result, in 2022, China was probably the only large market where the Luxury sector's sales fell relative to 2021, although they were much higher than in 2019.

Also, spending by Chinese consumers mainly took place in China in 2022, as it had in the previous two years. Chinese tourist numbers were particularly low, which continued to affect the performance of the travel retail segment and of certain stores in Europe and Asia relative to 2019. However, starting in the spring, sales to tourists of other nationalities, particularly American, helped offset the loss of opportunity arising from the absence of Chinese tourists.

Overall, the pandemic had a very limited or almost non-existent impact on Luxury Houses' main markets, with the notable exception of China. However, the total impact remains hard to measure, since the deterioration in the various economies' growth outlook has multiple causes that are very indirectly connected to the COVID-19 crisis.

To date, the situation in Ukraine and Russia has had a limited, indirect impact on the Group's business.

In response to the escalation in the Russia-Ukraine crisis, which became an armed conflict on February 23, 2022, Kering announced on March 4, 2022 that it would close the stores operated by the Group's Houses in Russia. Kering's Houses do not operate any stores in Ukraine.

Given the severity of the situation, Kering and its Houses have lent their support to humanitarian efforts and to Ukrainian refugees by making several donations, mainly to the UN Refugee Agency UNHCR.

The Group continues to have limited direct exposure to the crisis. In 2021, Kering generated around 1% of its total revenue in Ukraine and Russia, and the net value of its assets in those countries was not material (around 0.1% of the Group total assets).

Operating losses and impairment losses on current assets are recognized under recurring operating income for the year. IFRS 16 lease right-of-use assets and property, plant and equipment were fully written down in the second half of 2022 in a total amount of €31 million, and the write-down was recognized as a non-recurring operating expense.

The Group adopted a number of measures to make sure its operations involving Russia are in compliance with the international sanctions. More specifically, the Group took steps to prevent the supply of sanctioned luxury goods to or for use in Russia. The Group also reorganized its diamond supply chain and has ceased sourcing them either directly or indirectly from Russia. It should be noted, however, that its diamond purchases from Russia were not material.

More indirectly, the international sanctions adopted since war broke out in Ukraine also target certain activities outside Russia, giving rise to greater financial, legal and reputational risk for Kering and its Houses. That said, Kering believes it has taken the requisite measures to reduce as far as possible the likelihood of risks occurring and mitigate their impact. For more details about the controls implemented by Kering concerning international sanctions, please refer to the Ethics section of chapter 4.

The ongoing conflict has obviously had a negative impact on the global economic outlook. Depending on its duration and extent, the conflict could affect the economic growth of the main areas and therefore the Luxury market over a longer period. Since that impact is indirect, however, it does not appear possible to quantify it precisely.

The Group's approach to risk management

The COVID-19 pandemic is a perfect, yet unprecedented example of a major crisis significantly affecting the global economy and having a material impact on the Group's revenue growth and profitability, as its 2020 results illustrated. Events of this magnitude, whether they relate to a political crisis or instability, an industrial or natural disaster, or a public health issue, are rare and affect to different extents the regions in which the Group operates. Their impact over time may also vary. As regards the COVID-19-related crisis, consolidated revenue in 2021 topped its 2019 level.

Past years have shown that, apart from major systemic or health crises, macro-economic and geopolitical instability can partly explain trends by region, but without significantly affecting the Group's overall performance.

The diversity of the brands' geographic footprints helps limit the Group's exposure to uncertainties or even to deterioration in a given country's economic or security environment. The Group's distribution network remains balanced across the regions: sales are made through a network of 1,659 directly operated stores, spread evenly across the main regions. Direct sales (almost 80% of revenue) are supplemented by sales to third party distributors, and the Group's broad spectrum of products makes it less dependent on any single category.

Both the Group's market positioning and strategy (see section 5 "Our strategy" of Chapter 1 "Presentation of the Group and Integrated Report" for more details) help limit the impacts of macro-economic cycles and uncertainty on its activities.

As explained in the overview of the personal luxury goods market and the eyewear market (see section 6 "Our markets" of Chapter 1 "Presentation of the Group and Integrated Report"), besides cyclical factors or the COVID-19 crisis, which could end in the short or medium term, the Group is also exposed to structural medium-term growth patterns related to the increase in the world's population and changes in the population mix Bain & Company and Euromonitor, for example, forecast growth of around 5% to 7% p.a. over the medium and long term.

Lastly, the Group has demonstrated in the past its ability to adapt its organization, operating methods and strategic priorities in response to changes in the macro-economic and technological environment. Its level of profitability and of cash generation allows it to invest for the long term and to weather the sector's recessionary phases, even though the downward adjustment of cost bases remains a long and complex process in an industry where the proportion of fixed operating expenses is high.

Fraud and corruption risks

Probability of occurrence: **Impacts:**

Description of the risk

Acts of active or passive corruption, influence peddling or fraud involving an employee or manager of Kering or its Houses.

Example case(s)

- Giving gifts, affording hospitality or providing free travel to business partners, public officials, or other decision makers in order to unduly influence a decision related to the Group.
- Sponsoring or making donations with the aim of unduly influencing a decision related to the Group, for example by making a donation to a charity organization that then passes on the money as a bribe to a third party.
- Misuse of a real estate transaction as a means of bribing a third party, for example by taking a lease over premises that ultimately belong to a public official to unduly influence a decision related to the Group.
- Undue award by a Group employee of a supplier contract (product or other supplier) in return for a bribe from the supplier.

Actions taken

Commitment of the governing body:

The compliance program in general, and the anti-corruption system in particular, are ultimately the responsibility of François-Henri Pinault in his capacity as Chairman and Chief Executive Officer of Kering SA.. François-Henri Pinault is involved personally in developing and implementing the anti-corruption program within Kering and its Houses, both internally and externally. He is supported by Jean-François Palus in his capacity as Group Managing Director and by the Board of Directors, particularly within the Audit Committee and the Remuneration Committee, and is supported by the House CEOs, who are also personally involved in the development and implementation of the compliance program. Their collective commitment forms the "Tone at the top" approach of Kering and its Houses. Locally, the structure of the compliance function described below allows for a "Tone from the middle" approach implemented personally in the Regional and Houses levels by the Compliance Officers, who are mostly local managers selected in large part so that they can use their position within the Group to relay management's commitment across all levels of the organization.

In 2015, the Group set up a dedicated function responsible for developing and supervising the implementation of a compliance program meeting the requirements of France's Sapin II law, among other aspects. It is headed by the Group Chief Compliance Officer, who reports directly to the Audit Committee. To ensure the day-to-day monitoring and effectiveness of the compliance program, the Group Chief Compliance Officer is supported by (i) a team of six compliance law experts working in Paris, Singapore and Shanghai, (ii) a network of Brand Compliance Officers appointed by the Houses CEOs, and (iii) a network of Regional and Local Compliance Officers. In some Houses, there are compliance managers in addition to the Brand and Local Compliance Officers.

The anti-corruption compliance program in place within Kering and its Houses meets the requirements of international standards, and more particularly the eight pillars required under Article 17 of the Sapin II law. The Group Chief Compliance Officer attends at least one meeting of the Audit Committee each year to report to its members on the status of the compliance program and its implementation. The Audit Committee ensures that compliance risks are sufficiently mitigated and that the Compliance Officers have the appropriate resources. The Committee also discusses the annual compliance objectives to be assigned by the Remuneration Committee to the Chairman and Chief Executive Officer and the Group Managing Director. The Chairman and Chief Executive Officer and the Group Managing Director also meet regularly with the Group Chief Compliance Officer.

Risk map:

Following an initial assessment of corruption risks used to draw up a risk map in 2016-2017, which was updated in 2018, the Group performed an in-depth assessment of corruption and influence peddling risks in its operations and in the operations of each of its Houses around the world in 2019. This assessment was run over a period of nine months by an independent specialist law firm working with the Group Chief Compliance Officer and her teams, and involved more than 242 Group employees across all regions, functions and management levels, identified by process and sub-process. To ensure that the risk assessment was comprehensive, each potential corruption and influence peddling scenario relevant to the Group was identified and assessed after analyzing first, second and third levels of control which included non-compliant hiring, cash payments, gifts, hospitality and entertainment, sponsorship and donations, relations with third parties (including real estate transactions), discounts, CRM program, inventory, and mergers and acquisitions. The risks with these potential corruption and influence peddling scenarios were then rated and ranked in a preliminary risk map. The action plan adopted following this risk mapping exercise was rolled out in 2021.

Moreover, the corruption and influence peddling risk map was updated during 2021 to take into account the stricter controls introduced in 2020, as well as the findings of a compliance reviews and internal audits undertaken in 2020 and 2021. The action plan drawn up following this update was rolled out in 2022.

Risk management:

- Prevention:

  Kering and its Houses have a Code of Ethics prefaced by the Chairman and Chief Executive Officer and the Executive Committee, supplemented by a specific anti-corruption policy. The Code of Ethics, the anti-corruption policy, internal control procedures, and dedicated compliance procedures of the Group and the Houses were revised following the 2019 update of the corruption risk map. Guidelines have also been issued to assist Group employees with applying them in the situations identified as being most at risk.

  Due diligence procedures for all direct and indirect suppliers, acquisition targets, joint venture and consortium partners, retailers, as well as beneficiaries of sponsorships and donations, have also been tightened up so as to better prevent the risks of corruption, fraud, money laundering and violation of economic sanctions. These procedures round out the Hercules project (see section 4.2.1 of chapter 4).

  In addition, employees identified as being most exposed to corruption and influence peddling risk are given customized training to enhance first-level control over the new procedures. These training sessions, which were delivered to 3,568 employees in 2022, complement the mandatory Ethics and Compliance e-learning courses for all the Group's employees, which are presented in greater detail in Chapter 4, section 2, "Ethics, the cornerstone of our business".

- Detection:

  A procedure is in place for reporting concerns and to detect potential corruption risks. The management of this system is described in greater detail in Chapter 4, section 2, "Ethics, the cornerstone of our business".

  Second-level compliance audits to ensure the proper implementation of the compliance program and to detect corruption risks are carried out on and off site by the Group Compliance Department, with the support of an international law firm to reinforce the independence and expertise of the analysis in the most at-risk jurisdictions identified in the risk map. Compliance reviews were carried out in China, the United Arab Emirates, the United States, India, Thailand, Vietnam, Singapore, Malaysia, Guam, Australia and New Zealand. They gave rise to the development of local action plans to remedy the shortcomings identified. The results are also taken into account in the rating of the implementation of anti-corruption controls assessed in the regularly updated risk map.

  The Internal Audit Department also regularly performs third-level audits to determine whether Group procedures, including compliance procedures are applied.

- Remediation:

  Corruption risk map updates, compliance reviews and internal audits are conducted to identify potential shortcomings to a greater extent, which Kering and its Houses then remedy with the aim of continuously improving the compliance program. For example, the corruption risk identified as being the most material for the Group when the risk map was updated in 2019 relates to relationships with third parties, particularly business partners or in the context of real estate transactions. Accordingly, the Group updated in late 2019 its third-party due diligence procedure to strengthen controls over distributors, lessors and service providers involved in the creation and renovation of stores.

  Lastly, the whistleblowing system set up by the Group also helps the Group identify and take action to deal with any misconduct.

Production and manufacturing

Probability of occurrence: **Impacts:**

Description of the risk

Non-compliance of products sold with quality and safety standards, resulting in product returns and reputational risk.

Example case(s)

- A defect that leads to a product return by the consumer could harm the Group's image and reputation.
- A defect that could affect consumer health or safety (e.g., allergies) would result in a product recall, which would harm the Group's image and reputation.

Actions taken

The Houses have robust industrial organization structures specializing in various product categories. Forecasting systems have been introduced for purchasing and launching production according to the needs of the collections.

Critical points in production management can be detected early on in the process due to continuous interaction with suppliers.

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

The Product Compliance teams support the Houses in developing and distributing products that comply with legal requirements in each market and with the Group's Product Restricted Substance List (PRSL), which specifically lists the substances to be removed or thresholds not to be exceeded, as well as the highest existing standards for the disposal of hazardous chemicals. Since 2021, the organization has been strengthened by the Test & Innovation Lab (TIL), the ISO/IEC 17025 (Accredia) laboratory, which supports the testing and problem-solving activities and the R&D projects of the Group's Houses. In addition, Kering has committed to ensuring hazardous chemicals are removed from manufacturing processes and has drawn up a Manufacturing Restricted Substances List (MRSL).

All Kering businesses have a "product" crisis management unit. In the event of a known risk, they follow procedures ensuring that immediate and transparent information is provided to the public, and that defective products are recalled.

Lastly, the Group has also taken out civil liability insurance to cover bodily harm or property damage to third parties caused by products considered defective (see section 2.7 "Insurance and risk protection" of this chapter).

The policies, projects and actions implemented, the outcomes achieved and the associated performance indicators relating to product quality and safety are presented in detail in section 6.1.3 "Product conformity, and consumer health and safety" of Chapter 4 "Sustainability" of this Universal Registration Document.

Supply chain

Probability of occurrence: **Impacts:**

Description of the risk

Unavailability of the raw materials necessary to manufacture the Group's products, which must comply with the Group's quality criteria and be obtained in accordance with the Group's standards.

Example case(s)

- Sourcing leather and skins from suppliers using subcontractors who do not comply with the Group Suppliers' Charter or its standards on working conditions, environmental impact, animal welfare, use of chemicals or traceability.
- Volatility in the prices of raw materials, such as leather, skins and precious stones. Supply instability.
- Increasing scarcity of resources associated with growing demand, impacting the production, availability, quality and cost of raw materials.
- Illegal mining carried out by subcontractors who do not comply with international standards or the Group's standards of ethics on working conditions.
- Loss of biodiversity caused by intensive livestock farming, which threatens, or may threaten, the production of high-quality raw materials. More generally, soil degradation and depletion and the destruction of biotopes represent a significant risk to the maintenance of high-quality livestock and crop farming.
- Manufacturing disruptions caused by the unavailability or decreased quality of raw materials, due to climate change and its impact on biodiversity and on the destruction of land and ecosystems.
- Ending a business relationship with a dependent supplier could result in that supplier experiencing financial difficulties or even insolvency, thus affecting its liquidity and ability to comply with its supply commitments.

Actions taken

To meet its customers' expectations, the Group requires unfettered access to raw materials that comply with its quality criteria. Kering works with suppliers and subcontractors across the supply chain to secure long-term access to these raw materials.

The Houses monitor the financial health of their suppliers using performance indicators and make sure that they identify their core suppliers. Some production lines may be internalized following detailed analysis of the main suppliers.

The Group has forged special partnerships with key suppliers and pursues a policy of actively seeking new partners. It also develops synergies within the production chain by means of acquisitions or strategic business partnerships in the subcontracting market.

The Group also ensures that its suppliers and subcontractors comply with its standards in terms of ethics and responsible business conduct and in particular with its Group Suppliers' Charter, which is included in the Kering Code of Ethics. The Group ensures that its suppliers abide by the applicable laws and regulations and that its supplies meet international standards.

In addition, the Group has defined sourcing standards for all its key raw materials. First published in 2018 and updated every year since, these standards focus on five areas: social impact, environmental impact, traceability, use of chemicals and animal welfare. They serve as a guide for assessing the compliance of raw material suppliers and present two levels of expectations: minimum requirements and best practices to be achieved by 2025 at the latest, in line with the Group's sustainability strategy and its 2025 targets.

To align its practices with its commitments and drive industry-wide progress towards treatment of animals that is safer, more just and more humane, Kering believes that it has a duty to apply the highest animal welfare standards. In the sustainability strategy adopted by the Group, the welfare of animals, and particularly of livestock, is associated with environmental stewardship, safer working conditions and, more generally, a higher level of supplier performance.

In this vein, in 2019 the Group published specific standards on animal welfare to ensure that animals are treated as humanely as possible throughout the Group's supply chains.

The quality, safety and stability of the Group's supplies of animal and plant-based raw materials depend on strict compliance with the standards in this regard. First and foremost with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and on the sustained equilibrium of ecosystems, some of which are already under threat. To meet the crucial challenges related to biodiversity, its preservation and restoration, the Group published its biodiversity strategy in 2020, setting new specific and ambitious objectives aimed at achieving a "net positive impact" on biodiversity by 2025. Measures taken include the launch of the Kering Regenerative Fund for Nature created by Kering and Conservation International to support the fashion industry's transition to regenerative agriculture and the 2022 launch of the Climate Fund for Nature.

The policies, projects and actions implemented, the outcomes achieved and the associated performance indicators relating to the Group's raw materials and the protection of biodiversity are presented in detail in section 5.3 "Preserving biodiversity ecosystems and natural resources" of Chapter 4 "Sustainability" of this Universal Registration Document.

Distribution network

Probability of occurrence: **Impacts:**

Description of the risk

Inadequate organization of distribution resulting in the Group's (i) selling the Houses' products in points of sale falling short of quality standards and tarnishing the image of the Group's brands; (ii) not achieving a sufficient degree of control over product marketing; (iii) being absent from certain markets or not having access to certain customer segments; and (iv) not keeping pace with changing fashions and shopping venues.

Example case(s)

- Poor store location.
- No stores present in a promising market.
- Inadequate sales performance or profitability of a point of sale.
- Overexposure of wholesale distribution, affecting directly operated stores.
- Development of parallel market fueled by retailers.

Actions taken

The Group's Houses are constantly looking for ways to optimize their directly operated store network by opening new points of sale, by closing or relocating those that are less well-placed or the least profitable. Each House is implementing a refurbishment program to make sure its stores remain eye-catching and productive.

A profitability study and an assessment of the strategic and operational benefits are carried out prior to every investment decision related to the network. One-off studies may be carried out two or three years after the investment to ensure the business plan has been executed properly.

In addition, Houses track their main retail indicators closely and regularly to anticipate any store optimization decisions, such as, for example, increased staffing levels in the stores, extensions or overhaul of the retail space.

Within the framework of the wholesale distribution network, contracts are regularly reviewed by the Houses' teams with the support of the Group's Legal Department to ensure each House's distribution network is optimal and efficient. In addition, a team from Kering's Finance Department tracks the solvency of all the Group's wholesale accounts and monitors payment collection.

Since late 2019, the Group has been streamlining the wholesale channel. This has resulted in a decline in revenue and, in certain cases, especially for the e-tailers, a conversion to a concession format.

The Group prevents sales of its products by parallel distribution networks by ensuring the traceability of its goods, prohibiting direct sales to these networks (gray market) and implementing specific measures to tighten control over these distribution channels.

2.4 Expertise-related risks

Cybersecurity and IT systems

Probability of occurrence: **Impacts:**

Description of the risk

Difficulty preventing or detecting malicious cyber attacks made through a digital communication channel, leading to the disclosure of the Group's key information, financial losses, alteration or corruption of its digital assets and reputational harm.

Failure of information systems (IS), which now play a vital role in the Group's business processes (such as sourcing, distribution and digital) and support processes (such as finance and HR).

Example case(s)

- The diversity of information systems in operation within the Group.
- Delays in the deployment of new software programs or applications.
- Information systems inadequate to meet customers' needs.
- Failure to keep security patches up to date.
- Inadequate separation of information systems within the Group or the Houses, creating a risk of cross-infection in the event of a virus attack.

Actions taken

The Group runs a multi-year investment program to adapt, improve, tighten up the security and increase the durability of its information systems. Business continuity and recovery plans are regularly updated, and their efficacy closely monitored.

With the support of the Houses' security departments, the Group is introducing data protection and business continuity plans.

As part of the introduction of data protection governance in compliance with the GDPR and other data protection regulations, the Group Data Privacy Officer is involved in these initiatives.

The following actions are implemented every year to assess the level of compliance of the Group's information systems:

- penetration testing (pentests) on applications and simulated logical/physical attacks (Red Team);
- network vulnerability scans and applications;
- continuous cloud infrastructure audits;
- review of patch management procedures and obsolescence management;
- review of backup procedures.

The Group has increased IT security, notably through a transformation plan, and stepped up employee awareness initiatives by implementing a large number of control and protection measures, including establishing procedures, and developing targeted IT security systems. All employees have been trained to detect malicious emails, including via phishing simulation exercises conducted throughout the year. Moreover, the Group has developed e-learning modules on cybersecurity and data confidentiality, in addition to one on security and remote working. Best security practices in various areas (phishing, malware, passwords, etc.) were also circulated via the Group's various internal communication channels during 2022, with a special campaign held during cybersecurity month in October.

The Group has taken significant steps to protect customer and employee data:

- customer data used in non-production environments is anonymized;
- access to customer data is restricted to authorized persons;
- risk assessments are carried out on all projects implemented by the Group in order to identify requirements in terms of data security, confidentiality, integrity, traceability and availability, and thereby define the appropriate security measures;
- non-disclosure agreements are signed with external service providers and security clauses are included in the Group's contracts with suppliers;
- a customer identity management platform has been acquired in order to secure the authentication process.

To manage security incidents that could have an impact on personal data or more broadly on operations, the Group has set up a Security Operating Center on hand 24/7 and responsible for detecting and resolving security threats and events, such as identity fraud, malware and information leaks.

In addition, the information systems department (Kering Technologies) regularly conducts audits on key applications and information systems.

In 2022, the Group initiated the following projects:

- strengthening detection capabilities and responsiveness by building and rolling out new equipment for the Security Operation Center and creation of Kering's Computer Emergency Response Team (CERT);
- protecting workstations by rolling out disk drive encryption and tightening up security configurations;
- strengthening the security integration process for projects to ensure that all new applications added to the information systems comply with security requirements;
- introducing strong authentication measures to prevent identity theft and rolling out a new authentication management platform to tighten up access control;
- bolstering the business recovery plan by implementing testing for critical applications;
- strengthening the crisis management system and training drills.

The Group also works with peers to reduce exposure to this type of risk. The Group has joined Campus Cyber to build closer ties with the French cybersecurity community.

Information relating to GDPR compliance is presented under actions taken in the "Legal risks" section of Chapter 5 of this Universal Registration Document.

Real estate

Probability of occurrence: **Impacts:**

Description of the risk

Difficulty negotiating leases under the best conditions at certain locations for the Group's Houses due to the competitive market, the term of contractual commitments, or the lack of control over economic factors.

Difficulty delivering construction/renovation projects on time and on budget.

Example case(s)

- Loss of sales outlets that are strategic for the Group's Houses.
- Lack of negotiating power during negotiations for a new lease or the renegotiation of existing agreements.
- Non-compliance with real estate laws and regulations.
- Unsatisfactory assessment of a real estate project causing the schedule and/or initial budget to be exceeded (asbestos, lead).
- Delay in the delivery of a real estate project (e.g. a new store or store renovation).
- Construction site accident.
- Insolvency of a contractor resulting in delays in making premises available.

Actions taken

Two separate teams with different areas of responsibility handle real estate affairs: one looks for and conducts negotiations concerning real estate assets (rentals and purchases), while the other manages the most complex construction and renovation projects.

The tasks overseen by these teams can be summarized as follows: (i) assisting the Houses with the opening, relocation and renovation of stores, offices, and industrial and logistics sites (ii) acquiring buildings, (iii) establishing specifications for construction projects, (iv) overseeing works as project owner, and (v) managing sites owned or rented by Kering Corporate.

The Group implements various measures to limit real estate-related risk, including (i) systematic reviews of contracts, (ii) separate invoicing, and (iii) steering committees for projects perceived as significant.

The Group has put in place a strategy to limit construction-related risks, including (i) the implementation of a procedure for executing and monitoring construction projects, (ii) the use of standard contracts across regions, and (iii) calls for tender that include verification of the financial and technical viability of the contractors consulted. Furthermore, Kering seeks to obtain environmental performance labels (e.g. BREEAM, LEED) for the majority of its properties.

To ensure that new partners comply with the applicable laws and regulations, the Compliance Department carries out compliance audits.

The Group has set up a network of real estate experts, present in key countries, so that it can leverage the expertise of employees who know the market's specific characteristics plus local laws and regulations, and also have the necessary negotiating skills.

Financial risks

Probability of occurrence: **Impacts:**

Description of the risk

Difficulty addressing market risk (foreign exchange risk, interest rate risk, equity risk) and liquidity risk.

Example case(s)

- Based on the year-end market data, the impact of foreign exchange hedging instruments in the event of an immediate 10% increase in the euro exchange rate against the principal currencies to which the Group is exposed (USD, JPY and CNY) would be +€358 million as of December 31, 2022 on the revaluation reserve for financial instruments recognized in equity.
- By way of illustration, a change of 10% in the value of PUMA shares compared to the closing price on December 31, 2022 would have an impact of €25 million on the value of the Group's interest in PUMA as recorded in the balance sheet.
- Based on the fixed/floating rate mix after hedging, an immediate 100 basis-point increase or decrease in interest rates would have a full-year impact of €14 million on pre-tax consolidated net income as of December 31, 2022.
- Were the market in NEU CP (short-term negotiable securities) to dry up due to exogenous factors, such as a monetary crisis, potentially making it impossible to make new or tap existing issues, Kering would be forced to use its credit lines or its available cash.

Actions taken

Foreign exchange risk

The Group has adopted a hedging strategy to minimize the impact of currency fluctuations on its results. Accordingly, it uses derivatives either to hedge foreign currency trade receivables and payables, or to hedge highly probable forecast exposures and/or firm commitments.

Hedging periods are aligned with each House's business cycle and only marginally exceed one year at each reporting date.

The Group also hedges foreign exchange risk on financial assets and liabilities issued in foreign currencies by using currency swaps for refinancing purposes or by investing cash in euros or local currency.

Note 19.2 to the consolidated financial statements sets out the nature of the hedging instruments held by the Group and its exposure to foreign exchange risk ("Exposure and sensitivity to foreign exchange risk").

Kering Finance SNC processes, controls and provides administrative support for foreign exchange transactions on behalf of Group companies. Its organization into front-office, middle-office, back-office and accounting departments ensures that tasks are properly segregated, transactions are kept secure and derivatives contracted internally are unwound on the market. Kering Finance SNC uses market-standard techniques and information systems to price currency instruments.

Equity risk

The Group trades in its own securities either directly or through derivatives as part of its share buyback program in accordance with applicable regulations. Kering has also entered into an agreement with a financial intermediary to foster the liquidity and maintain the regular quotation of its shares. This agreement complies with the Professional Code of Conduct drawn up by the French association of financial markets (Association française des marchés financiers – AMAFI) and approved by the French financial markets authority (Autorité des marchés financiers – AMF).

As of December 31, 2022, Kering held 1,850,408 treasury shares, representing just 1.5% of its share capital and confirming its low level of exposure in this regard. Kering also retained a 3% interest in PUMA, further reducing its exposure compared to previous reporting periods.

Additional information on equity risk is provided in Note 19.3 to the consolidated financial statements.

Interest rate risk

Kering may need to use derivatives such as swaps or purchases of options to guard against changes in interest rates. Kering Finance SNC processes, controls and provides administrative support for interest rate transactions on behalf of Group companies. Its organization into front-office, middle-office, back-office and accounting units ensures that tasks are properly segregated and transactions are kept secure. Kering Finance SNC uses market-standard techniques and information systems to price interest rate instruments.

Note 19.1 to the consolidated financial statements sets out the Group's exposure to interest rate risk ("Exposure and sensitivity to interest rate risk").

Liquidity risk

Liquidity risk management for the Group and each of its subsidiaries is closely monitored and periodically assessed by Kering, based on Group and House-level financial reporting procedures.

In order to manage liquidity risk that may arise when its financial liabilities are due, the Group's financing policy is geared towards optimizing its maturity schedule and cost of debt.

The Group's active risk management policy also seeks to diversify sources of funding and limit reliance on individual lenders.

The Group had unused confirmed lines of credit totaling €3,035 million as of December 31, 2022, stable compared to as of December 31, 2021 (see Note 18.6 to the consolidated financial statements).

In addition, as of December 31, 2022, the Group had issued €1,010 million of securities under its NEU CP program filed with the Banque de France.

As of December 31, 2022, the Group had cash and cash equivalents totaling €4,336 million.

Information relating to liquidity risk is presented in Note 19.7 to the consolidated financial statements.

Legal risks

Probability of occurrence: **Impacts:**

Description of the risk

Non-compliance with the applicable standards and/or national laws and regulations, resulting in legal proceedings and disputes arising in the normal course of business.

Example case(s)

- Non-compliance with local standards.
- Non-compliance with customs standards.
- Misreporting of product origin.
- Impossibility of selling certain products due to non-compliance with local standards.
- Inaccurate declaration on compliance with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- Loss of strategic suppliers with specific skills, due to insolvency or a takeover by competitors, leading to a production shutdown.
- Dependence of a supplier on one or more of the Group's Houses, resulting in the supplier becoming insolvent on termination of the contractual relationship with the House(s) in question.
- Loss of strategic sales outlets, which could lead to a decline in revenue.
- Failure to register a trademark or design in a timely manner.
- Disparities in the delivery of services or products by a supplier and the contractual terms.
- Allegations of intellectual property breaches committed by the Group's Houses could lead to sizable claims for damages, as well as financial losses relating to the withdrawal of products, and have a negative impact on the Group's reputation.
- The infringement of registered trademarks and the copying of designs on the market, as well as parallel trading and copyright breaches, could affect demand for genuine products created by the Group's Houses.
- The unauthorized use of registered trademarks and other intellectual property rights, the unauthorized sale of products created by the Group's brands and the distribution of counterfeit goods cause damage to the Group's image.

Actions taken

Legal compliance and litigation

To guard against risks of non-compliance due to a lack of awareness of a legislative change, Kering provides its businesses with a regulatory intelligence service through headquarters and support centers in the regions in which the Group operates.

Provisions have been set aside for the probable costs of disputes (e.g. complaints or litigation), as estimated by the entities and their experts. According to the Group entities' experts and advisors, no litigation currently in progress concerning Group companies presents a risk for the normal course of the Group's business or its future development. Provisions were set aside in the Group's 2022 consolidated financial statements to cover all of the above-mentioned legal risks, including the impact of commitments given on the disposal of controlling interests (see Note 22). None of these risks have been qualified as arising outside the normal course of business for Group companies.

The Group considers that the effective methods and procedures for identifying and managing its industrial and environmental risks within each of the entities concerned, which rely chiefly on the advice of duly authorized external organizations and advisors, meet, in terms of relevance and proportion, customary technical and professional standards under the prevailing regulatory framework. An active prevention and safety policy are an integral part of these methods and procedures.

Furthermore, the Group has granted various vendor representations and warranties in connection with disposals of controlling interests in subsidiaries made over the last ten years (see Note 22).

As regards the laws and regulations applicable to the Group's activities (excluding possible international sanctions that may be imposed against certain countries but have no impact on the Group's activities), none are subject to specific rules or exemptions in any of the relevant territories. They are all subject to the same constraints and obligations as those directly applicable to its competitors on its different markets.

The Company is not aware of any foreseeable regulatory or legislative changes in contradiction with the foregoing.

To the Company's knowledge, during the last 12 months or more, there have been no governmental, legal, or arbitration proceedings (including any pending or threatened proceedings of which the issuer is aware) that have had in the recent past, or are likely to have in the future, a significant impact on the financial position or earnings of the issuer or the Group.

Contract management

The Group is not significantly dependent on any patents, licenses or third-party supply sources. The Group owns or has licensed rights to the trademarks, patents and intellectual property rights that it exploits, free of any restrictions on the right of priority or use (and of rights likely to restrict such exploitation) in all relevant markets. The same applies to the corporate names and domain names of the subsidiaries or entities, to the names of the Group's stores and points of sale (see the "Real estate" section) and to the trademarks and signs of the goods and services manufactured or marketed by the various Group entities. This situation does not preclude any of the trademarks belonging to the Group being licensed to third parties for the sale of goods or services under its trademark enhancement policy, as has been the case in fragrances and cosmetics. In all cases, any such licensing agreements have been entered into under fair commercial and financial terms and conditions and have no impact on the ownership of the trademarks and signs belonging to the Group.

Further information on contractual obligations and other commitments is provided in Note 28 to the 2022 consolidated financial statements.

The Group has strengthened its teams, particularly in the Legal Department and the shared services centers, to ensure that contracts have been properly set up with the Group's suppliers. Since 2015, the Hercules program has strengthened the shared and, standardized approach to supply chain management between the Houses.

Intellectual property

The Kering group regards intellectual property used in the creative and innovation processes of its Houses as crucially important and has established a master intellectual property protection and defense policy adhered to by the Group's Houses.

For this purpose, the Group has formed and retains legal organizations at regional (Asia, the Americas and Europe), local (Houses and subsidiaries) and central levels specialized in intellectual property management.

In line with the general directives introduced by Kering, the Legal departments of the Group's Houses take steps to make sure products do not infringe the rights of third parties and determine which elements need protecting. The intellectual property rights portfolio is reviewed and updated on a regular basis to reflect and protect the activities of the Group's Houses.

Lastly, Kering works to protect its rights and campaigns against counterfeiting in all its markets, as this can have an impact on revenue and damage the reputation of the Group and its products.

The Group takes steps to combat the various breaches of its rights, the sale and trafficking of counterfeit goods or copied goods, as well as imitations that devalue the creative work of the Houses.

In physical markets, this policy is implemented through customs seizures, police raids and legal action and on the internet by withdrawals of advertising and investigations followed by litigation.

Litigation is overseen by the Houses' Legal departments, according to the general policy principles recommended by the Group with the help of the Group's legal units and external advisors, in conjunction with the competent authorities at local level (subsidiaries).

The cost of protecting rights is borne by the legal functions and aligned with the Group's scale and size.

Compliance with the statutory framework protecting personal data

The Kering Group's Houses process customer data that are of high commercial value. To curb the risk of inappropriate use of these data and to comply with the relevant legislation, the Kering Group's Houses have taken further measures to tighten up the protection of personal data within their commercial and digital strategy. The Privacy Framework is an internal framework in which the Houses are stakeholders through executive-level engagement. It paves the way for implementation of a coherent worldwide strategy protecting personal data. The various data controllers face many challenges in view of cross-border issues and growing complexity of the legal framework for the protection of personal data.

The Kering Group's activities operate under constantly changing rules that vary from location to location. The Group has increased the size of its Privacy team to address this priority and expand its data protection capabilities. It now consists of regional managers (Europe, Middle East and Africa, Asia-Pacific and Americas) and dedicated managers for a number of countries.

- There has been a proliferation of new, more complex privacy rules in the Europe, Middle East and Africa region, with the adoption of new legal frameworks in several states during 2022. Further significant developments are anticipated in 2023. These include an overhaul of the UK General Regulation on Data Protection (GDPR) and the potential adoption by the European Commission of a new mechanism for lawfully transferring data from the European Union to the United States.
- In the Asia-Pacific region, the Houses have undertaken various initiatives to comply with China's Personal Information Protection Law (PIPL) and seeking government approval for cross-border personal data transfers. These efforts will continue in 2023.
- In the Americas region, maintaining a tight grip on data processing activities has become imperative in view of the growing corpus of applicable law and the scale of the Group's operations. Special attention is paid to this issue in the United States where the relevant and state-level legislation is both complex and evolving.

In addition, a raft of data transfer issues (especially those related to the European Union and China) arose during 2022, as control mechanisms were tightened up by the authorities. Accordingly, the Group embarked on a number of projects, ranging from an overhaul of consent forms to a review of contractual commitments and introduction of a standardized process for assessing risk and legislation related to data transfers.

Since supporting customers is a central concern of the Houses, the Group set up in 2022 a shared service guaranteeing effective and rules-compliant management of requests by individuals to exercise their right to access, correct, object to the processing and delete the information gathered. The Houses reported a significant increase in requests to exercise these rights (up 26% in 2022), and so additional resources had to be allocated. The service is now provided to the Houses to ensure, on their behalf, that all requests received are processed rapidly and rigorously, regardless of the channel by which they are received and the type of request involved.

Kering and its Houses have set about making sure all practices involving traceability tools (e.g. cookies) are compliant through regular audits and ongoing analysis of the new regulations in this domain, especially in the United States and in China.

Lastly, Kering introduced mandatory training in 2021 with the aim of developing an internal culture that makes privacy a priority concern and genuinely addresses IT security issues head-on.

Compliance with national tax laws and international standards

Probability of occurrence: **Impacts:**

Description of the risk

Non-compliance with the national tax laws and international standards applicable to Group entities, that may lead to tax investigations and disputes in the normal course of business.

Example case(s)

- The calculation of taxes due by Group entities is not in compliance with local regulations.
- The entity's tax team is not sufficiently qualified to understand its tax issues.
- Non-compliance with local transfer pricing requirements on intra-group transactions.
- Documents justifying the tax treatment of a transaction are unavailable or incomplete.

Actions taken

As a responsible corporate citizen that acts in accordance with its Code of Ethics and its tax policy, Kering and all Group entities are firmly committed to complying with the applicable national tax laws and international standards everywhere they operate. Kering is also committed to ensuring that all Group entities pay all of the taxes due in each of the countries where they operate.

To that end, Kering can rely on a team of tax specialists in each of its regions and at its headquarters. They are highly skilled and receive regular training to keep their knowledge up to date.

To understand the various tax-related issues that may arise, the Group Tax Department's main tasks are:

- consolidating tax information from all Group companies;
- understanding and monitoring tax issues that arise at national or international level and coordinating responses in compliance with the applicable laws and standards;
- ensuring that intra-group transactions are documented as required;
- providing technical support on tax-related matters during the preparation of consolidated financial statements.

The Tax Department has therefore implemented a number of verification and control tools to help identify and resolve any tax issues that may arise within the Group and to ensure compliance with the applicable national tax laws and international standards. These tools include: regular analyses of comparable information to ensure that intra-group transactions are carried out on an arm's length basis; annual reviews of Group entities; and close, detailed monitoring of any tax audits to which Group entities are subject.

In addition, the Tax Department actively ensures that all Group entities:

- allocate all the physical, digital and human resources necessary to conduct their business;
- only have a presence in countries where they actually conduct business;
- comply with the applicable national laws and international standards on transfer pricing. To this end, it develops and updates all of the necessary documentation in this regard and provides the relevant resources, such as analyses of comparable transactions and functional analyses;
- cooperate fully with local tax authorities and government agencies and, where relevant, share their experience and expertise.

2.5 People-related risks

Talent

Probability of occurrence: **Impacts:**

Description of the risk

Difficulty identifying and developing people's skills, and retaining them. Potential loss of know-how among the Group's teams or among the craftspeople and manufacturers within the supply chain or the communities from which the Group sources key and/or specific raw materials.

Example case(s)

- Departure of senior executives: inability to find, in a timely manner, a suitable successor for an Executive Management position (Chairman/Chief Executive Officer, Group Managing Director, Executive Committee member), as the result of departure or incapacity.
- Unexpected departure of a Creative Director, leading to a period of uncertainty that could have a significant impact on the brand (particularly in terms of image and reputation, asset write-offs, etc.). Any luxury goods company may have to face and manage this risk at some time.
- Dilution of technical craftsmanship in transformation, cutting and assembly. Extinction of traditional crafts.
- Difficulty to keep talent: loss of key employees to competitors.
- The luxury industry is supported by numerous manufacturing communities worldwide. They are subject to the risk of social, economic and operational tensions, such as community problems, disruptions to production and a shrinking talent pool.

Actions taken

Kering's Human resources policy aims to:

- establish a long-term hiring strategy through international partnerships with schools and training organizations, and thus attract the best talent;
- create a work environment that is motivating, collaborative, inclusive and respectful of each individual;
- encourage commitment to the Group and its values through training programs, talent management and an appropriate remuneration policy;
- promote inclusion, diversity and gender equality;
- pay constant attention to working conditions, employee well-being and work-life balance;
- develop internal mobility and opportunities for personal and professional growth.

Kering has set itself the priority of developing talent and has therefore put in place tools and processes geared towards helping employees constantly expand their career prospects and strengthen their skills through mobility and career opportunities.

Since 2018, Kering has developed a single digital platform for all employees worldwide, enabling it to standardize management processes and simplify and speed up the data sharing required to manage talent globally, in a more transparent way.

Since 2019, weekly updates have been made available on the communication platform for all employees giving them a clear picture of the vacancies within the various Houses. A new communication campaign encouraging internal mobility was launched in 2021 and continued in 2022. An employee survey was conducted in April 2021 covering the entire workforce to measure staff engagement and build a Group-wide action plan, which was unveiled in September 2021. Each House then adapted it to fit its own specific environment, including the countries in which it operates.

These measures included strengthening the well-being policies (already being piloted within the Houses) and ongoing efforts to support employees with mental health issues.

Since its launch in 2020, the Baby Leave policy has entitled all employees worldwide to 14 weeks' leave on full pay upon becoming parents, including fathers and partners, and is now an integral part of the employee experience.

Employee commitment lies at the heart of Kering's values. Under the Giving Back program in France, Italy and the United Kingdom (21 hours per year) and the global Gucci Changemakers program, employees are able to give time during their working hours to a charitable cause in line with Kering's values. This program makes work more meaningful and helps to develop an environment nurturing engagement with society. In 2022, Kering Corporate launched Women in Luxury (WIL), its first internal network championing gender equality and promoting women's role in the Group.

To maintain the know-how of its luxury businesses over the long term, Kering runs personnel training and skills preservation initiatives and has internalized a number of functions that were previously subcontracted. Talent development is a cornerstone of Kering's HR policy, and training is one of its key levers. With Kering Learning, the Group now has a digital training platform for all employees providing a shared foundation for all Houses. Training is accessible in multi-channel formats, making content more accessible via mobile.

A talent review is also carried out each year by the Executive Committee – the starting point for the succession plan for key positions within the Group, as set out in section 2.2.6 of Chapter 3.

2.6 Sustainability-related risks

Human rights and fundamental freedoms

Probability of occurrence: **Impacts:**

Description of the risk

Non-compliance with national and international standards or the Group's standards in human rights and fundamental freedoms. That can trigger complaints from the Group's employees, its partners or stakeholders and potentially compromise the Group's image and reputation.

Example case(s)

- Child labor and forced labor.
- Non-compliance with standards for migrant workers.
- Poor working conditions.
- Excessive working hours.
- Salary levels not providing a living wage.
- Hazardous working conditions or conditions failing to keep workers safe and healthy.
- Harassment and violence.
- Mining operations that are illegal or in conflict zones.
- Inequality of opportunity and discrimination.
- Non-compliance with the rights of local communities.

Actions taken

The protection of human rights and fundamental freedoms, for Kering employees and all participants in the value chains of the Group and its Houses, is a core commitment, supported by management at the highest level.

This commitment is central to Kering's identity and reflects the community of values created by the Group, its Houses and their stakeholders.

As a Group that aims to create sustainable, responsible Luxury goods, Kering must identify and manage human rights-related risks in its sphere of influence (operations and supply chain) as rapidly and as resolutely as possible. By working in partnership with its suppliers and stakeholders to curb these risks and by sharing best practices, Kering protects the reputation of the Group and its Houses and maintains the appeal of their creations.

This vital undertaking is set out in the Group's Code of Ethics, in particular the aspects relating to fundamental freedoms and human rights in the Group's Suppliers' Charter, which is included in the Code, and in the Sustainability Principles for suppliers. These documents are part of the contractual framework governing relationships with suppliers.

A Human Rights policy has also been drafted at Group level and covers both Kering's operations and its supply chains.

In 2017, Kering mapped the risks specific to its own activities and those of its supply chain, as well as conducting a gap analysis pinpointing differences between the Group's internal practices and the United Nations Guiding Principles on Business and Human Rights. In 2020, Kering carried out an internal risk assessment to identify and evaluate human rights-related risks linked to the sourcing of certain key raw materials. In 2021, Kering carried out a second, more in-depth assessment of the risks related to human rights and fundamental freedoms concerning its activities and its supply chain. The assessments were also incorporated in the Group's overall map, and an action plan was rolled out to address areas for improvement detected during this exercise. The risk map was updated in 2021, with another update scheduled in 2023.

In addition, the whistleblowing system is open to everyone working for the Group: employees and interns of Kering and its Houses, as well as external and temporary personnel working for external partners or service providers under contract with the Group. It can be used to report any suspected violation of human rights and fundamental freedoms within the Group and its supply chains. An information and communication campaign was rolled out in 2020 and repeated in 2021 to provide the direct suppliers of the Group's Houses and their employees with a reminder of the Group's key ethical principles, particularly with respect to human rights and fundamental freedoms, and of the existence of the Group's ethics whistleblowing system, which is at their disposal.

Lastly, a collaborative portal introduced in 2020 optimizes communication between Kering and its suppliers. The aim is to provide suppliers with easy access to training and key Kering documents–including on human rights–and also to evaluate suppliers' performance through questionnaires in a number of key areas, including human rights and fundamental freedoms. The supplier integration and training drive continued actively in 2022, with the system now covering all the direct suppliers of Kering and its Houses.

In addition, the Group has adopted a stringent control strategy in the area of human rights, which includes but is not limited to the social audits conducted each year across thousands of Group suppliers and service providers.

The policies, projects and actions implemented, the outcomes achieved and the associated performance indicators relating to human rights and fundamental freedoms are presented in section 3 "Duty of care plan" in this Chapter and in section 2.5 "Protection of human rights" of Chapter 4 "Sustainability" of this Universal Registration Document.

Climate change

Probability of occurrence: **Impacts:**

Description of the risk

A negative impact on the Group's activities due to the effects of climate change. Lack of foresight, resilience or Group initiatives in response to the effects of climate change.

Example case(s)

- Supply chain: the higher frequency of extreme weather events (drought, water scarcity, flooding, etc.) could have a direct impact on the availability and quality of key raw materials such as cotton, leather, cashmere and silk, which would translate into greater price volatility, and may thus affect the production and distribution of finished products.
- Economic activity and even the social stability of certain regions (such as coastal regions in Asia) could be severely impacted by the effects of climate change, which would further increase pressure on the Group's supply chain.
- Physical impacts of climate change related to extreme meteorological events (drought, flooding, etc.) at certain Group installations (production and storage sites, stores, etc.) potentially disrupting the continuity of operations.
- Stricter environmental regulations and standards to meet the challenges associated with climate change, carbon tax potentially having an impact on the Group's activities by increasing production costs and reducing operational flexibility.
- Inaccurate forecasting of consumer demand for responsible products.

Actions taken

In the global economic and political outlook, climate change has become a key issue that demands an effective response.

Kering's approach to tackling climate change is part of a double-materiality drive, in line with the Group's goal of reducing the impact of its operations and, secondly, to enhance its foresight and ability to adapt so that it can mitigate the impact of physical and transition risks on its business (shifting consumer expectations, physical risks to its installations, impact on sourcing of its raw materials, etc.).

The Group has set very ambitious targets for reducing its carbon footprint by 2025 under its Climate Strategy. Kering was the first Luxury group to be verified and approved in 2017 by the Science Based Targets initiative (SBTi) for its carbon footprint reduction targets. These were revised in 2020 and validated in 2021 to align them with the 1.5°C scenario by 2030, in keeping with the commitments made as part of the Fashion Pact. In addition, Kering aims to be a net-zero company by 2050.

Kering published its Climate strategy in 2021 setting out in detail the commitments, objectives and actions implemented by the Group to reduce its carbon footprint, enhance the energy efficiency of its operations and make its supply chains more resilient, starting with the introduction of the Environmental Profit and Loss (EP&L) statement. This tool first introduced in 2012 allows Kering to measure its environmental impacts, including its carbon footprint, throughout the value chain and to monetize them. Beyond the risk management dimension, the EP&L is also used as a management tool to orient the Group towards sustainable sourcing solutions and to assess the raw materials used in product design.

To reach the next level, Kering decided in 2022 to improve the governance of the Group's efforts to combat climate change through the appointment of a Climate Change Lead within the Board of Directors and to set up a department responsible for sustainable finance.

The physical effects of climate change could impact the Group's operations. A report entitled "Climate change: implications and strategies for the fashion and luxury sector" jointly authored in 2015 with BSR analyzed exposure to climate risk, focusing on climate risks threatening cotton, cashmere, vicuña wool, and silk, as well as cow, calf, sheep and lambskin leather. Furthermore, Kering abides by the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), of which it has been a member since 2017. Since 2020, the Group has published a table cross-referencing these recommendations. In 2021, it extended the assessment of climate change risk for its activities by incorporating scenario-based analysis.

In addition to its efforts to reduce carbon emissions, the Group has offset all residual emissions in Scopes 1 and 2 since 2012. Since 2019, it has pledged to offset all residual Scope 3 emissions (including supply chain emissions) through carbon credits with certified REDD+ projects. In 2022, the Group offset 100% of its overall carbon footprint (Scopes 1, 2 and 3 calculated via the EP&L tool - excluding product use and end of life) for 2021, just as it did in 2021 for 2020. To plan ahead for its carbon offsets, Kering launched the *Climate Fund for Nature* in 2022, which aims to protect and restore nature. It is working towards a target of €300 million in total commitments, of which €140 million had been made by the end of 2022.

The policies, projects and actions implemented, the outcomes achieved and the associated performance indicators relating to climate change and the Group's Climate strategy are presented in detail in section 5.2 "Combating climate change" of Chapter 4 "Sustainability" of this Universal Registration Document.

Inventory Management

Probability of occurrence: **Impacts:**

Description of the risk

Inventories unduly high for the actual or forecast level of sales, causing the gross margin to decrease and adding up an excessive amount of resources for the quantity of goods sold.

Example case(s)

- Level of inventories above the targets for a given product item in one or more markets.
- Overstocking of raw materials or components relative to production volumes.
- Storage capacity saturated in a region

Actions taken

The Group has implemented a number of mitigation measures at various levels:

- Continuous improvement in the quality of sales forecasting (using algorithms) to align purchases and production based on the expected level of business;
- More accurate allocation of product items in a collection to markets/stores using artificial intelligence support systems;
- Integration of production and organization of the supplier network to achieve greater agility and flexibility to adjust orders and restock items throughout the season based on quantities sold;
- Further progress with modernizing the logistics organization (see inauguration of the new Trecate logistics platform in Italy) to make it more responsive to changes in the marketplace, shorten delivery times and thus cut the level of inventories held in markets;
- Coordination of brands' and Group-wide initiatives to optimize sales of the oldest collections (distribution and pricing strategy tailored to distribution channels, with the aim of maintaining brands' exclusive nature);
- Pilot recycling projects above and beyond the measures already implemented (e.g. the partnership with La Réserve des Arts, a non-profit that collects and reuses materials, and Alexander McQueen's donation of textiles to fashion school students in the United Kingdom);
- Review of product manufacturing processes to curb the use of materials, reuse production waste (e.g. the scrap-less project) and facilitate upcycling under the Circularity strategy;
- Launch of initiatives to promote the circular economy in the luxury industry, such as second-hand fashion (acquisition of a shareholding in Vestiaire Collective and development of projects and initiatives by the Houses).

Ethics and Global Governance

Probability of occurrence: **Impacts:**

Description of the risk

Lack of ethical values and rules on the behavior expected of employees in business matters going beyond the legal requirements, leading to a lack of employee knowledge about and adherence to ethical behavior and an inability to report and deal with unethical behavior, which could endanger the Group's reputation.

Example case(s)

- Failure to meet the Group's rules of ethics or fulfill its commitment to being a socially responsible company could jeopardize Kering's success and sustainability, which require the trust of all its stakeholders, including customers, employees, shareholders and business partners.
- Incident caused by an unethical conduct of entities or individuals under the Group's control, or those with whom or which it has business relationships, which could seriously harm the Group's reputation and give stakeholders a negative image of the Group.

Actions taken

The Group seeks to ensure that no incident arises due to an unethical conduct on the part of entities or individuals under its control, or those with whom or which it has business relationships. To this end, each of Kering's Houses has a crisis management policy and unit that liaises with headquarters.

The Group also monitors adherence by personnel to the Kering group Charter, which defines the framework for the decentralization of the organization, and to the Code of Ethics, which is available in 14 languages and was last circulated to all employees in 2019 after being updated in 2018. A Group Ethics Committee has been established and is supported by two regional counterparts, the Asia-Pacific (APAC) Ethics Committee and the Americas Ethics Committee. Together, they ensure compliance with the Code of Ethics and respond to all inquiries, from simple ethics-related questions to the management of complaints about potential non-compliance with the Code. The Compliance team also assists and guides employees to ensure compliance with prevailing legal requirements, including those relating to corruption and competition law. The three Ethics Committees, the Compliance team and the ethics hotline form Kering's whistleblowing framework. All the Group's employees worldwide, as well as employees of the suppliers and partners under contract with the Group and/or its Houses, may use the whistleblowing system.

Each year, a mandatory Ethics & Compliance e-learning program is provided for all Group employees around the world to remind them about the fundamentals of ethics and their obligations in this regard. It presents real-world examples of ethical dilemmas, enabling employees to test their ability to question, discern and judge different situations. It also provides an opportunity to remind employees about the Group's whistleblowing system.

At the same time, the Group ensures that its suppliers adhere to the Group Suppliers' Charter. They are required to promote within their production units and among their own subcontractors. Compliance is also measured through social audits. This Charter is included in the Code of Ethics and was therefore also updated and circulated to suppliers again in 2019. A further step was taken in 2020 and repeated in 2021 with the launch of a communication campaign specifically targeting the direct suppliers of the Group, its Houses and their various employees. Available in 15 languages, it aims to ensure that suppliers' employees are aware of the Group's key commitments and ethical principles, enshrined in the Kering Code of Ethics, as well as of the existence of the Kering whistleblowing system, which is at their disposal, as well as why, when and how to use it.

All of the Group's Houses implement appropriate methods and steps to ensure their activities comply with the Group's Corporate Social Responsibility (CSR) standards: SA8000 and RJC certification, social audits and supplier training programs are examples of the actions and programs that the Houses have put in place in their day-to-day operations.

The policies, projects and actions implemented, the outcomes achieved and the associated performance indicators relating to ethics and global governance are presented in detail in section 2 "Ethics, the cornerstone of our business" of Chapter 4 "Sustainability" of this Universal Registration Document.

2.7 Insurance and risk protection

The Kering risk management policy is based on the ongoing identification and evaluation of risks, risk prevention, protection of people and property, and safety and business continuity plans.

The Group's risk management policy also includes the transfer of risks to insurance companies.

Insurance against risks

The Group's policy of transferring significant risks to insurance companies is based on:

- achieving the best economic balance between risk coverage, premiums and self-insurance; and
- the insurance available, insurance market constraints and local regulations.

Coverage is based on the "all risks except those specifically excluded" approach, determined by assessing the financial consequences for the Company of a possible claim, especially in the areas of:

- third party liability: bodily harm or property damage to third parties caused by products, fittings and equipment;
- fire, explosions, water damage, etc.;
- operating losses following direct damage.

Insurance coverage is purchased based on an assessment by site and company of the level of coverage necessary to face reasonably estimated potential occurrences of diverse risks (liability, damage and third-party retailer counterparty). This assessment takes account of the analyses of the insurers underwriting the Group's risks.

The insurance programs now in force in the Group, which centralize most purchases of insurance policies such as property and casualty risks for subsidiaries, were subscribed with reputable insurers in the industrial risk insurance sector. The Group was assisted by internationally recognized insurance brokers specialized in covering major risks.

Main existing insurance programs:

- property damage from fire, explosion, floods, machine breakage, natural disasters affecting its own property: property, furnishings, equipment, merchandise, IT installations, and property for which it is responsible, as well as any resulting operating losses, for any period deemed necessary for normal business activities to resume;
- damage and loss of equipment, merchandise and/or goods in transit;
- damage resulting from theft, fraud, embezzlement, or acts of malice to valuable assets, data and/or property;
- bodily harm or property damage following construction work carried out as project owner (new buildings, renovations, refurbishments, etc.);
- liability for bodily or property damage to third parties by motorized vehicles belonging to the different Houses;
- general and environmental liability for "operating risk", "post-delivery risk" and "risk after services rendered", due to damage caused to third parties in the course of the Group's business;
- non-payment of receivables by third-party retailers, particularly in the event of default or insolvency;
- cyberattacks targeting the Group's data and/or other assets.

Other insurance contracts are taken out by Group companies to cover specific risks or to comply with local regulations.

Uninsured risks are exposures for which no insurance coverage is offered on the insurance market, or for which the cost of available insurance is disproportionate compared to the potential benefits of the coverage.

The Kering group handles known and manageable risks given the current scientific and medical understanding in a manner consistent with other French and international industrial groups with similar types of exposures. This is one of the reasons why the Group is able to place its risks with insurers prepared to deal with the unforeseeable and uncertain consequences of accidents.

Insurance coverage concerns all Group companies.

The levels of coverage in place for the main potential risks facing the Group as a whole as of January 1, 2022, were as follows:

- damage, fire, explosions or water damage and the ensuing operating losses: €300 million increased to €500 million for the Group's major sites;
- general liability: €145 million;
- damage to or loss of goods in transit: €15 million;
- fraud and acts of malice to goods and valuables: €15 million.

The total risk financing cost for Kering includes three main items (in addition to "physical" protection and prevention expenditure). It breaks down as follows:

- cost of deductibles and non-insured losses retained or self-insured by the subsidiaries in 2022: €1.5 million;
- claims covered by the Group itself through its reinsurance company in 2022: €5 million (total estimated at year-end 2022).

  Self-insurance by the Group's reinsurance subsidiary reduces insurance costs and enhances performance because (i) frequently occurring risks are pooled within the Group and insured for an amount that is fixed per claim and (ii) exceptionally frequent claims made in a given year are covered by reinsurance.

  As of July 1, 2022, the Group's reinsurance company covered damage and operating losses of up to €3 million per claim, or more on natural events in exposed regions (for the period from July 1 to June 30);
- insurance premiums budgets and management fees including engineering visits and brokers fees, etc. (final budget 2022 expenses): €20.5 million.

There is also a credit insurance budget of around €1.6 million covering non-payment risks related to sales to retailers (duty-free chains, department stores, specialized retailers, etc.).

3 - 2022 DUTY OF CARE PLAN

3.1 Introduction

3.1.1 Legal Background

Kering falls within the scope of France's Law No. 2017-399 of March 27, 2017 on the Duty of Care (*Loi relative au devoir de vigilance des sociétés mères et des entreprises donneuses d'ordre*; "Duty of Care Law"), which applies to French companies that have at least 5,000 employees directly or through their French subsidiaries, or 10,000 employees directly or through their subsidiaries worldwide.

Under the Duty of Care Law, such companies are obliged to draw up, publish, and effectively implement a duty of care plan designed to detect and prevent the risks of a severe impact on human rights and fundamental freedoms, severe harm to the health and safety of individuals, and serious environmental damage, resulting from the operations of (i) the company, (ii) its subsidiaries and other controlled entities (as defined in paragraph II of Article L. 233-16 of French Commercial Code) or (iii) its suppliers or subcontractors.

3.1.2 Kering's Commitment

Kering has a long history of corporate responsibility in its approach to employees, suppliers, clients and other stakeholders as well as to the environment, as evidenced by the issuance of its first Ethics Charter in 1996, and endeavors not only to meet but to exceed its legal obligations in the matter. The latest version of the Kering Code of Ethics, released in 2018, is closely aligned with the major international conventions on human rights, fundamental freedoms and environmental protection, and sets forth the core commitments of Kering's approach related thereto. In this respect, Kering considers the requirements of the Duty of Care Law to be an integral part of its ethical commitments and undertakes to ensure compliance with these requirements throughout both its operations and its supply chain.

In 2017, Kering prepared a first duty of care plan which included a mapping of the relevant risks. Since its adoption in 2017, Kering has updated its duty of care plan on an annual basis. In 2021, Kering performed a new and more in-depth assessment of the risks covered by the Duty of Care Law to see whether, and to what extent, such risks had evolved since 2017. A significant number of internal stakeholders (including from the Human Resources, Sustainability, Legal, Compliance, and Audit Departments of the Group and select Houses) were involved in the risk mapping and preparation of the duty of care plan (the "Duty of Care Plan"). External legal advisors provided assistance to ensure they acted in a fully independent manner and had all the relevant expertise to hand.

Kering's Duty of Care Plan is built around the five components established by the Duty of Care Law. More generally, Kering's Duty of Care Plan presents an overview of the actions that Kering has undertaken over a number of years to act as a responsible company.

3.2 Risk mapping

As noted above, the 2021 risk mapping involved a combination of internal and external resources. Led by the Group Chief Compliance Officer on behalf of Kering, the 2021 risk mapping assessed relevant risks within Kering's operations as well as those of Gucci and Boucheron. Gucci was selected to represent Kering's Fashion & Leather Goods Division and Italian Houses. This choice also reflected Gucci's expertise and activities in the areas relevant to the exercise and in light of its contribution to the Group's activities. Boucheron was selected to represent Kering's Jewelry Division and French Houses.

3.2.1 Scope

The following risks were identified and evaluated as part of the risk mapping exercise:

1. *Forced Working*
   - Child Labor
   - Forced Labor/Debt Bondage/Illegal, Clandestine or Undeclared Employment/Migrant Labor/Human Trafficking
2. *Discrimination and Harassment*
   - Diversity
   - Discrimination
   - Women's Rights
   - Psychological or Sexual Harassment/Violence
3. *Absence of Dialogue*
   - Freedom of Association/Right to Collective Bargaining
4. *Decent Working Conditions*
   - Right to a Living Wage/Fair Wages
   - Working Hours
   - Dignity at Work/Mental Well-Being
5. *Health and safety at work*
   - Safe and Hygienic Working Conditions
   - Chemicals/Hazardous Substances
6. *Pollution*
   - Energy Use
   - Greenhouse Gas Emissions and Climate Change
7. *Waste and Packaging*
   - Waste and Packaging
8. *Water Use*
   - Water Consumption
   - Wastewater Treatment
9. *Animals & Biodiversity Abuse*
   - Animal Protection
   - Preservation of Biodiversity
10. *Local Communities Abuses*
    - Land Rights/Forced Eviction and Displacement of Populations
    - Cultural Heritage/Local Communities

3.2.2 Methodology

The risks listed above were assessed separately with respect to (i) Kering's, Gucci's, and Boucheron's internal operations, (ii) the operations of their first level suppliers, and (iii) the sourcing of raw materials. This risk mapping evaluated the gross risk and calculated net risk by evaluating and scoring the relevant controls in place.

First, gross risks related to internal operations were assessed separately per country based on a combination of objective factors (number of employees, production sites, warehouses, and stores located in each country of operations) and third-party supplied indices and databases covering specific countries and specific risks (varying for each risk and including among many others the Human Freedom Index, ITUC Global Rights Index, the Environmental Performance Index and the Animal Protection Index) assessing the potential impact and the likelihood of occurrence.

Second, gross risks related to the operations of first level suppliers were assessed based on the number of suppliers per country and the respective sales for Kering, Gucci and Boucheron, which were once again combined with third-party supplied indices and databases covering specific countries and specific risks.

Finally, gross risks related to the sourcing of raw materials were assessed on the aggregate percentage of select strategic risk raw materials sourced by Kering, Gucci, and Boucheron from a given country and six country-specific general indices. The assessment also took into account two magnifying factors, i.e. the inclusion of the country (i) in the U.S. Department of Labor lists of countries producing goods and products that are believed to be produced by child labor and/or forced labor, and/or (ii) in the list of conflict-affected and high-risk countries under E.U. Regulation No. 2017/821.

The respective net risks of the above three categories were then obtained by evaluating and scoring the relevant controls in place.

It should be noted that a distinction was made, to accurately identify risks, between the risks to which Kering, Gucci, and Boucheron expose their stakeholders (as required by the Duty of Care Law) and the risks to which Kering, Gucci, and Boucheron are exposed because of their activities (for inclusion in the Group's general risk mapping). More specifically, the assessment of the gross risks for Kering, Gucci and Boucheron also took into account the potential reputational, financial and legal/compliance impact.

Overall, the exercise involved interviews with 37 Group employees, a review of over 400 documents, and the scoring of thousands of country-specific risks based on 47 third party-supplied risk indices.

3.2.3 Results

The controls in place to mitigate relevant risks related to the internal operations of Kering and the Houses appear to be particularly solid.

With respect to the operations of Kering's, Gucci's, and Boucheron's first level suppliers, it is worth noting that the majority of these suppliers are located in countries with relatively limited risk of human rights abuse or environmental damage, including Italy (and, more particularly, Northern Italy), France and Switzerland. Relevant risks are further mitigated by multiple controls and primarily by the introduction of the Hercules management system (described below), which covers the onboarding of suppliers and their subcontractors as well as the monitoring of their performance throughout the entire contractual relationship.

The controls in place to limit relevant risks within the remainder of the supply chain, including with respect to the sourcing and traceability of raw material, consist primarily in implementing the requirements set forth by the Sustainability Principles and the Kering Standards, as well as in the certifications obtained by suppliers.

3.2.4 Monitoring and updating

Following the establishment of its latest risk map in 2021, Kering has regularly monitored human rights and environmental rights in the highest-risk countries for its operations and supply chain. Not only does this approach provide a better grasp of the risks in these countries, it also reveals the extent to which the controls in place need to be tightened up. Furthermore, Kering plans to update its risk map so that it can incorporate other Houses and make some other adjustments.

3.3 Regular assessments of the activities of subsidiaries, suppliers and subcontractors

3.3.1 Subsidiaries and Other Controlled Entities

Since 2018, Kering has refocused its operations on luxury, and more particularly around the Couture & Leather Goods and the Jewelry Divisions, with 11 Houses at present.

3.3.1.1 Stores

As of December 31, 2022, Kering's Houses directly operated 1,659 stores worldwide. As stated below, Kering published dedicated standards in 2020 to achieve its sustainability targets that cover the commercial life of its stores. These standards provide specific guidance for achieving environmental efficiency during both the store planning and construction as well as the store operation and management phases. These standards also provide for the performance of periodic audits to ensure that relevant practices are duly respected, including with respect to energy and water use, as well as waste collection practices.

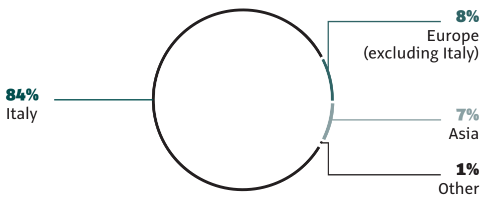
Moreover, as with all other Group premises, stores are subject to regular audits by the Group Internal Audit Department to ensure compliance with local regulations regarding governance, human rights and environmental protection and with Kering's policies and procedures. As noted above, these include a review of relevant working conditions, including the processes used to track working hours and employee leave as well as the measures in place to ensure that the privacy of employees is fully respected.

3.3.1.2 Offices and Other Premises

Offices and other premises owned by Kering and its Houses, including production sites and warehouses, are subject to regular audits by the Group Internal Audit Department to ensure that applicable regulations are fully respected and internal policies and procedures are fully implemented. In addition to more generalized testing of controls, these audits assess the working conditions of employees by ensuring, for example, that employment relationships are always formalized by dedicated agreements (in particular with respect to temporary workers) and that salaries and working hours are properly managed and documented.

3.3.2 Suppliers and Subcontractors

Kering works with several thousand suppliers to produce its Houses' collections. As of December 31, 2022, the Hercules supplier database (described below) comprised a total of 4,745 active suppliers throughout the Group. The chart below describes the geographical breakdown of these suppliers:



The Hercules management system, which was first introduced in 2015 and has since undergone a regular series of improvements, aims to create and share best practices in risk assessment and provide supply chain analysis for Kering's production processes. This is achieved through the following tools:

Supplier Management Procedures. The Houses apply a set of consistent procedures for managing interactions with suppliers, including with respect to their qualification, assessment, and relationship management. Kering has also introduced a template contract that incorporates its Code of Ethics (including the Suppliers' Charter) and its Sustainability Principles. Both documents are systematically issued to suppliers and form an integral part of the contractual relationship with Kering. These documents further require that the commitments established therein be cascaded to relevant sub-suppliers and subcontractors.

Integrity Due Diligence Procedure. Kering subjects third party suppliers and service providers to the integrity due diligence process set forth in the Group's Anti-Corruption Policy and Third Party Due Diligence Procedure. More specifically, to properly assess and manage the financial, regulatory, and reputational risks associated with the relationships with these third parties, Kering screens them through the World-Check database and conducts dedicated desktop searches. Depending on the risk profile, Kering might also require the completion of a dedicated questionnaire or the performance of an external review from an independent law firm.

Social and Safety Audits. The Group conducts regular social and safety audits to assess and monitor the Group's supply chain operations. They are undertaken both directly and with the support of third-party firms. These audits are performed by a dedicated team, the Kering Supply Chain Audit Department, which reports to the Group's Chief Audit Executive and ensures the independence and impartiality of its members. Since the inception of this tool, the Group has made regular improvements to the standards governing these audits. As discussed at greater length in the Sustainability chapter, the audits cover social (including child labor, forced or compulsory labor, and working conditions), environmental, and health and safety risks pertaining to the operations of the Group's and the Houses' first level suppliers, first and second level subcontractors, and main direct suppliers of raw materials. While key suppliers are audited every two years, the frequency of audits on other suppliers is determined through a dedicated risk assessment, together with anomalies identified and their severity. If a major anomaly subject to a "zero tolerance" policy comes to light during these audits (including, e.g. forced labor or undeclared sub-contracting), Kering refuses to enter into the agreement with the new supplier or terminates the relationship with the existing supplier. In 2022, the Supply Chain Audit Department performed 4,118 audits on these suppliers. Findings from the audits performed by the Kering Supply Chain Audit Department are discussed in dedicated committees composed of representatives from key functions from both the Group and the Houses.

Supplier Database. All Kering's Houses have access to a common supplier database, which includes findings from past suppliers' audits as well as supplier information available from publicly available databases. At the end of 2022, this database comprised 4,745 active suppliers. While this database does not yet include all Group suppliers, it does include all production suppliers, the main suppliers of raw materials, Kering Eyewear suppliers, and strategic suppliers.

Vendor Portal. In line with the objective of ensuring its Standards are implemented by its suppliers by 2025, Kering designed and has implemented a new supplier portal since 2020 that can conduct evaluations and share information and sustainability practices. By means of dedicated questionnaires of up to around 300 questions, this portal assesses implementation of the Kering Standards across the supply chain, environmental performance and social performance.

3.4 Control measures

As noted above, Kering and the Houses are strongly committed to fully complying with the requirements set forth by the Duty of Care Law and to fostering a significant number of initiatives aimed at respecting human rights and protecting the environment throughout their operations and the supply chain. In this respect, Kering works in close synergy with its Houses to ensure that relevant controls are adequately deployed throughout the entire Group. Some Houses, including Gucci, have been particularly proactive in improving their sustainability performance through the implementation of reinforced controls both internally and vis-à-vis external stakeholders.

3.4.1 Key Internal Stakeholders

Kering takes a cross-functional governance approach to upholding human rights and protecting health, safety and the environment. Specifically, day-to-day human rights and environmental governance spans various departments at Kering and House levels.

Kering Compliance Department. The Group Compliance Department is primarily responsible for monitoring the effective implementation of the commitments established by the Kering Human Rights Policy. As such, the Group Compliance Department is kept informed of relevant initiatives and coordinates the efforts undertaken by relevant departments at the Group and House level (including through information sharing). The Group Compliance Department also tests and assesses existing processes to map risks throughout the Group, and supports the Houses and relevant Kering departments in assessing risks associated with their day-to-day operations. The Compliance departments provide day-to-day support in connection with the operations of each House.

Kering Sustainability Department. The Group Sustainability Department is responsible for defining and implementing the Group's sustainability strategy and policies and supporting the Houses with respect to their implementation. The Kering Sustainability Department is composed of around 40 specialists who report to the Chief Sustainability and Institutional Relations Officer, who is both a member of the Group's Executive Committee and Chairwoman of the Group's Ethics Committee. Overall, more than 100 employees Group-wide focus on sustainability issues within the Kering Sustainability Department, the Houses' Sustainability teams and dedicated structures such as the *Materials Innovation Lab* and the *Sustainable Innovation Lab*.

Kering Human Resources Department. The Human Resources Department is responsible for implementing controls to uphold human rights within the Group. This applies throughout the entire employee journey, including the recruitment process and working conditions, as well as in respect of employee health. A dedicated Inclusion and Diversity team within the Human Resources function works with the Group Houses to define and prioritize the initiatives that foster an inclusive working environment at all levels of the organization. In 2020, Inclusion & Diversity Committees were created in each House and at the corporate level, led by a member of the House or of the Corporate Management Committee. These committees currently have more than 120 members. To embed the Inclusion and Diversity strategy more firmly at regional level, three Inclusion and Diversity managers were appointed in 2022 at the Americas, APAC and EMEA regions.

Kering Internal Audit Department. As discussed at greater length at the beginning of this chapter, the Group Internal Audit Department assesses the implementation of the Kering internal controls system within the Group's internal operations by performing regular audits in accordance with the Group's annual audit plan.

Kering Security Department. The Security Department's responsibilities include implementing the safety measures set out in the Kering Global Safety Policy and verifying compliance with applicable safety regulations.

Kering Supply Chain Audit Department. As noted above, the Kering Supply Chain Audit Department conducts regular social and safety audits to assess and monitor the Group's supply chain operations and oversees the performance of audits with the support of third-party firms.

Product Compliance Department. The Kering Product Compliance Department assists the Houses to test substances in products, including through a dedicated testing center that the Group recently opened in Florence.

House Teams. Every House in the Group has dedicated Compliance, Sustainability, and Human Resources teams responsible for ensuring that the controls established by the Kering policies and procedures described below are properly deployed throughout their operations.

3.4.2 Key Policies and Procedures

Kering's subsidiaries, suppliers, and subcontractors are required to strictly abide by local legislation and to comply with the policies and procedures summarized below. Should these policies and procedures set forth more stringent standards than those established by local legislation, such standards must take precedence.

Code of Ethics. As noted above, the Code of Ethics forms the cornerstone of Kering's ethical commitments and, as such, includes the Group's engagements in upholding human rights, fundamental freedoms, health and safety and the environment. It also requires its suppliers to adhere to the same commitments, notably via its annexed Suppliers' Charter, which sets out Kering's expectations vis-à-vis its suppliers. Compliance with the Charter constitutes an essential condition of any commercial relationship between the Group or the Houses and their suppliers, which are in turn required to extend these requirements to their own suppliers and subcontractors. Following the 2018 update to the Code of Ethics, the document was reissued to all employees worldwide in 2019. This update reaffirmed Kering's commitment to apply all major international conventions to its activities and to strengthen and clarify its requirements towards suppliers. For example, the Suppliers' Charter now includes a requirement to pay special attention to certain categories of workers, such as migrant workers, who are vulnerable to exploitation. The Code of Ethics and the Suppliers' Charter have been translated into the 14 most widely spoken languages within the Group.

Human Rights Policy. The Human Rights Policy, published in2021, defines the Group's commitments on human rights and fundamental freedoms, health and safety, and environmental protection. The Human Rights Policy further outlines the Group's policies related thereto and defines the means by which the Group and its business partners, including suppliers and contractors, can fulfill these commitments.

Sustainability Principles. The Sustainability Principles, created in 2015 and updated in 2021, are applicable across all Houses and cover three main areas: social aspects regarding human rights, environmental aspects, and aspects regarding the sourcing of raw materials and packaging. Suppliers are required to abide by these principles and supplier compliance is evaluated on this basis. The principles are outlined in the Sustainability chapter and on the Group's website.

Kering Standards for sustainable production. In the pursuit of its commitment and approach to human and environmental concerns, Kering has published dedicated standards on raw material sourcing, manufacturing processes, and animal welfare. These Kering Standards are built around the following pillars: (i) social impact; (ii) environmental impact; (iii) chemical substances; (iv) animal welfare, and (v) traceability. Under its 2025 strategy, Kering is committed to seeing that all its suppliers apply these standards by 2025. A detailed description of the *Kering Standards* is provided in the Sustainability chapter. Additional guides on circularity and innovation were introduced in 2022.

Kering Animal Welfare Standards. In May 2019, the Group published the Animal Welfare Standards with the aim of ensuring the best treatment for animals throughout the supply chain. The Kering Animal Welfare Standards are the first ever set of full standards for the luxury and fashion sectors and aim to drive positive change in industry practices and beyond. They cover all the species in the Group's supply chains around the world, notably cattle and calves, sheep, goats, ostriches, crocodiles and alligators and pythons. For each of these species, the open-source Standards highlight the specific challenges, laying down farming, transportation, and slaughter requirements, and provide the list of existing benchmark certifications. These animal welfare standards were updated in 2021. In addition to this multi-species document, Kering has published more detailed individual Standards for cattle, calves, sheep and goats as well as guidelines for slaughterhouses.

Environmental Policy. Kering's Environmental Policy contributes to the fulfillment of the Care pillar of Kering's 2025 sustainability strategy. It spans the entire supply chain and focuses on the three following objectives: (i) reduce Kering's Environmental Profit and Loss account ("EP&L") by 40% with respect to 2015; (ii) achieve 100% alignment with the Kering Standards by 2025; and (iii) ensure 100% traceability for the Group's main raw materials by 2025.

Climate Strategy. Kering firmly believes that companies can play a decisive role in the fight against climate change, and drew up in 2021 a holistic strategy with a clear commitment to a 1.5°C pathway, underlining its ambitions in sustainability, circularity and biodiversity. The key elements of Kering's Climate Strategy include: (i) achieving a 90% absolute reduction of Scope 1 and 2 greenhouse gas emissions by 2030 from a 2015 baseline; (ii) reducing (per unit of value added) Scope 3 greenhouse gas emissions by 70% by 2030; (iii) increasing direct sourcing of renewable electricity to reach 100% in 2022 in line with the RE100 guidelines; and (iv) strategically offsetting residual emissions by making a positive contribution to the climate. More information on Kering's Climate strategy can be found in the Sustainability chapter.

Biodiversity Strategy. The Biodiversity Strategy, published in 2020, explains Kering's approach on preserving natural resources. This approach is structured around four phases (avoidance, reduction, restoration/regeneration and transformation) and has three main goals: (i) to stem the loss of biodiversity, (ii) to re-build ecosystems and rehabilitate species, and (iii) to drive systemic change throughout the supply chain and beyond. More information on the Biodiversity Strategy can be found in the Sustainability chapter.

Circularity Ambition. Published in 2021, the Group's circularity ambition plan aims to demonstrate that rejecting the linear "take – make - consume - throw away" model, involves more than simply using recycled materials or designing recyclable products: it requires real change in practices at each stage of the production cycle. Kering's "Coming Full Circle" approach is built on three main elements: (i) luxury that lasts; (ii) regenerative supply and clean production; and (iii) more efficient production processes.

Kering Standard for Stores - *Store Planning and Construction & Store Operation and Management*. Kering has developed standards for stores that set out expected performance levels in 11 key areas (including energy management, lighting, renewable energy, water use and waste treatment). The Standards provide specific guidelines covering the environmental efficiency at all phases in a store's lifecycle, namely site selection and relations with the lessor, design, construction or renovation, and operation. After a test phase, these standards were officially published in 2020 to serve as a reference for new stores and store renovations where the use of LEED or equivalent certifications is not possible.

Fashion Models Charter. The Charter on the Working Relations with Fashion Models and their Well-Being was introduced in September 2017 to ensure that Kering and its Houses comply with various major principles, including requiring models to present valid medical certificates attesting to their good health, discontinuing the modeling of size 32 clothes for women and size 42 for men, and improving working conditions (e.g. providing a dedicated changing area as well as food and drinks). In 2019, in furtherance of this Charter, Kering and its Houses committed to only hire models aged 18 and over to represent adults at fashion shows and photo shoots as of 2020.

Health & Safety Policy. Kering's Health & Safety Policy addresses its own employees, service providers, and visitors to Group sites, so as to promote best practices, assert the Group's commitment to an environment conducive to employee health and safety, and undertake ambitious measures in this respect. This policy is founded on Group-wide best practices and aims to ensure that governance, processes, and regular internal audits are in place to achieve Kering's target of zero accidents.

Compliance Manual. The Compliance Manual was issued Group-wide in 2018. It sets out practical examples on the main ethics risks associated with Kering's operations, including with respect to human rights violations. The Manual outlines the basic concepts and legal challenges involved and gives practical examples enabling employees to pinpoint areas requiring vigilance in their day-to-day work.

These policies and procedures back up by the other documents adopted by the Houses in the relevant area.

3.4.3 Risk Prevention and Mitigation Measures in the Internal Operations

Raising Employee Awareness. Kering seeks to ensure that its employees throughout the Group are fully acquainted with its policies and procedures (including with respect to human rights, sustainability and environmental protection) through regular training, internal communications, and Group-wide events. The training offer includes: (i) the annual Ethics and Compliance e-learning, with training modules covering different ethics, compliance and sustainability-related topics, mandatory for all Group employees. In 2022, the training covered inclusion, human rights, the fight against corruption and sustainability. This training also gave employees another reminder about Kering's Human Rights Policy; and (ii) the Kering Standards e-learning program, available to employees since 2019. These help employees gain a better understanding of Kering's strategy to reduce the environmental and social impacts caused by its raw materials and manufacturing processes. Kering and its Houses also share their commitment towards sustainability through the company social networks, creating and communicating on Group-wide events celebrating recognized initiatives, such as the World Environment Day and raising awareness on environmental issues. They also created *Kering Planet*, a dedicated digital platform that raises awareness and provides regular information for employees about sustainability issues. It features interactive tools, such as quizzes and challenges linked to the relevant issues. Kering also raises its employees' awareness about the environmental challenges and has supported The Explorers project as its main partner since 2020. The project attempts to reveal the beauty and fragility of the planet through photos, videos and documents and to take stock of the biodiversity protection challenges and the need for action.

Sustainability Certifications. Building on the Group's commitment to comply with the highest social and environmental standards, a number of entities and sites owned by Kering and its Houses have obtained a significant number of sustainability certifications. These include the SA8000 (working conditions and social standards), ISO 14001 (environmental performance), ISO 45001 (health and safety), ISO 9001 (requirements for introducing a quality management system), ISO 28000 (security within the supply chain), and ISO 22301 (Business continuity management systems) standards. Certifications related to the implementation of environmental management systems are sought primarily for the sites that have a more significant environmental impact, such as large logistics centers and tanneries. All of the Group's tanneries have been ISO 14001 certified since 2019.

3.4.3.1 Key Control Measures Designed to Prevent Severe Impacts on Human Rights and Fundamental Freedoms

No Child Labor/Forced Labor. Kering and its Houses reject all forms of child labor, forced labor, and human trafficking. The Group has put into place recruitment processes designed to uphold relevant legal requirements (including with respect to the employment age) and prevent human rights abuses. To that end, employees from the Human Resources function received special training to ensure that such processes are fully implemented.

Promoting Diversity and Preventing Discrimination. Kering believes that diversity is a source of creativity and innovation and seeks to develop an inclusive approach to ensure that everyone has the opportunity to be themselves. Kering is also committed to fostering a culture of equality at all levels of the Group and offering its employees an open and stimulating working environment, free from any discrimination. Kering launched the Baby Leave policy in January 2020. It entitles all employees worldwide to 14 weeks' leave on full pay upon becoming parents, including fathers and partners. The Baby Leave policy aims to promote a better balance between employees' professional and personal lives and to achieve equality between female and male employees - regardless of their personal situations – guaranteeing all Group employees worldwide the same minimum benefits on a child's arrival. Since 2019, the Inclusion and Diversity team has been instrumental in adopting initiatives to foster a culture of diversity and inclusion throughout the Group. More specifically, this team has (i) supported the creation of Inclusion and Diversity Committees in each House, (ii) developed and delivered a comprehensive Inclusive Recruitment training, for recruiters from all Houses, and (iii) developed several initiatives to raise awareness, encourage meaningful conversation, and bring positive change. Such initiatives included the Inspiring Speakers' series, the D&I Glossary and dedicated communication campaigns (e.g. the International Women's Day and Pride Month). In 2022, Kering also arranged inclusion and diversity training for all the members of its Executive Committee during the Kering Perspectives seminar, illustrating the importance of leading by example at the highest level in this area. Under its mult-generational inclusion policy, Kering signed in March 2022 its first inter-company engagement agreement covering the role of employees aged over 50 in the Group. In April 2022, it followed this up with a partnership charter on providing access to employment for young people, vulnerable adults and people living with a disability and supporting them in the labor market.

Empowering Women. Empowering women is a priority at Kering, which seeks to ensure that women are well represented at all levels of management in the Group. In 2010, Kering was one of the first signatories of the Women's Empowerment Principles Charter drawn up by UN Women and the UN Global Compact. Kering and its Houses develop women's skills through specific programs, such as mentoring sessions, coaching, and leadership training, to support women talents and enhance gender diversity in senior management positions. Kering is closely monitoring the representation of women in executive positions and is committed to achieving gender pay equity at every level of the organization by 2025.

Free from Harassment. Kering endeavors to provide a working environment free from any form of harassment or violence. As such, Kering and its Houses encourage all employees to report any instances of such behavior, which is subject to disciplinary sanctions and, in many countries, criminal proceedings. Kering ensures that its employees are perfectly aware of their rights in this area. In an effort to extend its commitment externally, Kering also supports victims of domestic violence via its 2021 Policy on Domestic Violence and the work of the Kering Foundation.

Increased Dialogue with Employees. Kering is fully committed to guaranteeing applicable trade union rights and to engaging in a constant and productive dialogue with its employees worldwide, including with those located in countries that do not allow collective bargaining. Kering performs the Kering People Survey, a biannual employee survey that will be held again in 2023 to gather employees' feedback on their working environment confidentially and securely. Based on feedback received, Kering develops a Group action plan that is adapted at each House and local level. Kering also conducts local actions to increase awareness and foster the adoption of well-being policies.

Decent Working Conditions. Kering and the Houses seek to ensure that the work of employees is adequately remunerated and conducted in compliance with local legislation, including with respect to working hours. As such, the Group partnered with Fair Wage Network to conduct a study to evaluate whether the base salary of the Group's employees provides an adequate standard of living in the key countries where Kering operates. Kering has also adopted a number of initiatives designed to protect the mental well-being of employees, including during the COVID-19 pandemic. Such initiatives include free, voluntary external psychological support services, increased remote working, wellness days and workshops designed to provide managers with tools to maintain cohesion and efficient teamwork despite the pandemic.

Supporting Local Communities. Kering plays a role in the life of the communities where its sites are located and works to prevent and mitigate any negative impacts that its operations create and/or to which they contribute. In this respect, Kering is actively engaged in keeping alive artisan traditions and the communities that support artisans, including the leatherwork trade in Italy and artistic creation in Milan, Paris, and London. These efforts are also cascaded throughout the Houses, as evidenced by Gucci's efforts. In 2019, Gucci implemented the Gucci Changemakers Program, a global initiative that allows Gucci employees worldwide to dedicate up to four paid days of leave a year to make a positive impact on local communities through volunteering. Gucci also launched the Design Fellowship Program, a partnership with 10 fashion schools around the world that aims to provide opportunities for underrepresented groups to gain professional experience and exposure to luxury fashion design. Kering also launched the Giving Back program to meet the need expressed by employees to make a positive difference to society. The program gives the employees of participating Houses the opportunity to support certain specific local good causes through 21 paid working hours of volunteering per year.

3.4.3.2 Key Control Measures to Prevent Severe Harm to the Health and Safety of Individuals

Safe and Hygienic Working Conditions. Kering is committed to the principle of risk prevention and seeks to safeguard the occupational health and safety of its employees by complying with all applicable regulations and by establishing relevant best practices. The Kering Security Department is responsible for managing the security of Group sites, preparing emergency plans and delivering safety training to employees. Kering, Gucci and Bottega Veneta also obtained SA8000 and ISO 45001 certification covering occupational health and safety management systems. These tools aim to reduce occupational injuries and diseases and promote and protect employees' physical and mental health. Kering and the Houses have also undertaken multiple initiatives designed to protect the health and safety of employees during the pandemic, including by complying with all relevant regulations, increased remote working, and offering free testing for employees in certain locations.

Minimizing Chemicals/Hazardous Substances. Kering works constantly to curb the use of chemicals and hazardous substances from all its Houses' products and production processes. For this purpose, the Group has created two lists of restricted substances: one for production processes, the Manufacturing Restricted Substance List ("MRSL"), and one for products, the Product Restricted Substance List ("PRSL"). The MRSL is focused on discontinuing the use of dangerous chemicals in manufacturing processes to both avoid the exposure of employees to hazardous substances, and reduce toxic discharges into water. The main source of the Group's hazardous waste production is related to the operations of its tanneries. As such, the Group is actively involved in the research and development of environmental-friendly tanning processes, and has introduced a heavy metal-free tanning method in leather tanneries.

3.4.3.3 Key Control Measures Designed to Prevent Serious Environmental Damages

Environment Profit & Loss. Since 2012, Kering has measured and quantified its progress towards becoming a more sustainable Group through its EP&L. The EP&L allows the company to measure its impacts on natural capital right across its value chain and assign a monetary value to them. In 2022, the Group received a Green Finance prize at the Digital Finance Awards for its EP&L. The cornerstone of its environmental approach, the EP&L also serves as a management tool by which Kering lays out its roadmap in terms of sourcing strategy, choice of materials, and production and transformation processes. In 2020, Kering extended the scope of its EP&L to include the product use and end-of-life phases. The Group achieved a 50% reduction in the EP&L intensity of its own operations and of its supply chain between 2015 and 2022. In line with its commitment to transparency, the Group's EP&L results and an analysis of progress made are shared via the open-source platform kering-group.opendatasoft.com. In 2022, Kering published its EP&L impacts in euros and also its pre-monetization monitoring indicators. More specifically, it provided information including the Group's overall footprint in terms of greenhouse gas emissions, land use, waste production and water use. In addition, one of the Group's Statutory Auditors issued a limited assurance report on selected information concerning the 2022 EP&L.

Reducing Carbon Emissions. The Group has set very ambitious targets for reducing its carbon footprint by 2030. As part of the Fashion Pact, Kering and over 250 global fashion brands committed to take action to halt climate change, restore biodiversity and protect the oceans. As part of the Fashion Pact, Kering and the other participating companies have committed, among other things, to take action to achieve the objective of net-zero greenhouse gas emissions by 2050, in order to keep global warming below 1.5°C between now and 2100. The same objectives have been set under the Watch & Jewellery Initiative launched by the Group and Cartier in 2021. As part of these commitments, Kering continues its offsetting program fully covering for 2022 its Scope 1, 2, 3 (calculated via the EP&L tool – excluding product use and end of life) greenhouse gas emissions released in 2021 amounting to 2,143,465 tCO_2. Carbon credits have been obtained through the provision of support for several REDD+ (Reducing Emissions from Deforestation and Forest Degradation) programs, with Verified Carbon Standard ("VCS") certification. Not only does this generate carbon credits, it also provides substantial support for local populations and the protection of biodiversity.

Favoring Renewable Energies. In 2022, Kering reached its RE100 objective of using 100% renewable energy, in line with the RE100 guidelines. Kering also favours entering into agreements to purchase locally produced green electricity. Where this is not possible, Kering purchases Energy Attribute Certificates. On top of external purchases, the Houses continue to increase their reliance on renewable energy, for example by installing solar panels. In May 2022, Kering obtained LEED Platinum certification for its Trecate (Italy) facility, the world's largest logistics hub to have gained this certification. The hub also boasts Italy's largest photovoltaic roof array, generating more energy than it uses.

Monitoring Energy Use. While constantly seeking to optimize the energy efficiency of its sites, Kering has implemented an energy consumption monitoring system which allows the Houses to access monthly consumption data for their sites on an IT platform. The system also streamlines the energy procurement process by pooling and consolidating energy consumption, and increases the use of renewable energy.

Waste Treatment. Kering and its Houses have created dedicated partnerships to find sustainable solutions for waste recycling in an effort to minimize the waste generated by the Group's operations, particularly in the retail sector. In addition, as the main source of the Group's hazardous waste production occurs in its tanneries, each tannery has its own onsite wastewater treatment plant, which pretreats all wastewater.

More Sustainable Packaging. Kering and its Houses make every effort to opt for the most sustainable solutions available made from recycled or certified biosourced materials. They also carry out initiatives to reduce the use of packaging while maintaining an optimal level of protection for the goods manufactured. In 2020, Kering developed a new packaging standard setting out the eco-design principles to improve its environmental impact of packaging materials. In the same vein, Kering has pledged to eliminate single-use plastics from its packaging for customers and business partners by 2025 and 2030, respectively.

Reducing Water Consumption. Kering aims to reduce the consumption of water in its operations: 68% of water consumed across the Group is used for domestic purposes and 32% for industrial purposes. The Group's industrial water consumption is primarily attributable to its tanneries, none of which are located in areas experiencing severe water stress. However, the Houses have continued to work to identify innovative tanning processes that eliminate heavy metals and use less water.

Protecting Biodiversity. Kering is committed to preserving biodiversity through several conservation programs. As noted above, in 2020, the Group developed a biodiversity strategy, which aims to stem the loss of biodiversity, re-build ecosystems, and rehabilitate species as well as to drive systemic change throughout the supply chain and beyond. As part of its commitment, Kering will protect one million hectares of essential and irreplaceable habitats outside of its supply chain by 2025, primarily through programs that will be beneficial on multiple levels in terms of biodiversity protection, carbon sequestration and improved livelihoods for local people. Kering has also created the Kering Regenerative Fund for Nature to steer its action programs and achieve a net positive impact by 2025. At House level, in 2020, Gucci joined the Lion's Share funds, an initiative designed to support animal welfare and conservation projects by donating a percentage of its media spend on advertisements featuring animals. Gucci also partnered with ForestaMI to safeguard forests in Lombardy.

3.4.4 Risk Prevention and Mitigation Measures in Supply Chain Operations

Raising the Awareness of Suppliers. Kering and its Houses provide suppliers with multiple awareness-raising initiatives, which aim to provide tools enabling them to comply with the highest social and environmental standards. For instance, the Kering Materials Innovation Lab has daily interactions with ready-to-wear and accessories suppliers to promote compliance with the Kering Standards for Raw Materials and Processes. In the same vein, in 2019, Gucci organized a number of meetings with its suppliers to share its sustainability strategy, the Kering Standards, and the flagship projects implemented within its supply chains. Relevant workshops covered Forest Stewardship Council materials, animal welfare, and traceability among other issues. In 2020, Gucci also launched the Gucci Supply Chain Academy, a customized training program that focuses on the various key skills required in the supply chain function, to standardize and share knowledge across all teams and enable them to anticipate market trends and respond to the commercial challenges ahead.

Sustainability Certifications. Multiple Kering and House suppliers have obtained third party sustainability certifications covering environmental and social standards, among other aspects. Kering regularly compares the standards underpinning these certifications with those laid down by its Sustainability Principles and Standards for Raw Materials and Processes so it may determine which certifications are aligned with them and those that cannot be accepted.

3.4.4.1 Key Control Measures to Prevent Severe Impact on Human Rights and Fundamental Freedoms

No Child Labor/Forced Labor. Kering and its Houses prohibit all forms of child labor or forced labor throughout the supply chain and consider them breaches for which they have zero tolerance, leading to an immediate termination of the supplier relationship. As such, the audits performed as part of the Hercules management system include various measures to identify potential instances of child labor or forced labor. In addition, the Kering Supply Chain Audit Department performs a periodic analysis on suppliers to assess the cost of their work per minute, which may lead to targeted investigations to understand any anomalies identified as part of this process (which might be an indicator of abusive work practices).

Promoting Diversity and Preventing Discrimination. Kering and its Houses expect their business partners to respect and promote equal opportunity and treatment in employment and to create an inclusive workplace. In addition to the commitments included in the Sustainability Principles, the audits performed as part of the Hercules management system also review potential instances of discriminatory practices within the operations of suppliers. In collaboration with the Camera Nazionale della Moda and three specialized associations (BSR, Wise Growth, and Valore D), Kering and its Italian Houses issued practical recommendations on enhancing gender equality in the Italian luxury sector supply chain following an extensive study that investigated challenges faced by women in this supply chain. This study covered more than 180 suppliers and surveyed 880 people (70% women) on gender equality via in-person interviews and questionnaires. Four priority focuses were identified during the study: (i) "working conditions and economic opportunities," (ii) "leadership and career advancement," (iii) "motherhood" and (iv) "workplace conduct and harassment." Launched in 2020, the second stage of the project focused on the implementation of the recommendations by raising awareness of the four identified priorities. Kering also worked on a project focused on empowering women around gold mines in Ghana using tools such as micro-loans and skills training, and worked on a project to support 150 cotton farmers in India through community education on women's rights, education and health and safety.

Free from Harassment and Violence. Kering and its Houses expect their suppliers to treat employees with dignity and respect and to prohibit physical punishment, mental or physical coercion or verbal abuse. As such, suppliers and sub-suppliers must not engage in any conduct that is offensive, abusive, demeaning, intimidating or threatening, such as verbal abuse, negative stereotyping, unwelcome contact, unwelcome sexual advances or requests for sexual favors. The Kering Foundation supports women impacted by violence, through partnering with survivor-centered services, and local experts, while implementing preventive programs with young people to deliver real change.

Increased Dialogue. Kering and its Houses expect their business partners to engage in open and constructive dialogue with workers and their representatives and to respect the right of workers to form and join organizations of their own choosing and bargain collectively. In addition to the commitments included in the Sustainability Principles, the audits performed as part of the Hercules management system cover the freedom of association and the right to collective bargaining among other rights.

Decent Working Conditions. Kering expects its suppliers to pay their employees no less than the minimum legal standard or the appropriate prevailing industry standard, whichever is higher. Kering is committed to ensuring that workers in its supply chain are fairly compensated for their work. Kering expects business partners to comply with applicable regulations regarding working hours, which should not exceed 48 hours per week. Wages and working hours are also checked during the audits performed as part of the Hercules management system, which covers wages and working hours as well as subcontracting and the risk of illegally using subcontractors that underpay workers. Among other initiatives, the Group is actively involved in the Utthan project in India, which aims to empower embroidery artisans, in particular by paying them a living wage and regulating their working hours.

Protecting Against Local Community Abuses. Kering and its Houses are committed to respecting and actively contributing to the economic and social development of the local communities impacted by their operations worldwide. In this respect, Kering undertakes to avoid forced evictions and population displacements linked to its operations. Kering and its Houses further encourage their suppliers and sub-suppliers to build a constructive relationship with local communities, and require them to source raw materials in strict accordance with the Kering Standards and the Sustainability Principles.

3.4.4.2 Key Control Measures to Prevent Severe Harm to the Health and Safety of Individuals

Safe and Hygienic Working Conditions. Kering and its Houses expect their business partners to create a healthy and safe working environment through the implementation of appropriate effective measures to avoid jeopardizing the health and safety of workers in the workplace. For example, suppliers are obliged to provide relevant employees with the personal protective equipment required under the applicable regulations and to offer them training on relevant safety standards and procedures they must follow. Employees should also have free access to clean toilet facilities and potable water. The audits performed as part of the Hercules management system expressly cover select issues dedicated to the review of health and safety practices within the workplace.

Minimizing Chemicals/Hazardous Substances. As noted above, Kering is committed to phasing out and eliminating all hazardous chemicals from its production processes. The Group's chemical management framework goes beyond regulatory requirements and includes specific guidelines, the PRSL and MRSL lists described above, that identify restricted substances within products and production processes. Kering requires all suppliers and sub-suppliers to strictly comply with this framework and to report any non-compliance therewith. Compliance with these requirements is also investigated as part of the Hercules audits as well as additional chemical related audits targeting specific categories of suppliers at risk.

3.4.4.3 Key Control Measures to Prevent Serious Environmental Damage

Environment Profit & Loss. As noted above, the EP&L is the cornerstone of the Group's environmental approach and allows Kering and its Houses to measure their environmental impact throughout the supply chain. Suppliers and sub-suppliers are invited to share information on factors including atmospheric emissions, energy use, land use, waste production, water use and water discharge with Kering and its Houses. The Group achieved a 50% reduction in the EP&L intensity of its own operations and of its supply chain between 2015 and 2022.

Sourcing of Raw Materials. The Group's EP&L clearly shows that most of the environmental impact (70%) arises upstream of its supply chains as a result of the production of raw materials and their initial transformation (Tiers 3 and 4). In 2022, Kering traced 95% of its materials back to their country of origin at least, and even further for animal-based materials (leather, and precious skins). By 2025, Kering aims to achieve 100% traceability of its raw materials and make certain that these are fully compliant with the Kering Standards so it can further reduce its environmental footprint. Kering further intends to increase the scope of the materials covered by the Kering Standards and scale up an internal purchasing platform to have access to high quality, sustainable raw materials following the success of the Kering Ethical Gold platform.

Reducing Carbon Emissions. The Group continues to offset greenhouse gas emissions. In 2022, Kering voluntarily offset its full Scope 1, 2, 3 (calculated via the EP&L tool - excluding product use and end of life) greenhouse gas emissions in 2021 amounting to 2,143,465 tCO_2. Carbon credits have been obtained through the provision of support for several REDD+ programs, with VCS certification.

Waste & Packaging. The transition to a circular economy, which means breaking away from the linear "take – make – consume – throw away" model, involves more than the simple use of recycled materials or the design of recyclable products: it requires real change in practices at each stage of the production cycle. As such, in 2021, Kering has released a report presenting its new circular economy goals and helped formulate the Ellen MacArthur Foundation's vision for circular fashion, published in October 2020 to unite the sector around a common frame of reference and definitions. The vision is based on three pillars: "used more", "made to be made again", and "made from safe and recycled or renewable inputs", on which Kering and its Houses are rolling out their circular economy approach. The first pillar of circular fashion is to create products that last and retain their value over time and to produce the right number of products so as to avoid unsold products. The second pillar of circular fashion focuses on efficiently reusing, upcycling or recycling materials, products and packaging while working to strengthen the associated production channels in close collaboration with public and private stakeholders. The third pillar of the vision for circular fashion focuses on the sound management of chemicals, the maximum use of recycled or renewable materials, and recycling at every stage of production. As regards materials used, the Kering Standards allow the Group's Houses to identify sourcing preferences – recycled, bio-sourced or certified – by material. As stated above, in line with the Group's Circularity Ambition, the Kering Standards now include a section on products' end of life in order to promote a circular economy. In addition, the Materials Innovation Lab provides House design teams with a pool of sustainable and innovative materials and assists them in the selection of circular materials. Kering also participates in the Clean by Design program launched by the Natural Resources Defense Council to have the Houses propose free environmental related audits to suppliers, designed at improving their environmental-related practices, especially at reducing waste and emissions. Finally, the audits performed as part of the Hercules management system also investigate waste management practice of suppliers, including recycling practices.

Animal Welfare. Kering requires that its suppliers capture, farm, transport, handle and slaughter animals in compliance with applicable local animal welfare, social, environmental and animal welfare laws and regulations. In terms of animal welfare, Kering published in 2019 its Standards for all animal species present in its supply chains. It also released standards specifically covering calves, cattle, sheep and goats, which account for a particularly sizable proportion of the leather supply chain. Taking its commitment to animal welfare to the next level, Kering decided that all of its Houses' collections would be fur-free starting from Fall 2022. Kering's teams and those of its Houses make numerous visits to farms and have continued to engage actively with the various potential and existing suppliers to assess and assist them in improving their sustainable environmental, biodiversity, and animal welfare management practices. The Group also continued to roll out its action plan for verifying the alignment of the Kering Standards with practices in its exotic skin supply chains. The assessment is carried out with specific programs for each supply chain, taking into account the characteristics of each animal species and each type of supplier. In this respect, it is worth noting that the Group and its Houses comply with national and international legislation and regulations on the trade of precious skins: all skins of species listed as endangered or vulnerable by the Convention on International Trade in Endangered Species ("CITES") are obtained with certificates attesting to their legal origin, issued by CITES and the export authority, to ensure that trade does not threaten endangered species.

Protecting Biodiversity. As noted above, as part of its biodiversity strategy, Kering is committed to having a net positive impact on biodiversity by 2025. To achieve this, Kering has agreed to protect one million hectares of essential and irreplaceable habitats outside of its supply chain, and facilitate through the Regenerative Fund for Nature the transition to regenerative agricultural practices on an additional one million hectares in areas where raw materials entering Kering's supply chain are extracted. In addition, the Houses avoid sourcing materials with known negative impacts on the environment, particularly in areas of critical ecological importance. As specified in the Kering Standards, this includes ensuring that supplies are all sourced from materials that do not cause deforestation as well as ensuring that materials adhere closely to the guidelines as published within the framework of CITES. When impacts are inevitable, Kering and its Houses strive to reduce negative impacts on the environment by sourcing materials from preferred sources as defined in the Kering Standards, which list recommended third party certifications in our supply chains guaranteeing low-impact agricultural practices, such as organic farming for instance.

3.5 Whistleblowing system

Introduced in 2005, Kering's whistleblowing system was reinforced in 2013 with the creation of two regional Ethics Committees (APAC and Americas), supplementing the Group Ethics Committee established in place in 2005, and further strengthened in 2018 to ensure full compliance with France's Sapin II law. The whistleblowing system is accessible to 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. Once the whistleblowing system was opened up to all suppliers and service providers, these third parties have been informed accordingly.

Alerts received through the Group whistleblowing system are handled by the Group's Compliance Organization and Ethics Committees. Kering is fully committed to keeping the identity of whistleblowers and the information they provide strictly confidential. It prohibits retaliatory action of any kind from being taken against those who blow the whistle in good faith. The Group's whistleblowing procedure is laid down in full in the Kering Code of Ethics, which is publicly available on the Group's website.

Kering is committed to ensuring that all the information provided by whistleblowers, including about the implementation of the Duty of Care Law, should be properly addressed and adequate measures taken to remedy the allegations, if they prove to be well founded.

In 2020, Kering undertook an extensive communication campaign notably designed to remind the employees of its direct suppliers of its whistleblowing system and how to use it. The campaign was translated into 15 languages and took two forms: (i) a poster displayed in relevant locations at supplier and service provider sites, to gain the greatest visibility (cafeteria, locker rooms, site entrance, etc.) and (ii) a flyer to be given directly to employees. This campaign has been updated in 2021 to target newly enlisted suppliers. More information on the roll-out of this campaign and its update can be found in the Chapter 4 on Sustainability.

3.6 Monitoring system designed to assess the effectiveness of the controls in place

In line with the cross-functional adopted by Kering to achieve a better grasp of the challenges involved in upholding human rights and protecting the environment, the Executive Committee, together with other Group-level committees, oversees implementation of the various measures set out above. These committees include the Sustainability Committee and the Audit Committee, and the Chief Audit Executive, the Chief People Officer and the Chief Sustainability and Institutional Relations Officer report to them regularly on implementation of existing controls. A dedicated committee also oversees deployment of the Hercules management system.

As noted above, Kering periodically updates its risk mapping to constantly review the controls designed to mitigate risks relevant to the Duty of Care Law. In addition, overall implementation of the risk mapping action plan is supervised by the Group Compliance Department. This unit also conducts compliance reviews designed to ensure that the Kering compliance-related policies and procedures are properly implemented by Group entities and Houses. The Compliance Department also regularly monitors human rights and environmental rights in the highest-risk countries for its operations and supply chain.

A number of other functions at the Group level, including the Sustainability Department and the Human Resources Department, also support the Houses with implementing Kering's policies and strategies. The implementation of the Kering internal control system within the Group's internal operations is assessed at regular intervals by the Group Internal Audit Department through the internal audits performed under the Group's annual audit plan.

As noted above, the Kering Supply Chain Audit Department conducts regular supply chain audits designed to evaluate the implementation of the Kering Sustainability Principles by the Group's suppliers, including in the areas of human rights, health and safety and environmental protection. The most serious anomalies detected during these audits are discussed and evaluated during these committee meetings attended by the Supply Chain Audit Department and the relevant Houses to consider what action to take concerning the supplier relationships. Dedicated follow-up audits, at intervals varying according to the risk profile and anomalies detected, are also arranged to confirm whether the suppliers have put an end to these.

3.6.1 Monitoring and Performance Indicators

Kering has also established tracking and performance indicators designed to enhance scrutiny and ensure the controls summarized above are properly implemented.

<table>
<tr><th></th><th>Internal activities</th><th>Supply chain</th></tr>
<tr><td>Human rights and fundamental freedoms</td><td>• 96.5% of Group employees worldwide completed the annual Ethics & Compliance training in 2022
• 6,500 employees trained via the Kering Standards' training.
• Women represent 63% of employees, 57% of managers, and 45% of Board members
• Kering ranked second in the 2022 Refinitiv Diversity & Inclusion Index (gender equality)</td><td rowspan="2">• 4,118 supplier audits completed in 2022, including 2,068 global audits and 2,050 follow-up audits
• 35% of these audits carried out by Kering's Internal Audit team, and 65% by external auditors
• Breakdown of he anomalies found during audits: 73.3% observations, 24.8% moderately important compliance breaches, 1.5% serious compliance breaches and 0.4% zero-tolerance issues
• Breakdown by theme of the anomalies found during audits carried out as of December 31, 2022: 76.3% Health & Safety; 11.4% Pay and working conditions; 5.7% Environment; 3.6% Working hours; 3% Other
• Following the audits carried out to date, 64.8% of suppliers were rated compliant, 29.5% as partially compliant, 4.6% as progress expected and 1.1% as zero tolerance.
• A total of 57 suppliers saw their business relationship terminated in 2022 due to unsatisfactory audit results.</td></tr>
<tr><td>Health & Safety</td><td>• In 2022, 252 lost-time accidents were recorded by the Group
• Accident severity rate: 0.09%</td></tr>
<tr><td>Environment</td><td>• Scope 1 and 2 emissions under the GHG Protocol: 29,258 tCO_2e
• Scope 1 and 2 carbon intensity per million-euros of gross margin (calculated using the EP&L tool): 1.93 tCO_2e
• 477,398 tCO_2 offset in 2022 (Tier 0)
• 100% of the energy used by the Group is renewable in all the countries where this is possible, in line with the RE100 guidelines</td><td>• Scope 3 emissions (excluding product use and end of life): 2,150,310 tCO_2e
• Scope 3 carbon intensity per million-euros of gross margin (calculated using the EP&L tool - excluding product use and end of life): 141.49 tCO_2e
• 1,666,067 tCO_2 offset in 2022 (Tiers 1 to 4)
• 71% of raw materials aligned with Kering Standards (2022)
• 95% of traceability achieved for raw materials
• First seven projects covering 840,000 ha selected for the Kering Regenerative Fund for Nature</td></tr>
</table>

CHAPTER 6

Financial statements as of December 31, 2022

1 - CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2022

1.1 Consolidated income statement

(in € millions)	Notes	2022	2021
CONTINUING OPERATIONS			
Revenue	3	**20,351**	**17,645**
Cost of sales		(5,153)	(4,577)
Gross margin		**15,198**	**13,068**
Other personnel expenses	4	(2,830)	(2,444)
Other recurring operating income and expenses		(6,779)	(5,607)
Recurring operating income		**5,589**	**5,017**
Other non-recurring operating income and expenses	6	(194)	(220)
Operating income		**5,395**	**4,797**
Financial result	7	(260)	(273)
Income before tax		**5,135**	**4,524**
Income tax expense	8	(1,420)	(1,280)
Share in earnings (losses) of equity-accounted companies		2	1
Net income from continuing operations		**3,717**	**3,245**
o/w attributable to the Group		*3,613*	*3,165*
o/w attributable to minority interests		*104*	*80*
DISCONTINUED OPERATIONS			
Net income from discontinued operations		**1**	**11**
o/w attributable to the Group		*1*	*11*
o/w attributable to minority interests		-	-
GROUP TOTAL			
Net income of consolidated companies		**3,718**	**3,256**
o/w attributable to the Group		*3,614*	*3,176*
o/w attributable to minority interests		*104*	*80*

(in € millions)	Notes	2022	2021
Net income attributable to the Group		**3,614**	**3,176**
Basic earnings per share *(in €)*	9.1	29.34	25.49
Diluted earnings per share *(in €)*	9.1	29.31	25.49
Net income from continuing operations attributable to the Group		**3,613**	**3,165**
Basic earnings per share *(in €)*	9.1	29.33	25.40
Diluted earnings per share *(in €)*	9.1	29.30	25.40
Net income from continuing operations (excluding non-recurring items) attributable to the Group		**3,747**	**3,361**
Basic earnings per share *(in €)*	9.2	30.42	26.98
Diluted earnings per share *(in €)*	9.2	30.39	26.98

1.2 Consolidated statement of comprehensive income

(in € millions)	Notes	2022	2021
Net income		**3,718**	**3,256**
Change in currency translation adjustments relating to consolidated subsidiaries:		**(69)**	***220***
- change in currency translation adjustments		*(69)*	*220*
- amounts transferred to the income statement		*-*	*-*
Change in foreign currency cash flow hedges:	19.6	**246**	**(280)**
- change in fair value		*(68)*	*(261)*
- amounts transferred to the income statement		*327*	*(34)*
- tax effects		*(13)*	*15*
Change in other comprehensive income (loss) of equity-accounted companies:		**-**	**-**
- change in fair value		*-*	*-*
- amounts transferred to the income statement		*-*	*-*
Gains and losses recognized in equity, to be transferred to the income statement		**177**	**(60)**
Change in provisions for pensions and other post-employment benefits:	21	**24**	**16**
- change in actuarial gains and losses		*30*	*18*
- tax effects		*(6)*	*(2)*
Change in financial assets measured at fair value:	14.2	**(225)**	**83**
- change in fair value		*(272)*	*91*
- tax effects		*47*	*(8)*
Gains and losses recognized in equity, not to be transferred to the income statement		**(201)**	**99**
Total gains and losses recognized in equity		**(24)**	**39**
COMPREHENSIVE INCOME		3,694	3,295
o/w attributable to the Group		*3,576*	*3,201*
o/w attributable to minority interests		*118*	*94*

1.3 Consolidated balance sheet

Assets

(in € millions)	Notes	Dec. 31, 2022	Dec. 31, 2021
Goodwill	10	4,053	2,891
Brands and other intangible assets	11	7,357	7,032
Lease right-of-use assets	12.1	4,929	4,302
Property, plant and equipment	13	3,388	2,967
Investments in equity-accounted companies		49	31
Non-current financial assets	14	855	1,054
Deferred tax assets	8.3	1,640	1,352
Other non-current assets		8	6
Non-current assets		**22,279**	**19,635**
Inventories	15	4,465	3,369
Trade receivables and accrued income	16	1,180	977
Current tax receivables		378	822
Current financial assets	14	167	22
Other current assets		1,136	975
Cash and cash equivalents	18.1	4,336	5,249
Current assets		**11,662**	**11,414**
Assets held for sale		**-**	**19**
TOTAL ASSETS		33,941	31,068

Equity and liabilities

(in € millions)	Notes	Dec. 31, 2022	Dec. 31, 2021
Equity attributable to the Group		13,998	13,347
Equity attributable to minority interests		785	389
Equity	17	**14,783**	**13,736**
Non-current borrowings	18	4,347	2,976
Non-current lease liabilities	12.2	4,420	3,826
Non-current financial liabilities	20	-	-
Non-current provisions for pensions and other post-employment benefits	21	66	89
Non-current provisions	22	19	16
Deferred tax liabilities	8.3	1,572	1,452
Other non-current liabilities		228	198
Non-current liabilities		**10,652**	**8,557**
Current borrowings	18	2,295	2,442
Current lease liabilities	12.2	812	675
Current financial liabilities	20	663	743
Trade payables and accrued expenses		2,263	1,742
Current provisions for pensions and other post-employment benefits	21	12	12
Current provisions	22	168	138
Current tax liabilities	8	567	1,148
Other current liabilities		1,726	1,826
Current liabilities		**8,506**	**8,726**
Liabilities associated with assets held for sale		**-**	**49**
TOTAL EQUITY AND LIABILITIES		33,941	31,068

1.4 Consolidated statement of changes in equity

Before appropriation of net income *(in € millions)*	Notes	Number of shares outstanding	Share capital	Capital reserves	Kering treasury shares	Cumulative translation adjustments	Remeasurement of financial instruments	Other reserves and net income	Group	Minority interests	Total
As of January 1, 2021		**124,922,916**	**500**	**1,863**	**(54)**	**(288)**	**362**	**9,438**	**11,821**	**214**	**12,035**
Net income								3,176	3,176	80	3,256
Total gains and losses recognized in equity						206	(197)	16	25	14	39
Comprehensive income						**206**	**(197)**	**3,192**	**3,201**	**94**	**3,295**
Change in equity of Kering SA											
Change in equity of subsidiaries									-	95	95
Expense related to share-based payments	5							21	21	-	21
Cancellation of Kering treasury shares	17.1	0	(1)	(208)	209				-	-	-
(Acquisitions) disposals of Kering treasury shares[1]	17.1	(854,211)			(535)			(4)	(538)	-	(538)
Distribution of dividends	17.2							(1,122)	(1,122)	(23)	(1,146)
Other changes[2]								(35)	(35)	10	(25)
As of December 31, 2021		**124,068,705**	**499**	**1,655**	**(380)**	**(82)**	**165**	**11,490**	**13,347**	**389**	**13,736**
Impact of applying new IFRSs from January 1, 2022								(21)	(21)	-	(21)
As of January 1, 2022		**124,068,705**	**499**	**1,655**	**(380)**	**(82)**	**165**	**11,469**	**13,326**	**389**	**13,715**
Net income								3,614	3,614	104	3,718
Total gains and losses recognized in equity						(83)	21	24	(38)	14	(24)
Comprehensive income						**(83)**	**21**	**3,638**	**3,576**	**118**	**3,694**
Change in equity of Kering SA		102,862		38					38		38
Change in equity of subsidiaries									-	346	346
Expense related to share-based payments	5							45	45	-	45
Cancellation of Kering treasury shares	17.1		(3)	(379)	382				-	-	-
(Acquisitions) disposals of Kering treasury shares[1]	17.1	(1,951,197)			(1,030)				(1,030)		(1,030)
Distribution of dividends	17.2							(1,605)	(1,605)	(45)	(1,650)
Other changes[2]								(352)	(352)	(23)	(375)
As of December 31, 2022		**122,220,370**	**496**	**1,314**	**(1,028)**	**(165)**	**186**	**13,195**	**13,998**	**785**	**14,783**

(1) The acquisition cost of Kering treasury shares is reflected in the "Kering treasury shares" column. Capital gains or losses on the sale of Kering treasury shares, along with the related expenses and taxes, are recognized in the "Other reserves and net income" column.
(2) "Other changes" include changes in scope and transactions with minority interests.

1.5 Consolidated statement of cash flows

(in € millions)	Notes	2022	2021
Net income from continuing operations		**3,717**	**3,245**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	2.1	1,666	1,453
Other non-cash (income) expenses	24	(334)	18
Cash flow received from operating activities	24	**5,049**	**4,716**
Interest paid (received)		287	215
Dividends received		(7)	(2)
Current tax expense	8.1	1,597	1,458
Cash flow received from operating activities before tax, dividends and interest		**6,926**	**6,387**
Change in working capital requirement	25	(902)	(38)
Income tax paid		(1,746)	(1,473)
Net cash received from operating activities		**4,278**	**4,876**
Acquisitions of property, plant and equipment and intangible assets	26	(1,071)	(934)
Disposals of property, plant and equipment and intangible assets		1	6
Acquisitions of subsidiaries and associates, net of cash acquired		(1,565)	(466)
Reclassification of cash and cash equivalents held by Girard Perregaux and Ulysse Nardin as Assets held for sale		(32)	(22)
Acquisitions of other financial assets		(235)	(122)
Disposals of other financial assets		115	1,049
Interest and dividends received		17	37
Net cash received from (used in) investing activities		**(2,770)**	**(452)**
Increase (decrease) in share capital and other transactions		38	-
Dividends paid to shareholders of Kering SA	17.2	(1,483)	(998)
Dividends paid to minority interests in consolidated subsidiaries		(45)	(27)
Transactions with minority interests		317	2
(Acquisitions) disposals of Kering treasury shares	17.1	(1,030)	(538)
Issuance of bonds and bank debt	18.4	1,742	63
Redemption of bonds and bank debt	18.4	(904)	(583)
Issuance (redemption) of other borrowings		343	152
Repayment of lease liabilities	12.4	(824)	(776)
Interest paid and equivalent		(298)	(222)
Net cash received from (used in) financing activities	27	**(2,144)**	**(2,927)**
Net cash received from (used in) discontinued operations		**(8)**	**(2)**
Impact of exchange rates on cash and cash equivalents		222	21
Net increase (decrease) in cash and cash equivalents		**(422)**	**1,516**
Cash and cash equivalents at opening	23	**4,516**	**3,000**
Cash and cash equivalents at closing	23	**4,094**	**4,516**

1.6 Notes to the 2022 consolidated financial statements

INTRODUCTION

Kering SA, the Group's parent company, is a société anonyme (French corporation) with a Board of Directors, incorporated under French law, whose registered office is located at 40, rue de Sèvres, 75007 Paris, France. Kering is a global Luxury group, managing the development of a series of renowned Houses in Fashion, Leather Goods and Jewelry.

On February 14, 2023, the Board of Directors approved the consolidated financial statements as of December 31, 2022 and authorized their publication. These consolidated financial statements will only be considered as final after their adoption by the April 27, 2023 Annual General Meeting.

The consolidated financial statements as of December 31, 2022 reflect the accounting position of Kering SA, its subsidiaries and its associates (the "Group").

Pursuant to European Regulation No. 1606/2002 of July 19, 2002, these consolidated financial statements were prepared in accordance with applicable international financial reporting standards (IFRSs) as endorsed by the European Union and mandatorily applicable as of the reporting date.

The accounting policies and methods applied by the Group pursuant to IFRSs are set out in Note 33 – Accounting policies and methods.

Unless otherwise stated, amounts are stated in millions of euros. In general, amounts stated in the consolidated financial statements and notes to the consolidated financial statements are rounded to the nearest unit. As a result, the sum of the rounded amounts may show non-material differences relative to the stated total.

NOTE 1 – SIGNIFICANT EVENTS OF 2022

Kering Eyewear's acquisition of eyewear brand Maui Jim

Kering Eyewear completed the acquisition of Maui Jim in 2022, after the deal was announced on March 14, 2022.

Maui Jim is consolidated in the Kering group's financial statements since October 1, 2022.

Since its inception in 2014, Kering Eyewear has built an innovative business model resulting in more than €700 million of external revenues in 2021. The Maui Jim acquisition takes Kering Eyewear to the next level, with revenue of over €1 billion in 2022 and profit margins further improving.

Sale of Girard-Perregaux and Ulysse Nardin to their management

On May 31, 2022, Kering completed the sale of Swiss watchmakers Girard-Perregaux and Ulysse Nardin by selling 100% of its stake in Sowind Group SA to its management. The transaction was completed in accordance with the terms announced on January 24, 2022.

Disposal proceeds of €29 million were recognized in the Group's consolidated financial statements for the year ended December 31, 2022 under Non-recurring operating income.

Completion of the Share Buyback Program

Pursuant to the Share Buyback Program announced on August 25, 2021, covering up to 2.0% of its share capital over a 24-month period, Kering implemented the second, third and fourth tranches in 2022.

The table below shows the status of the program's various tranches at December 31, 2022:

	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

Dual-tranche bond issue for a total amount of €1.5 billion

On April 28, 2022, Kering issued €1.5 billion of bonds consisting of:

- a €750 million tranche with a 3-year maturity and a 1.25% coupon;
- and a €750 million tranche with an 8-year maturity and a 1.875% coupon.

This issue, which forms part of the Group's active liquidity management, enhances its funding flexibility by enabling it to refinance existing debt and, in part, finance the Maui Jim acquisition.

Launch of an employee shareholder transaction

On May 4, 2022, Kering announced the launch of its first employee shareholder transaction. Details of the transaction are provided in Note 5.3.

At the end of the subscription period, which took place from May 19 to June 9, 2022, 102,862 shares had been subscribed (including the employer contribution). The shares were settled and delivered on July 7, 2022 through a €411,448 increase in Kering SA's capital involving the issue of 102,862 new ordinary shares.

NOTE 2 – OPERATING SEGMENTS

2.1 Information by operating segment

(in € millions)	Gucci	Yves Saint Laurent	Bottega Veneta	Other Houses	Kering Eyewear and Corporate	Eliminations[1]	Notes
2022							
Revenue	**10,487**	**3,300**	**1,740**	**3,874**	**1,139**	**(189)**	**20,351**
Recurring operating income	**3,732**	**1,019**	**366**	**558**	**(88)**	**2**	**5,589**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	684	232	175	330	245	N/A	1,666
EBITDA	4,416	1,251	541	888	157	2	7,255
Acquisitions of property, plant and equipment and intangible assets	408	112	92	221	238	N/A	1,071
2021							
Revenue	**9,731**	**2,521**	**1,503**	**3,285**	**733**	**(128)**	**17,645**
Recurring operating income (loss)	**3,715**	**715**	**286**	**459**	**(164)**	**6**	**5,017**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	596	200	163	275	219	N/A	1,453
EBITDA	4,311	915	449	734	55	6	6,470
Acquisitions of property, plant and equipment and intangible assets	324	72	67	180	291	N/A	934

(1) Intra-group eliminations are now disclosed in a separate column.

2.2 Revenue by region

(in € millions)	**2022**	**2021**
Asia-Pacific (excluding Japan)	6,568	6,695
Western Europe	5,566	4,045
North America	5,547	4,685
Japan	1,244	1,059
Rest of the world	1,425	1,160
TOTAL	**20,351**	17,645

NOTES ON THE CONSOLIDATED INCOME STATEMENT

NOTE 3 – REVENUE

(in € millions)	2022	2021
Sales from directly operated stores including e-commerce	16,007	13,782
Wholesale sales, royalties and other revenue[1]	4,344	3,863
TOTAL	20,351	17,645

(1) After elimination of intra-group sales.

NOTE 4 – PERSONNEL EXPENSES AND HEADCOUNT

4.1 Personnel expenses by type

(in € millions)	2022	2021
Wages, salaries and payroll taxes	(2,497)	(2,083)
Expenses related to pensions and other post-employment benefits under defined benefit plans	(11)	(12)
Expense related to share-based payments	(29)	(55)
Other	(294)	(295)
TOTAL[1]	(2,830)	(2,444)

(1) Excludes personnel expenses included in the cost of sales.

4.2 Average headcount on a full-time equivalent basis by region

	2022	2021
Asia-Pacific (excluding Japan)	12,306	10,800
Western Europe	19,487	18,506
North America	4,825	3,862
Japan	2,681	2,686
Rest of the world	3,337	2,982
TOTAL	42,637	38,836

4.3 Headcount on the payroll at year-end by region

	Dec. 31, 2022	Dec. 31, 2021
Asia-Pacific (excluding Japan)	12,888	12,315
Western Europe	21,914	19,981
North America	5,840	4,462
Japan	2,934	2,816
Rest of the world	3,651	3,237
TOTAL	47,227	42,811

NOTE 5 – SHARE-BASED PAYMENT

5.1 Cash-settled plans

Until 2019, the Group granted certain employees Kering Monetary Units (KMUs), namely long-term incentive plans based on shares that are systematically settled in cash and subject to continuing service conditions for all beneficiaries, along with performance conditions for executive corporate officers. The Group recognizes its obligation as services are rendered by the beneficiaries, over the period from the grant date to the vesting date.

At December 31, 2022, only the plan granted in 2019 remained in force and exercisable, after the 2018 plan reached the end of its exercise period in October 2022. The exercise date is the date at which all of the specified vesting conditions have been satisfied, and as of which the beneficiaries are entitled to ask for payment of their rights. Vested rights may be exercised over a period of two years, during which beneficiaries can opt to cash out some or all of their KMUs in April or October, at their discretion, based on the most recently determined value.

The unit value of the KMUs awarded is determined and changes based on movements in the Kering share price by itself and in comparison with the average performance of a basket of seven stocks from the Luxury industry.

Information on grants

Year granted	2018	2019
Grant date	01/01/2018	01/01/2019
Vesting period	3 years	3 years
Exercise period	2 years	2 years
Last exercise window	October 2022	October 2023
Number of beneficiaries on the grant date	331	345
Number of shares initially granted	64,281	38,205
Unit fair value at grant date *(in €)*	581	753

Number of shares outstanding

Year granted	2018	2019
Balance as of December 31, 2021	**8,837**	**33,624**
Number granted	-	-
Number forfeited	(116)	(4,665)
Number exercised	(8,721)	(25,201)
Balance as of December 31, 2022	**-**	**3,758**
o/w exercisable as of December 31, 2022	-	*3,758*
Weighted average price per instrument exercised *(in €)*	1,231.6	1,346.6

5.2 Plans settled in Kering shares

Free share and performance share plans

Since 2020, with respect to its long-term incentive plans, Kering has introduced free share and performance share plans for senior executives and certain Group employees. The characteristics of these plans are as follows:

Information on grants

Year granted	2020	2021	2022
Grant date	10/01/2020	10/01/2021	10/04/2022
Vesting period	3 years	3 years	3 years
Number of beneficiaries on the grant date	351	372	497
Number of shares initially granted	46,596	42,752	74,274
Unit fair value at grant date *(in €)*	542.6-608.7	622.5-628.3	457.2-461.5

Number of shares outstanding

Year granted	2020	2021	2022
Balance as of December 31, 2021	**43,724**	**42,296**	**-**
Number granted	-	-	74,274
Number forfeited	(5,093)	(4,046)	(5,938)
Number delivered	-	-	-
Balance as of December 31, 2022	**38,631**	**38,250**	**68,336**

Under performance share plans, the final number of shares delivered to beneficiaries who continue to be employed by the Group at the end of the vesting period cannot be less than 50% or more than 50% of the initial grant made to these beneficiaries. The performance adjustment ratio used to calculate the final number of shares to be delivered is determined in line with Kering's share performance over the three-year vesting period versus the performance of the industry as a whole, as measured based on an index of eight European luxury stocks. As well as the performance conditions applicable to all beneficiaries, specific performance conditions apply to the corporate officers, as outlined at the Annual General Meetings of June 16, 2020, April 22, 2021 and April 28, 2022.

Other free share and performance share plans

Kering may also include share-based payments in plans specifically introduced for key executives from the Houses, reflecting the creation of value at their respective brands.

A plan of this type was set up in 2020 and provides for settlement in Kering shares after a vesting period of five years. The fair value of this benefit at the grant date was calculated by an independent expert using the Black & Scholes and Monte Carlo methods and amounts to €55 million.

5.3 Capital increase reserved for employees

On May 4, 2022, Kering announced the launch of its first employee share ownership plan. It took place in France, Italy, the United Kingdom, the United States, Mainland China, Hong Kong SAR, Japan and South Korea. The price for subscribing shares under the program was set at €394, corresponding to Kering's average opening share price on Euronext Paris during the 20 trading sessions from April 19 to May 16, 2022, less a 20% discount and rounded up to the nearest cent.

At the end of the subscription period, which took place from May 19 to June 9, 2022, 102,862 shares had been subscribed (including the employer contribution).

The shares were settled and delivered on July 7, 2022 through a €411,448 increase in Kering SA's capital involving the issue of 102,862 new ordinary shares.

NOTE 6 – OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

(in € millions)	2022	2021
Gains relating to changes in scope	29	5
Capital gains on disposals of non-current assets	-	-
Other	4	-
Other non-recurring operating income	**33**	**5**
Losses relating to changes in scope	(21)	(140)
Capital losses on disposals of non-current assets	-	-
Impairment of goodwill and other non-current assets	(41)	(69)
Restructuring costs	(36)	(9)
Acquisition costs	(29)	(1)
Other	(101)	(5)
Other non-recurring operating expenses	**(227)**	**(225)**
OTHER NON-RECURRING OPERATING INCOME AND EXPENSES	(194)	(220)

Gains from changes to the scope of consolidation arose from Ulysse Nardin and Girard Perregeaux currency translation adjustments being recognized as income on the day those entities were sold.

The 2021 loss relating to the same change in scope arose from fair value adjustments on assets and liabilities held for sale.

Impairment of other non-current assets amounted to €41 million including €36 million relating to lease right-of-use assets and property, plant and equipment in Russia.

Other non-current operating expenses mainly concerned the cost of reorganizing Gucci's design studio and the impact of the change in estimates relating to inventories described in Note 15.

NOTE 7 – FINANCIAL RESULT

(in € millions)	**2022**	**2021**
Cost of net debt[(1)]	**(47)**	**(38)**
Income from cash and cash equivalents	10	8
Finance costs at amortized cost	(57)	(46)
Other financial income and expenses	**(89)**	**(129)**
Net gains (losses) on financial assets	(3)	2
Net foreign exchange gains (losses)	(28)	1
Ineffective portion of cash flow and fair value hedges	(154)	(83)
Net gains (losses) on derivative instruments not qualifying for hedge accounting	111	(32)
Other finance costs	(15)	(16)
Financial result excluding leases	**(136)**	**(167)**
Interest expense on lease liabilities	(124)	(106)
TOTAL	(260)	(273)

(1) The definition of net debt is set out in Note 33.1.4.

In 2022, the cost of net debt was €47 million (€38 million in 2021). The change arose mainly from the increase in the average amount of debt outstanding and in the average interest rate.

Other financial income and expense produced a net expense of €89 million in 2022 (net expense of €129 million in 2021). This positive development arose mainly from the change in value of the derivative embedded in the PUMA bond issue, which was redeemed in late September.

NOTE 8 – INCOME TAXES

8.1 Income tax expense

(in € millions)	**2022**	**2021**
Current tax expense	(1,597)	(1,459)
Deferred tax income (expense)	177	178
TOTAL	(1,420)	(1,280)

8.2 Reconciliation of the effective tax rate

(in € millions)	2022	2021
Income before tax	5,135	4,524
Income tax expense	(1,420)	(1,280)
Effective tax rate	**27.7%**	**28.3%**
Other non-recurring operating income and expenses	(194)	(220)
Recurring income before tax	5,329	4,744
Income tax on other non-recurring operating income and expenses	60	23
Tax expense on recurring income	(1,480)	(1,304)
Effective tax rate on recurring income	**27.8%**	**27.5%**

(as a % of pre-tax income)	2022	2021
Tax rate applicable in France	**25.8%**	**28.4%**
Differences in the tax rates applicable to foreign subsidiaries	-0.9%	- 4.0%
Permanent differences	-0.4%	0.6%
Unrecognized tax losses carried forward	1.4%	0.2%
Change in tax rate	-0.1%	0.3%
Other differences	1.9%	2.0%
Effective tax rate on recurring income	**27.8%**	**27.5%**
Differences relating to other non-recurring operating income and expenses (permanent differences and differences in tax rates)	-0.1%	0.8%
Effective tax rate	**27.7%**	**28.3%**

The income tax rate applicable in France in 2022 was the standard rate of 25%, plus a social surtax of 3.3%, bringing the overall rate to 25.8%.

"Differences in the tax rates applicable to foreign subsidiaries" correspond to the difference between the statutory tax rate applicable in France and the different statutory tax rates applicable in other countries in which the Group does business.

"Permanent differences" result from expenses not deductible and/or income not taxable pursuant to the tax laws of the countries in which the Group does business.

"Other differences" mainly relate to other taxes, such as the IRAP regional production tax in Italy, the CVAE tax on value added in France, tax credits, and possibly tax reassessments.

8.3 Deferred tax assets and liabilities

(in € millions)	Dec. 31, 2021	Income statement	Gains and losses recognized in equity	Other changes[1]	Dec. 31, 2022
Deferred tax assets	1,352	231	47	9	1,640
Deferred tax liabilities	(1,452)	(54)	(19)	(47)	(1,572)
Net deferred tax assets (liabilities)	**(100)**	**177**	**28**	**(37)**	**68**
Value of brands	(1,421)	(69)	-	(54)	(1,544)
Inventories: elimination of internal margins and impairment	973	215	-	1	1,189
Other adjustments	331	30	28	15	403
Tax loss carryforwards	17	2	-	1	20

(1) "Other changes" include foreign exchange differences and changes in scope.

8.4 Unrecognized deferred tax assets

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Deferred tax assets on tax loss carryforwards	368	294
Deferred tax assets on other temporary differences	41	33
Unrecognized deferred tax assets	**410**	**327**

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Unrecognized tax loss carryforwards expiring in *(tax base)*	1,156	729
less than five years	*25*	*51*
more than five years	*1,132*	*679*
Indefinite unrecognized tax loss carryforwards *(tax base)*	623	615
Total unrecognized tax loss carryforwards *(tax base)*	**1,779**	**1,344**

NOTE 9 – EARNINGS PER SHARE

9.1 Earnings per share

2022

	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to the Group *(in € millions)*	**3,613.8**	**3,612.7**	**1.0**
Weighted average number of ordinary shares outstanding	124,705,057	124,705,057	124,705,057
Weighted average number of Kering treasury shares	(1,545,941)	(1,545,941)	(1,545,941)
Weighted average number of ordinary shares	**123,159,116**	**123,159,116**	**123,159,116**
Basic earnings per share *(in €)*	**29.34**	**29.33**	**0.01**
Weighted average number of ordinary shares	123,159,116	123,159,116	123,159,116
Potentially dilutive ordinary shares	135,529	135,529	135,529
Weighted average number of diluted ordinary shares	**123,294,645**	**123,294,645**	**123,294,645**
Diluted earnings per share *(in €)*	**29.31**	**29.30**	**0.01**

2021

	Consolidated Group	Continuing operations	Discontinued operations
Net income attributable to the Group *(in € millions)*	**3,175.7**	**3,164.6**	**11.1**
Weighted average number of ordinary shares outstanding	124,999,217	124,999,217	124,999,217
Weighted average number of Kering treasury shares	(414,708)	(414,708)	(414,708)
Weighted average number of ordinary shares	**124,584,509**	**124,584,509**	**124,584,509**
Basic earnings per share *(in €)*	**25.49**	**25.40**	**0.09**
Weighted average number of ordinary shares	124,584,509	124,584,509	124,584,509
Potentially dilutive ordinary shares	38,920	38,920	38,920
Weighted average number of diluted ordinary shares	**124,623,429**	**124,623,429**	**124,623,429**
Diluted earnings per share *(in €)*	**25.49**	**25.40**	**0.09**

9.2 Earnings per share from continuing operations excluding non-recurring items

Non-recurring items presented below consist of other non-recurring operating income and expenses (see Note 6), reported net of tax and minority interests.

(in € millions)	2022	2021
Net income from continuing operations attributable to the Group	**3,612.7**	**3,164.6**
Other non-recurring operating income and expenses	(194.0)	(219.8)
Income tax on other non-recurring operating income and expenses	60.0	23.1
Net income from continuing operations (excluding non-recurring items) attributable to the Group	**3,746.7**	**3,361.3**
	2022	**2021**
Weighted average number of ordinary shares outstanding	124,705,057	124,999,217
Weighted average number of Kering treasury shares	(1,545,941)	(414,708)
Weighted average number of ordinary shares	**123,159,116**	**124,584,509**
Basic earnings per share from continuing operations excluding non-recurring items *(in €)*	**30.42**	**26.98**
Weighted average number of ordinary shares	123,159,116	124,584,509
Potentially dilutive ordinary shares	135,529	38,920
Weighted average number of diluted ordinary shares	**123,294,645**	**124,623,429**
Diluted earnings per share from continuing operations excluding non-recurring items *(in €)*	**30.39**	**26.98**

NOTES ON THE CONSOLIDATED BALANCE SHEET

NOTE 10 – GOODWILL AND IMPAIRMENT TESTS

10.1 Changes during the period

2022

(in € millions)	As of January 1	Acquisitions	Impairment losses	Changes in scope	Foreign exchange differences	Other movements	As of December 31
Gross	**3,094**	**1,474**	**-**	**-**	**(114)**	**(194)**	**4,261**
Impairment losses	(203)	-	-	-	(4)	-	(207)
NET	2,891	1,474	-	-	(118)	(194)	4,053

The "Acquisitions" item in 2022 corresponds mainly to €1,455 million of provisional goodwill at Maui Jim. The €194 million amount in "other movements" corresponds mainly to the allocation of goodwill relating to Lindberg.

2021

(in € millions)	As of January 1	Acquisitions	Impairment losses	Changes in scope	Assets held for sale	Foreign exchange differences	Other movements	As of December 31
Gross	**2,927**	**424**	**-**	**-**	**(288)**	**32**	**(1)**	**3,094**
Impairment losses	(474)	-	-	-	288	(17)	1	(203)
NET	2,453	424	-	-	-	15	-	2,891

10.2 Impairment tests

As part of the goodwill measurement process, an impairment test was carried out as of December 31, 2022. The main assumptions used for each cash-generating unit (CGU) are as follows:

	Goodwill			
Dec. 31, 2022 *(in € millions)*	**Net carrying amount**	**Discount rate (before tax)**	**Perpetual growth rate**	**Business plan time frame**
Gucci CGU	1,652	15.2%	3.0%	5 years
Other CGUs	2,401	11.8% - 15.2%	3.0%	5 or 10 years
TOTAL	4,053			

2021

	Goodwill			
Dec. 31, 2021 *(in € millions)*	**Net carrying amount**	**Discount rate (before tax)**	**Perpetual growth rate**	**Business plan time frame**
Gucci CGU	1,639	12.1%	3.0%	5 years
Other CGUs	1,252	9.9% - 12.7%	3.0%	5 or 10 years
TOTAL	2,891			

In 2022, no impairment losses were recognized in the income statement as a result of impairment tests.

Recoverable amounts determined as part of impairment tests underwent sensitivity testing based on a 10-basis-point increase in the post-tax discount rate, a 10-basis-point decrease in the perpetual growth rate and a 10-basis-point decrease in cash flows.

These tests did not show a recoverable amount less than the carrying amount of cash-generating units.

NOTE 11 – BRANDS AND OTHER INTANGIBLE ASSETS

(in € millions)	Gross	Amortization and impairment	Dec. 31, 2022 Net	Dec. 31, 2021 Net
Brands	6,758	(103)	6,655	6,406
Other intangible assets	1,667	(965)	702	626
TOTAL	8,425	(1,068)	7,357	7,032

In 2022, changes in brands and other intangible assets were as follows:

2022

(in € millions)	Carrying amount as of January 1	Acquisitions	Amortization	Impairment losses	Changes in scope	Foreign exchange differences	Other movements	Carrying amount as of December 31
Brands	6,406	-	-	-	-	2	247	6,655
Other intangible assets	597[(1)]	279	(177)	-	4	1	(2)	702
TOTAL	7,003	279	(177)	-	4	3	245	7,357

(1) The impact of the IFRIC decision relating to the recognition of configuration and customization costs in a SaaS (Software as a Service) arrangement was €29 million.

(2) The amount under "Other movements" relates to the Lindberg brand.

2021

(in € millions)	Carrying amount as of January 1	Acqui-sitions	Amorti-zation	Impairment losses	Changes in scope	Assets held for sale	Foreign exchange differences	Other movements	Carrying amount as of December 31
Brands	6,402	1	-	-	-	-	3	-	6,406
Other intangible assets	584	259	(160)	(70)	8	(6)	4	7	626
TOTAL	6,986	260	(160)	(70)	8	(6)	7	7	7,032

NOTE 12 – LEASES

12.1 Lease right-of-use assets

(in € millions)	Gross	Depreciation and impairment	Dec. 31, 2022 Net	Dec. 31, 2021 Net
Stores	6,058	(2,376)	3,682	3,299
Offices and other	1,581	(455)	1,126	896
Capitalized fixed lease payments	**7,639**	**(2,831)**	**4,808**	**4,196**
Lease rights	207	(85)	121	106
TOTAL	7,846	(2,916)	4,929	4,302

Change in lease right-of-use assets

2022

(in € millions)	Carrying amount as of January 1	New leases	Lease modifi-cations	Early termi-nations	Depreciation	Impairment losses	Foreign exchange differences	Other	Carrying amount as of December 31
Stores	3,299	1,045	110	(35)	(771)	(18)	44	7	3,682
Offices and other	896	376	41	(37)	(154)	-	6	(3)	1,126
Total	**4,196**	**1,421**	**151**	**(72)**	**(925)**	**(18)**	**50**	**4**	**4,808**
Lease rights	106	14	-	-	(10)	-	(1)	13	121
TOTAL	4,302	1,435	151	(72)	(935)	(18)	49	17	4,929

2021

(in € millions)	Carrying amount as of January 1	New leases	Lease modifi-cations	Early termin-ations	Depre-ciation	Impairment losses	Assets held for sale	Foreign exchange differences	Other	Carrying amount as of December 31
Stores	2,949	789	282	(167)	(683)	9	(2)	129	(6)	3,299
Offices and other	892	111	24	(4)	(134)	-	(1)	16	(8)	896
Total	**3,841**	**899**	**306**	**(172)**	**(817)**	**9**	**(2)**	**145**	**(14)**	**4,196**
Lease rights	116	13	-	-	(10)	-	-	-	(13)	106
TOTAL	3,957	912	306	(172)	(827)	9	(2)	145	(27)	4,302

12.2 Lease liabilities

(in € millions)	Y+2	Y+3	Y+4	Y+5 and beyond	Total as of Dec. 31, 2022	Total as of Dec. 31, 2021
Maturity schedule of non-current lease liabilities	762	653	568	2,437	4,420	3,826

As of December 31, 2022, current lease liabilities amounted to €812 million (€675 million in 2021).

Change in lease liabilities

2022

(in € millions)	Carrying amount as of January 1	New leases	Repay-ments	Interest expense	Lease modifi-cations	Early termi-nations	Foreign exchange difference	Other movements	Carrying amount as of December 31
Stores	3,540	1,033	(780)	98	112	(34)	48	10	4,027
Offices and other	961	375	(168)	26	42	(37)	8	(3)	1,204
TOTAL	4,501	1,408	(948)	124	154	(71)	56	7	5,232

2021

(in € millions)	Carrying amount as of January 1	New leases	Repay-ments	Interest expense	Lease modifi-cations	Early termi-nations	Liabilities associated with assets held for sale	Foreign exchange difference	Other	Carrying amount as of December 31
Stores	3,143	787	(736)	83	285	(168)	(2)	145	3	3,540
Offices and other	941	110	(146)	23	22	(4)	(1)	18	(3)	961
TOTAL	4,084	896	(882)	106	308	(173)	(3)	163	1	4,501

12.3 Impact of leases in the income statement

(in € millions)	2022	2021
Rental expense – Variable lease payments	(989)	(834)
Rental expense – Short-term leases	(97)	(76)
Rental expense – Leases with a low-value underlying asset	(4)	(8)
Sub-lease revenue	10	9
Depreciation of lease right-of-use assets	(935)	(827)
Impact on recurring operating income	**(2,015)**	**(1,736)**
Interest expense on lease liabilities	(124)	(106)
Impact on financial result	**(124)**	**(106)**
Impairment of lease right-of-use assets	18	9
Impact on other non-recurring operating income and expenses	**18**	**9**
TOTAL	(2,121)	(1,833)

12.4 Impact of leases in the statement of cash flows

(in € millions)	2022	2021
Impact of leases in the income statement	**(2,121)**	**(1,833)**
Depreciation of lease right-of-use assets	935	827
Impairment of lease right-of-use assets	(18)	(9)
Interest paid on leases	124	106
Change in working capital requirement – leases	(23)	(35)
Impact on net cash received from (used in) operating activities	**(1,103)**	**(945)**
Lease set-up costs	(19)	(15)
Impact on net cash received from (used in) investing activities	**(19)**	**(15)**
Repayment of lease liabilities	(824)	(776)
Interest paid on leases	(124)	(106)
Impact on cash received from (used in) financing activities	**(948)**	**(882)**
TOTAL	(2,070)	(1,841)

NOTE 13 – PROPERTY, PLANT AND EQUIPMENT

(in € millions)	Gross	Depreciation and impairment	Dec. 31, 2022 Net	Dec. 31, 2021 Net
Land and buildings	923	(240)	683	672
Plant and equipment	4,955	(2,743)	2,211	1,946
Other property, plant and equipment	599	(105)	494	349
TOTAL	6,477	(3,089)	3,388	2,967

2022

(in € millions)	Carrying amount as of January 1	Acqui-sitions	Disposals	Depre-ciation	Impair-ment losses	Changes in scope	Foreign exchange differences	Other movements	Carrying amount as of December 31
Land and buildings	672	14	-	(21)	2	13	(7)	10	683
Plant and equipment	1,946	605	(4)	(515)	(18)	24	14	159	2,211
Other PP&E	349	333	-	(20)	-	6	4	(178)	494
TOTAL	2,967	952	(4)	(556)	(16)	42	12	(9)	3,388

2021

(in € millions)	Carrying amount as of January 1	Acqui-sitions	Disposals	Depre-ciation	Impair-ment losses	Changes in scope	Assets held for sale	Foreign exchange differences	Other movements	Carrying amount as of December 31
Land and buildings	686	4	(3)	(21)	(1)	7	(19)	2	18	672
Plant and equipment	1,621	398	(9)	(423)	(9)	9	(9)	66	302	1,946
Other PP&E	364	313	(5)	(16)	(1)	2	(1)	11	(317)	349
TOTAL	2,670	715	(17)	(461)	(12)	18	(29)	79	3	2,967

NOTE 14 – FINANCIAL ASSETS

14.1 Breakdown of financial assets

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Non-consolidated investments[(1)]	416	708
Loans and receivables	1	1
Deposits and guarantees	226	211
Other financial investments	213	134
Non-current financial assets	**855**	**1,054**
Derivative instruments	163	16
Loans and receivables	3	6
Current financial assets	**167**	**22**

(1) *Including a 3% interest in PUMA in 2022 (4% in 2021).*

14.2 Financial assets at fair value

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Non-consolidated investments	416	708
o/w changes in fair value recognized through equity	*408*	*706*
o/w changes in fair value recognized through the income statement	*9*	*2*
Derivative instruments	163	16
Other financial investments	213	134
o/w changes in fair value recognized through equity	*205*	*125*
o/w changes in fair value recognized through the income statement	*7*	*9*
Financial assets at fair value	**791**	**858**

The fair value of non-consolidated investments quoted on an active market is their market price as of the reporting date (level 1 of the fair value hierarchy). This category chiefly includes PUMA shares. The fair value of non-consolidated investments not quoted on an active market is determined using internal valuation techniques drawing on non-observable inputs (level 3 of the fair value hierarchy). The securities in this category are not material.

The fair value of derivative instruments is determined using valuation techniques drawing on observable market inputs (such as forward rates and interest rate curves) and on commonly used models (level 2 of the fair value hierarchy) (see Note 19).

The fair value of other financial investments carried at fair value is determined using internal valuation techniques drawing on non-observable inputs (level 3 of the fair value hierarchy).

NOTE 15 – INVENTORIES

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Commercial inventories	4,707	4,287
Industrial inventories	1,102	940
Gross value	**5,809**	**5,227**
Allowances	(1,343)	(1,858)
Carrying amount	**4,465**	**3,369**

In 2022, the Group stopped using the retail method for measuring inventories. Inventories are now measured using the weighted average cost method. The impact of this change in accounting estimates is recognized on a forward-looking basis and recognized under "Other non-recurring operating expenses" (see Note 6) in an amount of €52 million in 2022.

Movements in allowances

(in € millions)	As of January 1	Additions	Reversals	Changes in scope	Assets held for sale	Foreign exchange differences	Other movements	As of December 31
2022	(1,858)	(311)	84	(9)	-	(6)	756	(1,343)
2021	(1,718)	(285)	89	(6)	102	(51)	12	(1,858)

“Other movements” include a reclassification between gross value and allowances, following the aforementioned adoption of a new technique for measuring inventories.

NOTE 16 – TRADE RECEIVABLES AND ACCRUED INCOME

(in € millions)	**Dec. 31, 2022**	**Dec. 31, 2021**
Trade receivables and accrued income	1,207	1,008
Allowances	(27)	(31)
Carrying amount	**1,180**	**977**

Movements in allowances

(in € millions)	As of January 1	Net (additions) reversals	Changes in scope	Assets held for sale	Foreign exchange differences	Other movements	As of December 31
2022	(31)	5	(1)	-	(1)	-	(27)
2021	(40)	7	(1)	5	(2)	-	(31)

Breakdown of trade receivables and accrued income by age

(in € millions)	**2022**	**2021**
Receivables not yet due	1,027	893
Past due receivables:	180	115
Less than one month	*99*	*79*
One to six months	*69*	*25*
More than six months	*12*	*11*
Allowances	(27)	(31)

Credit risk

In light of the Group's business model, with wholesale sales and royalties received from wholesalers making a smaller contribution to total sales, the Group does not have significant exposure to credit risk. Furthermore, with respect to wholesalers, the Group has no dependency or concentration risk. The Group substantially limits the credit risk linked to these parties by taking out credit insurance.

NOTE 17 – EQUITY

As of December 31, 2022, the share capital amounted to €496,283,112, comprising 124,070,778 fully paid-up shares with a par value of €4 each (share capital of €498,771,664 and 124,692,916 shares as of December 31, 2021).

Changes in the share capital in 2022 were as follows:

- in July 2022, as part of an employee share ownership transaction, the Group increased Kering SA's capital by €411,448 by issuing 102,862 ordinary shares;
- as part of the share buyback program, the Group canceled 725,000 shares, reducing the share capital by €2,900,000.

Excluding the 1,850,408 Kering treasury shares, there were 122,220,370 shares issued and outstanding as of December 31, 2022.

17.1 Kering treasury shares

	Dec. 31, 2022		**Dec. 31, 2021**	
(in € millions)	**Number**	**Amount**	**Number**	**Amount**
Liquidity agreement	-	-	-	-
Share buyback program (for cancellation)	650,000	333	-	-
Share-based payment	1,200,408	690	624,211	380
Kering treasury shares	**1,850,408**	**1,023**	**624,211**	**380**

Change in Kering treasury shares

(in € millions)	Number	Amount	Impact on cash
As of January 1, 2022	**624,211**	**380**	
Purchases under the liquidity agreement	191,105	101	101
Disposals under the liquidity agreement	(191,105)	(101)	(101)
Purchases under share-based payment plans	576,197	310	(312)
Purchases with a view to canceling the shares	1,375,000	715	(718)
Cancellations under the share buyback program	(725,000)	(382)	N/A
Shares vested	-	-	N/A
Net capital gain (loss) on disposal	-	-	N/A
As of December 31, 2022	**1,850,408**	**1,023**	**(1,030)**

Liquidity agreement

Since May 26, 2004, Kering has maintained agreements with a financial broker in order to improve the liquidity of the Group's shares and ensure share price stability. The latest agreement was signed on February 13, 2019, in accordance with AMF ruling no. 2018-01 of July 2, 2018, applicable since January 1, 2019. An amendment to that agreement came into force on July 1, 2021, providing for the resources in the liquidity account to be reduced by €25 million. As a result, there has been €25 million in the liquidity account since July 1, 2021.

Share buyback program and allocation to free share plans

The share buyback program, authorized in the Annual General Meetings of July 6, 2021 and April 28, 2022, and announced on August 25, 2021 with the aim of repurchasing up to 2.0% of the Group's share capital over a 24-month period, was completed on December 15, 2022.

In 2022, the Company repurchased 1,950,000 shares (in tranches 2-4 of the share buyback program), of which 725,000 have already been canceled. Of the shares repurchased in the first tranche of the program, 325,000 were canceled in 2021.

The table summarizing the program's various tranches at December 31, 2022 is presented in Note 1 - Significant events of 2022.

17.2 Dividends paid by Kering SA

(in € millions)	Dividend for 2022	Dividend for 2021
INTERIM DIVIDEND		
Amount per share	€4.50	€3.50
Payment date	Jan. 18, 2023	Jan. 17, 2022
Gross amount paid	551	434
BALANCE PAID THE FOLLOWING YEAR FURTHER TO THE AGM		
Amount per share	€9.50 (1)	€8.50
Payment date	May 4, 2023	May 5, 2022
Gross amount paid	1,179 (1)(2)	1,049
TOTAL DIVIDEND		
Amount per share	€14.00	€12.00
Total gross amount	1,712 (2)	1,483

(1) Based on a recommendation of Kering's Board of Directors of February 14, 2023, pending approval of the Annual General Meeting of April 27, 2023.
(2) Without adjusting for the effect of Kering shares held in treasury.

Amounts paid are presented after adjusting for the effect of Kering shares held in treasury.

NOTE 18 – NET DEBT

(in € millions)	**Dec. 31, 2022**	**Dec. 31, 2021**
Borrowings	6,642	5,417
Cash and cash equivalents	(4,336)	(5,249)
TOTAL	2,306	168

18.1 Cash and cash equivalents

(in € millions)	**Dec. 31, 2022**	**Dec. 31, 2021**
Cash	4,006	3,325
Cash equivalents(1)	330	1,924
TOTAL	4,336	5,249

(1) Including term deposits and mutual fund units.

18.2 Breakdown of borrowings by category and maturity

(in € millions)	**Dec. 31, 2022**	**Current**	***Y+2***	***Y+3***	***Y+4***	***Y+5***	***Beyond***	**Total non-current**
Bonds	4,226	600	*502*	*748*	*498*	*486*	*1,391*	3,626
Other bank borrowings	201	141	*31*	*28*	-	-	-	59
Bank overdrafts	242	242	-	-	-	-	-	-
Commercial paper	1,010	1,010	-	-	-	-	-	-
Other borrowings(1)	963	302	*46*	*595*	-	*10*	*11*	661
o/w Put options granted to minority interests	*681*	*20*	*46*	*595*	-	*10*	*11*	*661*
TOTAL	6,642	2,295	*579*	*1,371*	*498*	*496*	*1,402*	4,347
%	100%	35%	*9%*	*21%*	*8%*	*7%*	*21%*	65%

(in € millions)	**Dec. 31, 2021**	**Current**	***Y+2***	***Y+3***	***Y+4***	***Y+5***	***Beyond***	**Total non-current**
Bonds	3,370	825	*599*	*504*	-	*498*	*944*	2,545
Other bank borrowings	229	99	*89*	*32*	*1*	*1*	*7*	130
Bank overdrafts	733	733	-	-	-	-	-	-
Commercial paper	703	703	-	-	-	-	-	-
Other borrowings(1)	382	82	-	*43*	*257*	-	-	300
o/w Put options granted to minority interests	*326*	*26*	-	*43*	*257*	-	-	*300*
TOTAL	5,417	2,442	*688*	*579*	*258*	*499*	*951*	2,976
%	100%	45%	*13%*	*11%*	*5%*	*9%*	*18%*	55%

(1) Other borroçawings include accrued interest.

18.3 Breakdown of borrowings by repayment currency, after hedging

(in € millions)	Dec. 31, 2022	%	Dec. 31, 2021	%
EUR	5,990	90%	4,897	91%
JPY	409	6%	399	7%
USD	194	3%	11	-
Other currencies	49	1%	109	2%
TOTAL	6,642	100%	5,417	100%

Borrowings denominated in foreign currencies finance the Group's operations outside the eurozone.

18.4 Bonds

On April 28, 2022, the Group issued €1.5 billion of bonds in two tranches:

- a €750 million tranche with a 3-year maturity and a 1.25% coupon; and
- a €750 million tranche with an 8-year maturity and a 1.875% coupon.

$200 million of fixed-rate bonds with a 5-year maturity were also issued in May 2022.

The Group redeemed €275 million of fixed-rate bonds that matured on March 28, 2022, after an issue that took place in 2015 and was partly redeemed in 2018. Finally, bonds exchangeable for PUMA shares were redeemed on September 30, 2022 in an amount of €550 million.

The Group has a Euro Medium Term Notes (EMTN) program capped at €6 billion as of December 31, 2022, of which €4,237 million had been drawn as of that date.

The bonds issued between 2014 and 2017 within the scope of the EMTN program are all subject to a change-of-control clause entitling bondholders to request early redemption at par if Kering's rating is downgraded to non-investment grade following a change of control.

Par value *(in millions, local currency)*	Currency	Issue interest rate	Issue date	Maturity	Dec. 31, 2022	Dec. 31, 2021
500	EUR	Fixed 2.75%	04/08/2014	04/08/2024	503	504
			05/30/2014	04/08/2024		
			06/26/2014	04/08/2024		
			09/22/2015	04/08/2024		
			11/05/2015	04/08/2024		
275	EUR	Fixed 0.875%	03/27/2015	03/28/2022	-	275
50	EUR	Fixed 1.6%	04/16/2015	04/16/2035	50	50
500	EUR	Fixed 1.25%	05/10/2016	05/10/2026	498	498
300	EUR	Fixed 1.5%	04/05/2017	04/05/2027	299	298
550	EUR	Zero coupon	09/30/2019	09/30/2022	-	550
600	EUR	Fixed 0.25%	05/13/2020	05/13/2023	600	599
600	EUR	Fixed 0.75%	05/13/2020	05/13/2028	597	596
750	EUR	Fixed 1.25%	05/05/2022	05/05/2025	748	-
750	EUR	Fixed 1.875%	05/05/2022	05/05/2030	744	-
200	USD	Fixed 3.639%	05/27/2022	05/27/2027	187	-
TOTAL					4,226	3,370

18.5 Other bank borrowings

The Group has bank borrowings denominated in yen, mainly floating-rate and totaling €171 million at December 31, 2022. These borrowings fall due within five years.

18.6 Undrawn confirmed lines of credit

As of December 31, 2022, the Group had undrawn confirmed lines of credit totaling €3,035 million (December 31, 2021: €3,035 million). These consisted of a syndicated facility for €2,385 million (of which €170 million falls due in December 2024 and €2,215 million in December 2025), and €650 million in bilateral lines of credit that had a maturity of more than one year at December 31, 2022.

NOTE 19 – DERIVATIVE INSTRUMENTS AND MANAGEMENT OF MARKET RISKS

19.1 Exposure and sensitivity to interest rate risk

(in € millions)	Dec. 31, 2022	Impact of hedging	After hedging	Impact on income of a 1% change in interest rates
Fixed-rate	5,236	-	5,236	-
Floating-rate	1,406	-	1,406	14.1
Borrowings	**6,642**			

(in € millions)	Dec. 31, 2022	Impact on income of a 1% change in interest rates
Floating-rate investments	**4,370**	**43.7**

19.2 Exposure and sensitivity to foreign exchange risk

The majority of the Group's sales are carried out in currencies other than its functional currency, primarily in US dollars and in Asian currencies such as the Japanese yen and the Chinese yuan. Purchases and other expenses related to production are primarily denominated in euros. The Group uses derivative hedging instruments to minimize and anticipate the impact of currency fluctuations on its results. These hedges are set up using currency instruments and/or options eligible for hedge accounting.

The outstanding notional amounts of the derivative instruments used by the Group to manage its foreign exchange risk are shown below:

(in € millions)	Dec. 31, 2022 Notional amount(1) Less than one year	More than one year	Market value(2) Cash flow hedges	Fair value hedges	Unallocated	Total
Options purchased	**8**	**-**	**-**	**-**	**-**	**-**
USD put	8	-	-	-	-	-
USD call	-	-	-	-	-	-
JPY put	-	-	-	-	-	-
CNY put	-	-	-	-	-	-
Other	-	-	-	-	-	-
Tunnels	**325**	**-**	**13**	**-**	**-**	**13**
USD seller	47	-	3	-	-	3
JPY seller	94	-	1	-	-	1
CNY seller	95	-	5	-	-	5
GBP seller	89	-	4	-	-	4
Forwards	**5,243**	**-**	**62**	**-**	**-**	**62**
USD	2,377	-	18	2	-	20
CNY	1,270	-	36	(1)	-	35
KRW	460	-	(2)	(2)	-	(4)
JPY	281	-	8	-	-	8
HKD	187	-	(2)	-	-	(2)
GBP	168	-	5	1	-	6
TWD	113	-	5	-	-	5
Other	387	-	(6)	-	-	(6)
Cross-currency swaps(3)	**586**	**-**	**4**	**(2)**	**(15)**	**(13)**
CNY	629	-	3	(2)	-	1
CHF	(156)	-	-	-	-	-
GBP	(144)	-	-	-	(5)	(5)
JPY	97	-	-	-	(2)	(2)
Other	160	-	1	-	(8)	(7)
TOTAL	6,162	-	79	(2)	(15)	62

(1) Sale /(purchase).
(2) Gain /(loss).
(3) Excluding cross-currency swaps hedging debt (€188 million).

The Group's net exposure to foreign exchange risk can be analyzed as follows:

Dec. 31, 2022 (in € millions)	*Monetary assets*	*Monetary liabilities*	Net exposure in the balance sheet	Forecast exposure	Net exposure before hedging	Hedging instruments	Net exposure after hedging as of Dec. 31, 2022	Net exposure after hedging as of Dec. 31, 2021
USD	*716*	*296*	420	2,219	2,639	(2,605)	34	397
CNY	*756*	*14*	742	1,457	2,199	(1,995)	204	632
JPY	*227*	*409*	(182)	352	170	(481)	(311)	(351)
GBP	*134*	*188*	(54)	230	176	(112)	64	78
CHF	*63*	*196*	(133)	-	(133)	151	18	35
HKD	*85*	*109*	(24)	171	147	(99)	48	86
KRW	*179*	*9*	170	403	573	(460)	113	117
Other	*1,185*	*233*	952	442	1,394	(749)	645	809
TOTAL	*3,345*	*1,454*	1,891	5,274	7,165	(6,350)	815	1,803

Monetary assets comprise loans and receivables, bank balances, and investments and cash equivalents maturing within three months of the acquisition date.

Monetary liabilities comprise borrowings, operating payables and other current payables.

Most of these monetary items are denominated in the functional currencies in which the subsidiaries operate. They do not generate currency effects. Monetary items that are not denominated in the functional currencies in which the subsidiaries operate undergo currency hedging in accordance with applicable procedures.

Analysis of sensitivity to foreign exchange risk

Based on market data as of December 31, 2022, the direct impact on equity and income (excluding the tax effect) of a 10% increase or decrease in the euro exchange rate against the principal currencies to which the Group is exposed (USD, JPY and CNY) would be as follows:

Dec. 31, 2022 *(in € millions)*	**Impact on equity**		**Impact on income**	
	10% increase	**10% decrease**	**10% increase**	**10% decrease**
USD	197	(240)	-	-
JPY	30	(36)	-	-
CNY	131	(159)	-	-

Dec. 31, 2021 *(in € millions)*	**Impact on equity**		**Impact on income**	
	10% increase	**10% decrease**	**10% increase**	**10% decrease**
USD	144	(175)	-	-
JPY	36	(43)	-	-
CNY	169	(205)	-	-

All other market variables were assumed to remain unchanged for the purpose of the sensitivity analysis.

The impact on equity recognized via the remeasurement of financial instruments is generated by foreign exchange instruments eligible for cash flow hedge accounting.

The impact on financial result in the income statement is generated by foreign exchange instruments not eligible for hedge accounting and from the change in the ineffective portion of cash flow hedges.

19.3 Exposure to equity risk

The Group has exposure to equity risk through its stake in PUMA (3% as of December 31, 2022), the value of which depends on fluctuations in the PUMA share price (see Note 14.2).

Based on market data as of December 31, 2022, a 10% change in PUMA's share price would have a €25 million impact on the value of the PUMA stake in the Group's balance sheet.

Other shares held in connection with non-consolidated investments represent a low exposure risk for the Group and are not hedged.

19.4 Exposure to precious metals price risk

The Group may be exposed to fluctuations in the price of certain precious metals within the scope of its Houses' activities, particularly in the Jewelry segment. Hedges may therefore be put in place by arranging derivative financial instruments to fix the production cost or by negotiating prices with refiners or manufacturers of semi-finished products.

As of December 31, 2022, these hedging transactions with a residual maturity of less than one year are treated as forward purchases in a notional amount of €38 million. They have a non-material market value (notional amount of €31 million as of December 31, 2021).

A sudden 1% increase or decrease in precious metals prices would have a direct impact of €0.4 million (excluding the tax effect) on equity via the remeasurement of financial instruments.

19.5 Exposure to counterparty risk

The Group trades derivatives over-the-counter in compliance with its internal control procedures. The trades are carried out with top-tier companies that have signed FBF or ISDA-type agreements. The impact of counterparty risk on the fair value of derivative instruments pursuant to IFRS 13 is deemed to be zero.

19.6 Measurement of derivative instruments

(in € millions)	Dec. 31, 2022	Interest rate risk	Foreign exchange risk	Other market risks	Dec. 31, 2021
Non-current financial assets	**1**	**-**	**1**	**-**	**-**
Derivative instruments – at fair value through income statement	-	-	-	-	-
Derivative instruments – cash flow hedges	1	-	1	-	-
Derivative instruments – fair value hedges	-	-	-	-	-
Current financial assets	**163**	**-**	**163**	**-**	**16**
Derivative instruments – at fair value through income statement	3	-	3	-	3
Derivative instruments – cash flow hedges	156	-	156	-	7
Derivative instruments – fair value hedges	3	-	3	-	6
Non-current financial liabilities	**-**	**-**	**-**	**-**	**-**
Derivative instruments - at fair value through income statement (1)	-	-	-	-	-
Derivative instruments – cash flow hedges	-	-	-	-	-
Derivative instruments – fair value hedges	-	-	-	-	-
Current financial liabilities	**(101)**	**-**	**(101)**	**-**	**(304)**
Derivative instruments - at fair value through income statement (1)	(17)	-	(17)	-	(121)
Derivative instruments – cash flow hedges	(77)	-	(77)	-	(180)
Derivative instruments – fair value hedges	(7)	-	(7)	-	(4)
TOTAL	62	-	62	-	(289)

(1) Including the fair value of the derivative (option) embedded within the bond exchangeable for PUMA shares amounting to €106 million as of December 31, 2021.

19.7 Liquidity risk

Liquidity risk management for the Group and each of its subsidiaries is closely monitored and periodically assessed within the scope of the Group's financial reporting procedures.

In order to guarantee its liquidity, as of December 31, 2022 the Group held confirmed undrawn lines of credit totaling €3,035 million and available cash of €4,336 million (see Note 18.1).

	Dec. 31, 2022				
(in € millions)	**Carrying amount**	**Cash flow**	**Less than one year**	**One to five years**	**More than five years**
Non-derivative financial instruments	**8,905**	**(9,164)**	**(4,582)**	**(3,118)**	**(1,464)**
Bonds	4,226	(4,238)	(600)	(2,238)	(1,400)
Commercial paper	1,010	(1,011)	(1,011)	-	-
Other borrowings	1,406	(1,652)	(708)	(880)	(64)
Trade payables and accrued expenses	2,263	(2,263)	(2,263)	-	-
Derivative financial instruments	**(62)**	**51**	**44**	**7**	**-**
Interest rate risk	-	-	-	-	-
Interest rate swaps	-	-	-	-	-
Other interest rate derivatives	-	-	-	-	-
Foreign exchange risk	**(62)**	**51**	**44**	**7**	**-**
Currency forwards and currency swaps	-	*30*	*30*	-	-
Outflows	-	*(6,740)*	*(6,740)*	-	-
Inflows	-	*6,770*	*6,770*	-	-
Other foreign currency derivatives	-	*21*	*14*	*7*	-
Outflows	-	*(485)*	*(281)*	*(204)*	-
Inflows	-	*506*	*295*	*211*	-
Other market risks	-	-	**-**	-	-
Precious metals hedges	**-**	**-**	-	-	-
Embedded derivative relating to bonds exchangeable into PUMA shares	-		-	-	-
TOTAL	8,843	(9,113)	(4,538)	(3,111)	(1,464)

	Dec. 31, 2021				
(in € millions)	**Carrying amount**	**Cash flow**	**Less than one year**	**One to five years**	**More than five years**
Non-derivative financial instruments	**7,159**	**(7,288)**	**(4,193)**	**(2,117)**	**(978)**
Bonds	3,370	(3,375)	(825)	(1,600)	(950)
Commercial paper	703	(702)	(702)	-	-
Other borrowings	1,344	(1,469)	(924)	(517)	(28)
Trade payables and accrued expenses	1,742	(1,742)	(1,742)	-	-
Derivative financial instruments	**288**	**(222)**	**(213)**	**(8)**	**-**
Interest rate risk	**0**	**(0)**	**(0)**	**-**	**-**
Interest rate swaps	-	*(0)*	*(0)*	-	-
Other interest rate derivatives	-	-	-	-	-
Foreign exchange risk	**183**	**(223)**	**(215)**	**(8)**	**-**
Currency forwards and currency swaps	-	*(224)*	*(216)*	*(8)*	-
Outflows	-	*(7,569)*	*(7,366)*	*(203)*	-
Inflows	-	*7,345*	*7,150*	*195*	-
Other foreign currency derivatives	-	*1*	*1*	-	-
Outflows	-	*(252)*	*(252)*	-	-
Inflows	-	*253*	*253*	-	-
Other market risks	**105**	**2**	**2**	**-**	**-**
Precious metals hedges	(1)	2	2		
Embedded derivative relating to bonds exchangeable into PUMA shares	*106*	*N/A*	-	-	-
TOTAL	7,447	(7,510)	(4,407)	(2,125)	(978)

NOTE 20 – FINANCIAL LIABILITIES

20.1 Breakdown of financial liabilities

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Derivative instruments	-	-
Non-current financial liabilities	**-**	**-**
Derivative instruments	101	304
Kering SA interim dividend	558	436
Other	4	2
Current financial liabilities	**663**	**743**

20.2 Financial liabilities measured at fair value

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Derivative instruments	101	304
Financial liabilities measured at fair value	**101**	**304**

The fair value of derivative financial instruments is determined using valuation techniques drawing on observable market inputs (such as forward rates and interest rate curves) and on commonly used models (level 2 of the fair value hierarchy).

NOTE 21 – PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

21.1 Description of the main pension plans and other post-employment benefits

In accordance with the laws and practices in each country, Group employees receive long-term or post-employment benefits in addition to their short-term remuneration. These additional benefits take the form of defined contribution or defined benefit plans.

Under defined contribution plans, the Group is not obliged to make any additional payments beyond contributions already made. Contributions to these plans are expensed as incurred.

An actuarial valuation of defined benefit plans is carried out by independent experts. These benefits primarily concern mandatory supplementary pension plans in Switzerland, statutory dismissal compensation in Italy, and retirement termination payments and long-service bonuses in France.

Mandatory supplementary pension plans (LPP) – Switzerland

In Switzerland, pension plans are defined contribution plans that guarantee a minimum yield and provide for a fixed salary conversion rate on retirement. However, the pension plans operated by the Group's entities in Switzerland offer benefits over and above those stipulated in the LPP/BVG pension law. Consequently, a provision is booked in respect of defined benefit plans for the amounts that exceed LPP/BVG pension law requirements.

These pension plans are generally operated as separate legal entities in the form of a foundation, which may be a collective institution or affiliated to a specific plan. The Board of Trustees of these foundations, comprising an equal number of employer and employee representatives, is responsible for administering the plan and bears the investment and longevity risks. Collective foundations insure some of their risk with an insurance company.

Statutory dismissal compensation (TFR) – Italy

The TFR (Trattamento di Fine Rapporto) plans in Italy were created by Law no. 297, adopted on May 29, 1982, and are applicable to all workers in the private sector on termination of employment for whatever reason (resignation, termination at the employer's initiative, death, incapacity or retirement). Since 2007, companies with at least 50 employees have had to transfer their TFR funding to an external fund manager. This concerns the large majority of plans operated by Kering group companies.

Retirement termination payments and long-service bonuses – France

In France, retirement termination benefits are fixed and paid by companies to their employees on retirement. The amount paid depends on the number of years of service on retirement, and is defined in the relevant collective bargaining agreement. The payments do not confer any vested entitlement to employees until they reach retirement age. Retirement termination benefits are not related to other statutory retirement benefits such as pensions paid by social security bodies or top-up pension funds such as ARRCO and AGIRC in France, which are defined contribution plans.

Long-service bonuses are not compulsory in France (there is no legal obligation to pay these awards to employees), but hold symbolic value. Nevertheless, some of Kering's French entities choose to pay long-service bonuses after 20, 30, 35 and 40 years of service.

21.2 Provisions for pensions and other long-term benefits

The provisions on the balance sheet include defined-benefit post-employment plans and other long-term benefits:

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Non-current provisions	**66**	**89**
Current provisions	**12**	**12**
CURRENT PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS	78	101

	2022					2021
				Change during the period		
(in € millions)	Present value of benefit obligation	Fair value of plan assets	Provisions for pensions and other post-employment benefits	Gains and losses recognized in equity	Income statement	Provisions for pensions and other post-employment benefits
As of January 1	**152**	**51**	**101**			**120**
Current service cost	11	-	11	-	11	14
Past service cost	-	-	-	-	-	(2)
Plan amendments	-	-	-	-	-	-
Interest cost on the benefit obligation	1	-	1	-	1	1
Interest income on plan assets	-	-	-	-	-	-
Contributions paid by employees	3	3	-	-	-	-
Contribution paid by employer	-	3	(3)	-	-	(4)
Benefits paid	(12)	(5)	(6)	-	-	(6)
Actuarial gains and losses:	(29)	1	(30)	(30)	-	(18)
Changes in demographic assumptions	*1*	-	*1*	-	-	*(8)*
Changes in financial assumptions	*(35)*	-	*(35)*	-	-	*(6)*
Experience adjustments	*5*	-	*5*	-	-	*(5)*
Return on plan assets (excluding interest)	-	*1*	*(1)*	-	-	-
Insurance contracts	-	-	-	-	-	-
Administrative expenses	-	-	-	-	-	-
Changes in scope	2	-	2	-	-	1
Assets held for sale	-	-	-	-	-	(6)
Foreign exchange differences	4	2	2	-	-	2
As of December 31	**132**	**54**	**78**	**(30)**	**13**	**101**
Obligation funded by plan assets	88	-	-	-	-	
Obligation not funded by plan assets	45	-	-	-	-	

Since December 31, 2021, discount rates have increased sharply, significantly reducing liabilities. This increase in rates is the main reason for the €35 million of gains related to changes in financial assumptions.

21.3 Actuarial assumptions used to estimate the present value of the benefit obligation

	France		Switzerland		Italy	
	2022	2021	2022	2021	2022	2021
Average maturity of plans *(in years)*	10.4	11.7	9.6	14.0	9.4	10.1
Discount rate	4.00%	1.20%	2.25%	0.40%	4.00%	1.20%
Expected rate of increase in salaries	2.99%	2.96%	1.30%	1.15%	3.00%	3.00%
Inflation rate	2.00%	1.75%	1.10%	0.70%	2.00%	1.75%

Sensitivity tests on actuarial assumptions show that the impact of a 50 basis-point increase or decrease in the discount rate would not be material and would represent less than 0.05% of consolidated equity as of December 31, 2022.

21.4 Breakdown of the present value of the benefit obligation by country

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Switzerland	67	78
Italy	34	43
France	21	22
Other	11	8
Present value of benefit obligation	**132**	**152**

21.5 Fair value of plan assets by type of financial instrument

(in € millions)	Dec. 31, 2022	%	Dec. 31, 2021	%
Debt instruments	11	21%	12	24%
Equity instruments	20	37%	20	39%
Real estate	13	25%	10	19%
Insurance contracts	-	0%	-	0%
Derivative instruments	4	8%	4	8%
Cash and cash equivalents	2	4%	2	4%
Other assets	3	5%	3	6%
Fair value of plan assets	**54**	**100%**	**51**	**100%**

In 2023, the Group intends to contribute €3 million to funded plans.

NOTE 22 – PROVISIONS AND CONTINGENT LIABILITIES

(in € millions)	Dec. 31, 2021	Charge	Reversal (utilized provisions)	Reversal (surplus provision)	Changes in scope	Foreign exchange differences	Other movements	Dec. 31, 2022
Non-current provisions	16	3	(3)	(2)	-	-	5	19
Current provisions	138	93	(41)	(27)	-	1	4	168
TOTAL	154	96	(44)	(29)	-	1	9	187

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Provision for restructuring costs	53	29
Vendor warranties	23	24
Disputes and other contingencies	111	101
TOTAL	187	154

Litigation and disputes

Group companies are involved in a number of lawsuits or disputes arising in the normal course of business. According to their management and legal counsel, no disputes currently in progress are likely to have a material impact on normal or foreseeable operations or on the planned development of the Group.

The Group believes there are no known disputes likely to have a potential material impact on its net assets, earnings or financial position that are not adequately covered by provisions recorded as of the end of the reporting period. No individual claim against the parent company or against any of its subsidiaries is material to the parent company or the Group.

The Group is not aware of any arbitration proceedings that have had in the recent past, or are likely to have in the future, a material impact on the financial position, activity or earnings of the Company or Group.

Vendor warranties

Provisions recorded in respect of vendor warranties were unchanged in 2022.

Contingent liabilities

To the best of the Group's knowledge, there are no significant contingent liabilities.

NOTES ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

NOTE 23 – CASH AND CASH EQUIVALENTS AS REPORTED IN THE STATEMENT OF CASH FLOWS

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Cash and cash equivalents as reported in the balance sheet	**4,336**	**5,249**
Bank overdrafts	(242)	(733)
Cash and cash equivalents as reported in the statement of cash flows	**4,094**	**4,516**

NOTE 24 – CASH FLOW RECEIVED FROM OPERATING ACTIVITIES

(in € millions)	2022	2021
Net income from continuing operations	**3,717**	**3,245**
Net recurring charges to depreciation, amortization and provisions on non-current operating assets	1,666	1,453
Other non-cash income and expenses	(334)	18
Non-cash recurring operating income and expenses:	135	(50)
Fair value of operating foreign exchange rate hedges	*284*	*(35)*
Other	*(149)*	*(15)*
Other non-cash income and expenses:	(469)	67
Impairment of goodwill, brands and other non-current assets	*41*	*69*
Fair value of foreign exchange rate hedges in financial result	*(386)*	*84*
Deferred tax expense (income)	*(177)*	*(178)*
Share in earnings (losses) of equity-accounted companies	*(2)*	*(1)*
Other	*55*	*93*
Cash flow received from operating activities	**5,049**	**4,716**

NOTE 25 – CHANGE IN WORKING CAPITAL REQUIREMENT

(in € millions)	2022	2021
Change in inventories	(1,015)	(429)
Change in trade receivables and accrued income	(196)	(13)
Change in trade payables and accrued expenses	494	173
Change in other operating receivables and payables	(185)	231
Change in working capital requirement	**(902)**	**(38)**

NOTE 26 – ACQUISITIONS OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(in € millions)	2022	2021
Acquisitions of property, plant and equipment	(952)	(715)
Acquisitions of intangible assets	(275)	(254)
Change in amounts due in respect of non-current assets	176	49
Lease set-up costs	(19)	(15)
Acquisitions of property, plant and equipment and intangible assets	**(1,071)**	**(934)**

NOTE 27 – FINANCING ACTIVITIES AND CHANGE IN BORROWINGS

	Borrowings					
(in € millions)	Current	Non-current	Lease liabilities	Other assets and liabilities	Equity	Total
As of January 1, 2022	**2,442**	**2,976**	**-**	**-**	**-**	**-**
Kering SA capital increase	-	-	-	-	38	38
Dividends paid to shareholders of Kering SA	-	-	-	-	(1,483)	(1,483)
Dividends paid to minority interests in consolidated subsidiaries	-	-	-	-	(45)	(45)
Transactions with minority interests	(29)	(1)	-	-	347	317
(Acquisitions) disposals of Kering treasury shares	-	-	-	-	(1,030)	(1,030)
Issuance of bonds and bank debt	-	1,742	-	-	-	1,742
Redemption of bonds and bank debt	(904)	-	-	-	-	(904)
Issuance (redemption) of other borrowings	343	-	-	-	-	343
Repayment of lease liabilities	-	-	(824)	-	-	(824)
Interest paid and equivalent	(67)	-	(124)	(107)	-	(298)
Net cash received from (used in) financing activities	**(658)**	**1,741**	**(948)**	**(107)**	**(2,172)**	**(2,144)**
Changes in scope	-	-	-	-	-	-
Foreign exchange differences	(21)	(6)	-	-	-	-
Changes in put options granted to minority interests	23	362	-	-	-	-
Other movements	509	(725)	-	-	-	-
As of December 31, 2022	**2,295**	**4,347**	**-**	**-**	**-**	**-**

(in € millions)	Borrowings Current	Borrowings Non-current	Lease liabilities	Other assets and liabilities	Equity	Total
As of January 1, 2021	**1,776**	**3,815**	**-**	**-**	**-**	**-**
Dividends paid to shareholders of Kering SA	-	-	-	-	(998)	(998)
Dividends paid to minority interests in consolidated subsidiaries	-	-	-	-	(27)	(27)
Transactions with minority interests	(109)	-	-	21	90	2
(Acquisitions) disposals of Kering treasury shares	-	-	-	-	(538)	(538)
Issuance of bonds and bank debt	10	52	-	-	-	63
Redemption of bonds and bank debt	(583)	-	-	-	-	(583)
Issuance (redemption) of other borrowings	136	17	-	-	-	152
Repayment of lease liabilities	-	-	(776)	-	-	(776)
Interest paid and equivalent	(52)	-	(106)	(64)	-	(222)
Net cash received from (used in) financing activities	**(598)**	**68**	**(882)**	**(43)**	**(1,473)**	**(2,927)**
Changes in scope	-	(5)	-	-	-	-
Foreign exchange differences	(9)	(4)	-	-	-	-
Changes in put options granted to minority interests	-	13	-	-	-	-
Other movements	1,272	(913)	-	-	-	-
As of December 31, 2021	**2,442**	**2,976**	**-**	**-**	**-**	**-**

OTHER DISCLOSURES

NOTE 28 – OFF-BALANCE SHEET COMMITMENTS

28.1 Main vendor warranties granted in connection with asset disposals

In relation to the disposal of certain businesses, the Group has granted customary vendor warranties in respect of certain fundamental representations, along with some specific capped and time-limited warranties. Provisions have been set aside in respect of some vendor warranties (see Note 22).

28.2 Off-balance sheet commitments relating to leases

(in € millions)	Payments due by period: Less than one year	One to five years	More than five years	Dec. 31, 2022	Dec. 31, 2021
Leases signed but effective after December 31, 2022	16	219	410	645	214
Short-term leases	15	-	-	15	82
Leases with a low-value underlying asset	7	7	-	14	24
Lease commitments given	**38**	**226**	**410**	**674**	**320**

28.3 Other commitments given and received in the course of the Group's operations

Other commitments given and received in the course of the Group's operations can be analyzed as follows:

	Payments due by period				
(in € millions)	Less than one year	One to five years	More than five years	Dec. 31, 2022	Dec. 31, 2021
Binding purchase commitments	84	34	-	118	180
Customs deposits and other guarantees in respect of operations	180	8	5	193	133
Other commitments given	**264**	**42**	**5**	**311**	**313**
Other commitments received	**30**	**-**	**-**	**30**	**26**

As of December 31, 2022, the amount pledged to secure liabilities relating to property, plant and equipment had been repaid in full (€34 million as of December 31, 2021).

NOTE 29 – TRANSACTIONS WITH RELATED PARTIES

29.1 Related party controlling the Group

Kering SA is controlled by Artémis, which in turn is wholly owned by Financière Pinault.

	Dec. 31, 2022	Dec. 31, 2021
% capital held by the Artémis group in Kering SA	42.0%	41.7%
% of voting rights held by the Artémis group in Kering SA	59.3%	58.7%
Dividend paid for Year Y-1 *(in € millions)*	625	414
Interim dividend paid for Year Y *(in € millions)*	235	182
Fees for the period *(in € millions)*	7	6

The Group pays fees to Artémis for (i) business development consulting services and complex transaction support, and (ii) the supply of development opportunities, new business and cost reduction solutions.These fees are governed by an agreement reviewed by the Audit Committee and approved by the Board of Directors.

29.2 Remuneration paid to members of the Board of Directors and the Group's Executive Committee

(in € millions)	2022	2021
Wages and salaries	41	29
Payroll taxes	7	4
Termination indemnities	-	-
Short-term remuneration	**48**	**33**
Post-employment benefits	1	1
Other long-term benefits	25	13
Share-based payment	2	25
Long-term remuneration	**29**	**39**
TOTAL	77	71

Short-term remuneration corresponds to amounts paid during the year, whereas long-term remuneration corresponds to amounts recognized as expenses in the period.

NOTE 30 – LIST OF CONSOLIDATED ENTITIES

Consolidation method

Full consolidation: C

Equity method: E

Company	Transaction	% interest Dec. 31, 2022		Dec. 31, 2021	
KERING SA			**Parent company**		**Parent company**
LUXURY HOUSES					
France					
ALEXANDER MCQUEEN FRANCE SAS		C	100.00	C	100.00
ARCADES PONTHIEU SA		C	95.00	C	95.00
BALENCIAGA OPERATIONS SAS		C	100.00	C	100.0
BALENCIAGA SAS		C	100.00	C	100.00
BOTTEGA VENETA FRANCE SAS		C	100.00	C	100.00
BOUCHERON PARFUMS SAS		C	100.00	C	100.00
BOUCHERON SAS		C	100.00	C	100.00
BRIONI FRANCE SAS		C	100.00	C	100.00
ATELIER DE CONFECTION SAINT LAURENT		C	100.00	C	100.00
DODO PARIS SAS		C	100.00	C	99.99
FRANCE CROCO SAS (BEFORE MERGER)	Merger	-	-	C	100.00
GG FRANCE SERVICES SAS		C	100.00	C	100.00
GPO HOLDING SAS		C	100.00	C	100.00
GUCCI FRANCE SAS		C	100.00	C	100.00
LES BOUTIQUES BOUCHERON SAS		C	100.00	C	100.00
POMELLATO PARIS SAS		C	100.00	C	99.99
QEELIN FRANCE SARL		C	100.00	C	100.00
SOWIND FRANCE SAS	Disposal	-	-	C	100.00
FRANCE CROCO SAS		C	100.00	C	100.00
YSL VENTES PRIVEES FRANCE SAS		C	100.00	C	100.00
YVES SAINT LAURENT BOUTIQUE FRANCE SAS		C	100.00	C	100.00
YVES SAINT LAURENT PARFUMS SAS		C	100.00	C	100.00
YVES SAINT LAURENT SAS		C	100.00	C	100.00
Germany					
ALEXANDER MCQUEEN TRADING GMBH		C	100.00	C	100.00
BALENCIAGA GERMANY GmbH		C	100.00	C	100.00
BOTTEGA VENETA GERMANY GmbH		C	100.00	C	100.00
BRIONI GERMANY GmbH		C	100.00	C	100.00
DODO DEUTSCHLAND GmbH		C	100.00	C	100.00
GG LUXURY GOODS GmbH		C	100.00	C	100.00
KW LUXURY DISTRIBUTION GmbH	Disposal	-	-	C	100.00
POMELLATO DEUTSCHLAND GmbH		C	100.00	C	100.00
YVES SAINT LAURENT GERMANY GmbH		C	100.00	C	100.00
Austria					
ALEXANDER MCQUEEN GmbH		C	100.00	C	100.00
BALENCIAGA AUSTRIA GmbH		C	100.00	C	100.00
BOTTEGA VENETA AUSTRIA GmbH		C	100.00	C	100.00
GUCCI AUSTRIA GmbH		C	100.00	C	100.00
YVES SAINT LAURENT AUSTRIA GmbH		C	100.00	C	100.00

Company	Transaction	% interest Dec. 31, 2022		Dec. 31, 2021	
Belgium					
BALENCIAGA BELGIUM	Formation	C	100.00	-	-
GUCCI BELGIUM SA		C	100.00	C	100.00
SAINT LAURENT BELGIUM	Formation	C	100.00	-	-
Denmark					
BALENCIAGA DENMARK APS		C	100.00	C	100.00
LUXURY GOODS DENMARK AS		C	51.00	C	51.00
Spain					
BALENCIAGA SPAIN SL		C	100.00	C	100.00
BOTTEGA VENETA ESPANA SL		C	100.00	C	100.00
DODO SPAIN SA		C	100.00	C	100.00
LUXURY GOODS SPAIN SL		C	100.00	C	100.00
LUXURY TIMEPIECES ESPANA SL		C	100.00	C	100.00
SOWIND IBERICA SL	Disposal	-	-	C	100.00
YVES SAINT LAURENT SPAIN SA		C	100.00	C	100.00
United Kingdom					
ALEXANDER MCQUEEN TRADING Ltd		C	100.00	C	100.00
AUTUMNPAPER Ltd		C	100.00	C	100.00
BALENCIAGA UK Ltd		C	100.00	C	100.00
BIRDSWAN SOLUTIONS Ltd		C	100.00	C	100.00
BOTTEGA VENETA UK CO.Ltd		C	100.00	C	100.00
BOUCHERON UK Ltd		C	100.00	C	100.00
BRIONI UK Ltd		C	100.00	C	100.00
DODO (UK) Ltd		C	100.00	C	100.00
GUCCI Ltd		C	100.00	C	100.00
LUXURY TIMEPIECES & JEWELLERY OUTLETS Ltd		C	100.00	C	100.00
LUXURY TIMEPIECES UK Ltd		C	100.00	C	100.00
PAINTGATE Ltd		C	100.00	C	100.00
POMELLATO (UK) Ltd		C	100.00	C	100.00
YVES SAINT LAURENT UK Ltd		C	100.00	C	100.00
Greece					
LUXURY GOODS GREECE AE		C	100.00	C	99.80
SAINT LAURENT GREECE AE		C	100.00	C	100.00
BOTTEGA VENETA GREECE SA	Formation	C	100.00	-	-
Hungary					
GUCCI HUNGARY RETAIL LTD		C	100.00	C	100.00
Ireland					
BOTTEGA VENETA IRELAND LTD		C	100.00	C	100.0
GUCCI IRELAND Ltd		C	100.00	C	100.00
SAINT LAURENT IRELAND LTD		C	100.00	C	100.00
Italy					
ACCADEMIA DELLA PELLETTERIA SRL		C	51.00	C	51.00
ALEXANDER MCQUEEN ITALIA SRL		C	100.00	C	100.00
ALEXANDER MCQUEEN LOGISTICA SRL		C	100.00	C	100.00
ALEXANDER MCQUEEN ONLINE ITALIA SRL		C	100.00	C	100.00
B.V.ITALIA SRL		C	100.00	C	100.00
BALENCIAGA LOGISTICA SRL		C	100.00	C	100.00
BALENCIAGA ONLINE ITALIA SRL		C	100.00	C	100.00
BALENCIAGA RETAIL ITALIA SRL		C	100.00	C	100.00
BOTTEGA VENETA LOGISTICA SRL		C	100.00	C	100.00
BOTTEGA VENETA SRL		C	100.00	C	100.00

		% interest			
Company	**Transaction**	**Dec. 31, 2022**		**Dec. 31, 2021**	
BRIONI GERMANICS HOLDING SRL		C	100.00	C	100.00
BRIONI ITALIA SRL		C	100.00	C	100.00
BRIONI SpA		C	100.00	C	100.00
BV ECOMMERCE SRL		C	100.00	C	100.00
CARAVEL PELLI PREGIATE SpA		C	100.00	C	100.00
CHEM – TEC SRL		C	51.00	C	51.00
COLONNA SpA		C	51.00	C	51.00
CONCERIA 800 SpA		C	51.00	C	51.00
CONCERIA BLUTONIC SpA	Merger	-	-	C	51.00
COSTANZO & RIZZETTO SRL	Acquisition	E	45.00	-	-
DESIGN MANAGEMENT 2 SRL		C	100.00	C	100.00
DESIGN MANAGEMENT SRL		C	100.00	C	100.00
DI REMIGIO & DI DIODORO S.R.L.	Acquisition	C	51.00	-	-
E-LITE SRL		C	100.00	C	100.00
FALCO PELLAMI SpA		C	51.00	C	51.00
G COMMERCE EUROPE SpA		C	100.00	C	100.00
GARPE SRL		C	100.00	C	100.00
GGW ITALIA SRL		C	100.00	C	100.00
GJP SRL		C	100.00	C	100.00
GPA SRL		C	100.00	C	100.00
GT SRL		C	100.00	C	100.00
GUCCI GARDEN SRL		C	100.00	C	100.00
GUCCI IMMOBILIARE LECCIO SRL		C	100.00	C	100.00
GUCCI LOGISTICA SpA		C	100.00	C	100.00
GUCCIO GUCCI SpA		C	100.00	C	100.00
IMMOBILIARE ARMEA SRL		C	100.00	C	100.00
K RETAIL SRL		C	100.00	C	100.00
KERING FASHION OPERATIONS SRL		C	100.00	C	100.00
LECCIO SRL	Merger	-	-	C	100.00
LUXURY GOODS ITALIA SpA		C	100.00	C	100.00
LUXURY GOODS OUTLET SRL		C	100.00	C	100.00
MANIFATTURA VENETA PELLETERIE SRL		C	100.00	C	100.00
MARBELLA PELLAMI SpA		C	51.00	C	51.00
MOOD SRL	Acquisition	E	19.00	-	-
PELLETTERIA ALESSANDRA SRL		C	90.00	C	70.00
PIGINI SRL		C	100.00	C	100.00
POMELLATO EUROPA SpA		C	100.00	C	100.00
POMELLATO SpA		C	100.00	C	100.00
ROMAN STYLE SpA		C	100.00	C	100.00
SAINT LAURENT ECOMMERCE SRL		C	100.00	C	100.00
SAMMEZZANO OUTLET SRL	Merger	-	-	C	100.00
SL LUXURY RETAIL SRL		C	100.00	C	100.00
SOWIND ITALIA SRL	Disposal	-	-	C	100.00
TEST & INNOVATION LAB SRL		C	100.00	C	100.00
TIGER FLEX SRL		C	100.00	C	100.00
TMLO HOLDING SRL	Formation	C	100.00	-	-
TRAMOR SRL	Merger	-	-	C	100.00
ULYSSE NARDIN ITALIA SRL	Disposal	-	-	C	100.00
YVES SAINT LAURENT MANIFATTURE SRL		C	100.00	C	100.00

		% interest			
Company	**Transaction**	**Dec. 31, 2022**		**Dec. 31, 2021**	
Luxembourg					
BOTTEGA VENETA INTERNATIONAL SARL		C	100.00	C	100.00
GUCCI GULF INVESTMENT SARL		C	100.00	C	100.00
GUCCI LUXEMBOURG SA		C	100.00	C	100.00
QEELIN HOLDING LUXEMBOURG SA		C	100.00	C	100.00
Monaco					
BOUCHERON SAM		C	100.00	C	100.00
GUCCI SAM		C	100.00	C	100.00
KERING RETAIL MONACO SAM		C	100.00	C	100.00
SAM YVES SAINT LAURENT OF MONACO		C	100.00	C	100.00
SOCIETE MONEGASQUE DE HAUTE JOAILLERIE S.A.M.		C	100.00	C	99.79
Norway					
LUXURY GOODS NORWAY AS		C	51.00	C	51.00
Netherlands					
ALEXANDER MCQUEEN (THE NETHERLANDS) BV		C	100.00	C	100.00
BALENCIAGA NETHERLANDS BV		C	100.00	C	100.00
BOTTEGA VENETA NETHERLANDS BV		C	100.00	C	100.00
G DISTRIBUTION BV		C	100.00	C	100.00
GG MIDDLE EAST BV		C	51.00	C	51.00
GG OTHER TERRITORIES BV		C	100.00	C	100.00
GUCCI NETHERLANDS BV		C	100.00	C	100.00
KERING ASIAN HOLDING BV		C	100.00	C	100.00
YVES SAINT LAURENT NETHERLANDS BV		C	100.00	C	100.00
Portugal					
BOTTEGA VENETA PORTUGAL, UNIPESSOAL LDA		C	100.00	C	100.00
GUCCI PORTUGAL UNIPESSOAL, LDA		C	100.00	C	100.00
SAINT LAURENT PORTUGAL SL		C	100.00	C	100.00
Czech Republic					
BALENCIAGA CZECH REPUBLIC SRO		C	100.00	C	100.00
BRIONI CZECH REPUBLIC SRO	Liquidation	-	-	C	100.00
LUXURY GOODS CZECH REPUBLIC SRO		C	100.00	C	100.00
YVES SAINT LAURENT CZECH REPUBLIC, SRO		C	100.00	C	100.00
Romania					
SIFA INTERNATIONAL SRL		C	100.00	C	100.00
Russia					
BOUCHERON RUS OOO		C	100.00	C	100.00
GUCCI RUS OOO		C	100.00	C	100.00
ULYSSE NARDIN RUSSIA LLC	Disposal	-	-	C	100.00
Serbia					
F.LLI ROSSI SHOES DOO		C	70.00	C	70.00
LUXURY TANNERY DOO		C	51.00	C	51.00
Sweden					
GUCCI SWEDEN AB		C	51.00	C	51.00
Switzerland					
BALENCIAGA SWITZERLAND SA		C	100.00	C	100.00
BOTTEGA VENETA SWISS RETAIL SA		C	100.00	C	100.00
BOUCHERON (SUISSE) SA		C	100.00	C	100.00
BOUCHERON TIMEPIECES SA	Formation	C	100.00	-	-
BRIONI SWITZERLAND SA		C	100.00	C	100.00
DONZE CADRANS SA	Disposal	-	-	C	100.00
FABBRICA QUADRANTI SA		C	100.00	C	100.00

		% interest			
Company	**Transaction**	**Dec. 31, 2022**		**Dec. 31, 2021**	
GUCCI SWISS RETAIL SA		C	100.00	C	100.00
GUCCI SWISS TIMEPIECES SA		C	100.00	C	100.00
LUXURY GOODS OUTLETS EUROPE SAGL		C	100.00	C	100.00
ROUD' HOR SA	Disposal	-	-	E	35.00
SIGATEC SA	Disposal	-	-	E	50.00
SOWIND GROUP SA	Disposal	-	-	C	100.00
SOWIND SA	Disposal	-	-	C	100.00
THE MALL LUXURY OUTLET SA		C	100.00	C	100.0
MANUFACTURE ET FABRIQUE DE MONTRES ET CHRONOMETRES ULYSSE NARDIN LE LOCLE SA	Disposal	-	-	C	100.00
UNCA SA	Disposal	-	-	E	50.00
YSL SWITZERLAND SA		C	100.00	C	100.00
Aruba					
GEMINI ARUBA NV		C	100.00	C	100.00
Brazil					
BOTTEGA VENETA HOLDING Ltda		C	100.00	C	100.00
GUCCI BRASIL IMPORTACAO E EXPORTACAO Ltda		C	100.00	C	100.00
SAINT LAURENT BRASIL IMPORTACAO E EXPORTACAO Ltda		C	100.00	C	100.00
Canada					
ALEXANDER MCQUEEN TRADING CANADA INC.		C	100.00	C	100.00
BALENCIAGA CANADA Inc.		C	100.00	C	100.00
BOTTEGA VENETA CANADA Ltd		C	100.00	C	100.00
G.BOUTIQUES Inc.		C	100.00	C	100.00
QEELIN CANADA LTD	Formation	C	100.00	-	-
SAINT LAURENT CANADA BOUTIQUES Inc.		C	100.00	C	100.00
Chile					
LUXURY GOODS CHILE SpA		C	51.00	C	51.00
United States					
ALEXANDER MCQUEEN TRADING AMERICA, Inc.		C	100.00	C	100.00
BALENCIAGA AMERICA Inc.		C	100.00	C	100.00
BOTTEGA VENETA Inc.		C	100.00	C	100.00
BOUCHERON JOAILLERIE (USA) Inc.		C	100.00	C	100.00
BRIONI AMERICA HOLDING Inc.		C	100.00	C	100.00
BRIONI AMERICA Inc.		C	100.00	C	100.00
E-LITE US Inc.	Liquidation	-	-	C	100.00
G GATOR USA LLC		C	100.00	C	100.00
GUCCI AMERICA Inc.		C	100.00	C	100.00
GUCCI FINANCIAL HOLDING AMERICAS, INC.		C	100.00	C	100.00
GUCCI OSTERIA USA LLC		C	100.00	C	100.00
GUCCI SAIPAN INC	Formation	C	100.00	-	-
GUCCI TRUST		C	100.00	C	100.00
KERINAMERICAS TRADING, LLC	Formation	C	100.00	-	-
LUXURY HOLDINGS Inc.		C	100.00	C	100.00
LUXURY TIMEPIECES AND JEWELRY USA, Inc.	Liquidation	-	-	C	100.00
POMELLATO USA Inc.		C	100.00	C	100.00
TRADEMA OF AMERICA Inc.	Disposal	-	-	C	100.00
ULYSSE NARDIN Inc.	Disposal	-	-	C	100.00
WALL'S GATOR FARM II LLC		E	40.00	E	40.00
WG ALLIGATOR FARM LLC		E	40.00	E	40.00
YVES SAINT LAURENT AMERICA HOLDING Inc.		C	100.00	C	100.00
YVES SAINT LAURENT AMERICA Inc.		C	100.00	C	100.00

Company	Transaction	% interest Dec. 31, 2022		Dec. 31, 2021	
Mexico					
BALENCIAGA RETAIL MEXICO, S.DE R.L.DE C.V.		C	100.00	C	100.00
BOTTEGA VENETA MEXICO, S.DE R.L.DE C.V.		C	100.00	C	100.00
D ITALIAN CHARMS S.A.DE R.L.DE C.V.		C	100.00	C	100.00
GUCCI IMPORTACIONES S.A.DE C.V.		C	100.00	C	100.00
GUCCI MEXICO S.A.DE C.V.		C	100.00	C	100.00
SAINT LAURENT MEXICO, S.DE R.L.DE C.V.		C	100.00	C	100.00
Panama					
LUXURY GOODS PANAMA S.DE R.L.		C	51.00	C	51.00
SAINT LAURENT PANAMA Inc.		C	100.00	C	100.00
Australia					
ALEXANDER MCQUEEN AUSTRALIA PTY Ltd		C	100.00	C	100.00
BALENCIAGA AUSTRALIA PTY Ltd		C	100.00	C	100.00
BOTTEGA VENETA AUSTRALIA PTY Ltd		C	100.00	C	100.00
GUCCI AUSTRALIA PTY Ltd		C	100.00	C	100.00
QEELIN AUSTRALIA PTY. LTD.	Formation	C	100.00	-	-
SAINT LAURENT AUSTRALIA PTY Ltd		C	100.00	C	100.00
New Zealand					
ALEXANDER MCQUEEN NEW ZEALAND LTD		C	100.00	C	100.00
BALENCIAGA NEW ZEALAND LTD		C	100.00	C	100.00
GUCCI NEW ZEALAND Ltd		C	100.00	C	100.00
SAINT LAURENT NEW ZEALAND Ltd		C	100.00	C	100.00
Greater China					
Mainland China					
ALEXANDER McQUEEN (SHANGHAI) TRADING Ltd		C	100.00	C	100.00
BALENCIAGA FASHION SHANGHAI CO.Ltd		C	100.00	C	100.00
BOTTEGA VENETA (CHINA) TRADING Ltd		C	100.00	C	100.00
BRIONI (SHANGHAI) TRADING Ltd		C	100.00	C	100.00
GUCCI (CHINA) TRADING Ltd		C	100.00	C	100.00
GUCCI WATCHES MARKETING CONSULTING (SHANGHAI) Ltd		C	100.00	C	100.00
KERING (SHANGHAI) WATCHES AND JEWELRY Ltd		C	100.00	C	100.00
POMELLATO SHANGHAI CO.Ltd		C	100.00	C	100.00
QEELIN TRADING (SHANGHAI) CO.Ltd		C	100.00	C	100.00
YVES SAINT LAURENT (SHANGHAI) TRADING Ltd		C	100.00	C	100.00
ULYSSE NARDIN & GIRARD-PERREGAUX (SHANGHAI) WATCHES COMPANY LIMITED	Disposal	-	-	-	-
Hong Kong SAR					
ALEXANDER MCQUEEN (HONG KONG) Ltd		C	100.00	C	100.00
BALENCIAGA ASIA PACIFIC Ltd		C	100.00	C	100.00
BOTTEGA VENETA HONG KONG Ltd		C	100.00	C	100.00
BOUCHERON HONG KONG Ltd		C	100.00	C	100.00
BRIONI HONG KONG Ltd		C	100.00	C	100.00
GUCCI ASIA COMPANY Ltd		C	100.00	C	100.00
GUCCI GROUP (HONG KONG) LTD		C	100.00	C	100.00
MOVEN INTERNATIONAL Ltd	Disposal	-	-	C	100.00
POMELLATO PACIFIC Ltd		C	100.00	C	100.00
QEELIN Ltd		C	100.00	C	100.00
ULYSSE NARDIN (ASIA PACIFIC) Ltd	Disposal	-	-	C	100.00
YVES SAINT LAURENT (HONG KONG) Ltd		C	100.00	C	100.00

Company	Transaction	% interest Dec. 31, 2022		% interest Dec. 31, 2021	
Macau SAR					
ALEXANDER McQUEEN (MACAU) Ltd		C	100.00	C	100.00
BALENCIAGA MACAU Ltd		C	100.00	C	100.00
BOTTEGA VENETA MACAU Ltd		C	100.00	C	100.00
BRIONI MACAU Ltd		C	100.00	C	100.00
GUCCI MACAU Ltd		C	100.00	C	100.00
KERING (MACAU) WATCHES AND JEWELRY Ltd		C	100.00	C	100.00
QEELIN MACAU Ltd		C	100.00	C	100.00
YVES SAINT LAURENT MACAU Ltd		C	100.00	C	100.00
Taiwan					
BOUCHERON TAIWAN CO.Ltd		C	100.00	C	100.00
ULYSSE NARDIN (TAIWAN) Ltd	Disposal	-	-	C	100.00
South Korea					
ALEXANDER MCQUEEN KOREA Ltd		C	100.00	C	100.00
BALENCIAGA KOREA LLC		C	100.00	C	100.00
BOTTEGA VENETA KOREA LLC		C	100.00	C	100.00
GUCCI KOREA LLC		C	100.00	C	100.00
KERING WATCHES & JEWELRY KOREA LLC		C	100.00	C	100.00
YVES SAINT LAURENT KOREA LLC		C	100.00	C	100.00
Guam					
BOTTEGA VENETA GUAM Inc.		C	100.00	C	100.00
GUCCI GROUP GUAM Inc.		C	100.00	C	100.00
India					
LUXURY GOODS RETAIL PRIVATE LTD		C	51.00	C	51.00
Japan					
BALENCIAGA JAPAN Ltd		C	100.00	C	100.00
BOTTEGA VENETA JAPAN Ltd		C	100.00	C	100.00
BOUCHERON JAPAN Ltd		C	100.00	C	100.00
BRIONI JAPAN CO.Ltd		C	100.00	C	100.00
GUCCI OSTERIA JAPAN G.K.		C	100.00	C	100.00
QEELIN JAPAN LIMITED	Formation	C	100.00	-	-
POMELLATO JAPAN CO.Ltd		C	100.00	C	100.00
SOWIND JAPAN KK	Disposal	-	-	C	100.00
Malaysia					
AUTUMNPAPER MALAYSIA SDN BHD		C	100.00	C	100.00
BALENCIAGA SEA MALAYSIA SDN BHD		C	100.00	C	100.00
BOTTEGA VENETA MALAYSIA SDN BHD		C	100.00	C	100.00
GUCCI (MALAYSIA) SDN BHD		C	100.00	C	100.00
KERING WATCHES AND JEWELRY (MALAYSIA) SDN BHD		C	100.00	C	100.00
SAINT LAURENT (MALAYSIA) SDN BHD		C	100.00	C	100.00
Mongolia					
ULYSSE NARDIN MONGOLIA LLC	Disposal	-	-	E	50.00
Philippines					
LUXURY GOODS PHILIPPINES INC		C	75.00	C	100.00
Singapore					
ALEXANDER MCQUEEN (SINGAPORE) PTE Ltd		C	100.00	C	100.00
BALENCIAGA SINGAPORE PTE Ltd		C	100.00	C	100.00
BOTTEGA VENETA SINGAPORE PRIVATE Ltd		C	100.00	C	100.00
GUCCI SINGAPORE PTE Ltd		C	100.00	C	100.00
KERING (SINGAPORE) WATCHES AND JEWELRY PTE Ltd		C	100.00	C	100.00
SAINT LAURENT (SINGAPORE) PTE Ltd		C	100.00	C	100.00

Company	Transaction	% interest Dec. 31, 2022		Dec. 31, 2021	
Thailand					
ALEXANDER MCQUEEN (THAILAND) Ltd		C	100.00	C	100.00
BALENCIAGA THAILAND Ltd		C	100.00	C	100.00
BOTTEGA VENETA (THAILAND) Ltd		C	75.00	C	75.00
GUCCI SERVICES (THAILAND) Ltd		C	98.00	C	98.00
LUXURY GOODS (THAILAND) Ltd		C	75.00	C	75.00
SAINT LAURENT (THAILAND) CO.Ltd		C	100.00	C	100.00
Vietnam					
GUCCI VIETNAM CO.Ltd		C	100.00	C	100.00
South Africa					
GG LUXURY RETAIL SOUTH AFRICA PTE Ltd		C	62.00	C	62.00
Bahrain					
FLORENCE 1921 WLL		C	49.00	C	49.00
United Arab Emirates					
AP LUXURY GOODS MIDDLE EAST LLC		C	49.00	C	49.00
ATELIER LUXURY GULF LLC		C	49.00	C	49.00
BOTTEGA VENETA ARABIA TRADING LLC	Formation	C	75.00	-	-
FASHION LUXURY MIDDLE EAST LLC		C	49.00	C	49.00
KERING TRADING MIDDLE EAST DWC - LLC	Formation	C	100.00	-	-
LUXURY FASHION GULF LLC		C	49.00	C	49.00
LUXURY GOODS ARABIA LTD		C	75.00	C	75.00
LUXURY GOODS GULF LLC		C	49.00	C	49.00
Kazakhstan					
ULYSSE NARDIN KAZAKHSTAN LLP	Disposal	-	-	E	50.00
Kuwait					
AUTUMNPAPER LUXURY GOODS FOR READYMADE CLOTHES, SHOES AND ACCESSORIES WLL		C	49.00	C	49.00
B.A.L FOR READY-TO-WEAR APPAREL AND ACCESSORIES WLL		C	49.00	C	49.00
BOTTEGA VENETA LEATHER GOODS KUWAIT WLL		C	49.00	C	49.00
LUXURY GOODS KUWAIT WLL		C	26.01	C	26.01
YSL KUWAIT FOR READYMADE CLOTHES AND ACCESSORIES WLL		C	49.00	C	49.00
Qatar					
APL LUXURY FASHION TRADING WLL.	Formation	C	49.00	-	-
FASHION LUXURY TRADING LLC	Formation	C	49.00	-	-
GUCCI QFZ LLC	Formation	C	100.00	-	-
LUXURY GOODS QATAR LLC		C	25.50	C	25.50
SAINT LAURENT PARIS LLC		C	24.00	C	24.00
Turkey					
GUCCI TURKEY LUXURY GOODS TRADE LLP		C	100.00	C	100.00
SAINT LAURENT TURKEY LÜKS ÜRÜNLER LIMITED ŞIRKETI	Formation	C	100.00	-	-
KERING EYEWEAR AND CORPORATE					
KERING EYEWEAR AND KGS					
France					
KERING EYEWEAR FRANCE SAS		C	64.32	C	67.07
MANUFACTURE KERING EYEWEAR SAS		C	64.32	C	67.07
MAUI JIM FRANCE SARL	Acquisition	C	64.32	-	-
Germany					
KERING EYEWEAR DACH GmbH		C	64.32	C	67.07
MAUI JIM GERMANY, GMBH	Acquisition	C	64.32	-	-

Company	Transaction	% interest Dec. 31, 2022		Dec. 31, 2021	
Croatia					
KERING EYEWEAR SOUTH EAST EUROPE DOO		C	64.32	C	67.07
Canada					
MAUI JIM CANADA ULC	Acquisition	C	64.32	-	-
Denmark					
LINDBERG AS		C	64.32	C	67.07
Spain					
KERING EYEWEAR ESPANA SA		C	64.32	C	67.07
MAUI JIM SPAIN, S.L.	Acquisition	C	64.32	-	-
United Kingdom					
KERING EYEWEAR UK Ltd		C	64.32	C	67.07
MAUI JIM UK LTD.	Acquisition	C	64.32	-	-
Italy					
KERING EYEWEAR SpA		C	64.32	C	67.07
TRENTI INDUSTRIA OCCHIALI SPA		C	35.37	C	36.86
MAUI JIM - ITALY S.R.L.	Acquisition	C	64.32	-	-
Portugal					
KERING EYEWEAR PORTUGAL UNIPESSOAL LDA	Formation	C	64.32	-	-
Sweden					
MAUI JIM NORDIC AB	Acquisition	C	64.32	-	-
Switzerland					
LINDBERG AG		C	64.32	C	67.07
United States					
HUIPU CORP.	Formation	C	64.32	-	-
KERING EYEWEAR USA Inc.		C	64.32	C	67.07
MAUI JIM INC.	Acquisition	C	64.32	-	-
MAUI JIM USA, INC.	Acquisition	C	64.32	-	-
NILES FISHING COMPANY, LTD.	Acquisition	C	64.32	-	-
ZEAL OPTICS, INC.	Acquisition	C	64.32	-	-
LINDBERG USA, IINC.	Formation	C	64.32	-	-
Australia					
KERING EYEWEAR AUSTRALIA PTY Ltd		C	64.32	C	67.07
MAUI JIM AUSTRALIA PTY, LTD	Acquisition	C	64.32	-	-
Greater China					
Mainland China					
GUANGZHOU KGS CORPORATE MANAGEMENT & CONSULTANCY Ltd	Disposal	-	-	C	100.00
KERING EYEWEAR SHANGHAI TRADING ENTERPRISES Ltd		C	64.32	C	67.07
LINDBERG SHANGHAI TRADING LTD		C	64.32	C	67.07
MAUI JIM EYEWEAR SELLING (SHANGHAI) CO., LTD	Acquisition	C	64.32	-	-
REDCATS COMMERCE ET TRADING (SHANGHAI) CO Ltd	Disposal	-	-	C	100.00
KGS SOURCING (SHANGHAI) LTD	Disposal	-	-	C	100.00
Hong Kong SAR					
KERING EYEWEAR APAC Ltd		C	64.32	C	67.07
KGS GLOBAL MANAGEMENT SERVICES Ltd	Disposal	-	-	C	100.00
KGS SOURCING Ltd	Disposal	-	-	C	100.00
MAUI JIM ASIA LIMITED	Acquisition	C	64.32	-	-
Taiwan					
KERING EYEWEAR TAIWAN Ltd		C	64.32	C	67.07

Company	Transaction	% interest			
		Dec. 31, 2022		Dec. 31, 2021	
South Korea					
KERING EYEWEAR KOREA Ltd		C	64.32	C	67.07
India					
KERING EYEWEAR INDIA Ltd		C	64.32	C	67.07
KGS SOURCING INDIA PTE Ltd	Disposal	-	-	C	100.00
MAUI JIM SUN OPTICS INDIA PRIVATE LIMITED	Acquisition	C	64.32	-	-
Japan					
KERING EYEWEAR JAPAN Ltd		C	64.32	C	67.07
Malaysia					
KERING EYEWEAR MALAYSIA SDN BHD		C	64.32	C	67.07
Mexico					
MAUI JIM SUNGLASSES DE MEXICO S DE RL DE CV	Acquisition	C	64.32	-	-
Singapore					
KERING EYEWEAR SINGAPORE PTE LTD		C	64.32	C	67.07
South Africa					
MAUI JIM SOUTH AFRICA (PTY) LTD	Acquisition	C	64.32	-	-
United Arab Emirates					
KERING EYEWEAR MIDDLE EAST FZ-LLC		C	64.32	C	67.07
MAUI JIM MIDDLE EAST TRADING L.L.C	Acquisition	C	64.32	-	-
MAUI JIM MIDDLE EAST FZE	Acquisition	C	64.32	-	-
Turkey					
KGS SOURCING TURKEY LIMITED	Liquidation	-	-	C	100.00
CORPORATE					
France					
DISCODIS SAS		C	100.00	C	100.00
GG FRANCE 13 SAS		C	100.00	C	100.00
GG FRANCE 14 SAS		C	100.00	C	100.00
IMMO FRANCE 1 SAS	Formation	C	100.00	-	-
KERING BEAUTE SAS	Formation	C	100.00	-	-
KERING FINANCE SNC		C	100.00	C	100.00
KERING FRANCE PARTICIPATIONS SAS		C	100.00	C	100.00
KERING SIGNATURE		C	100.00	C	100.00
KERING VENTURE SAS		C	100.00	C	100.00
SOCIETE CIVILE KERING CAPITAL		C	100.00	C	100.00
Spain					
KERING SPAIN SL		C	100.00	C	100.00
United Kingdom					
KERING INTERNATIONAL Ltd		C	100.00	C	100.00
KERING UK SERVICES Ltd		C	100.00	C	100.00
Italy					
KERING ITALIA SpA		C	100.00	C	100.00
KERING SERVICE ITALIA SpA		C	100.00	C	100.00
NEVER GIVE UP INVESTMENTI S.R.L.	Formation	C	50.74	-	-
Luxembourg					
E-KERING LUX SA		C	100.00	C	100.00
GEMINGA SARL		C	100.00	C	100.00
KERING INVESTMENTS SA		C	94.13	C	94.13
KERING RE		C	100.00	C	100.00

Company	Transaction	% interest Dec. 31, 2022		% interest Dec. 31, 2021	
Netherlands					
GUCCI PARTICIPATION BV		C	100.00	C	100.00
K OPERATIONS BV		C	100.00	C	100.00
KERING HOLLAND NV		C	100.00	C	100.00
KERING INVESTMENTS EUROPE BV		C	100.00	C	100.00
KERNIC-MET BV		C	100.00	C	100.00
Switzerland					
LUXURY GOODS INTERNATIONAL SA		C	100.00	C	100.00
LUXURY GOODS LOGISTICS SA		C	51.00	C	51.00
LUXURY GOODS OPERATIONS SA		C	51.00	C	51.00
Brazil					
KERING BRASIL SERVICOS ADMINISTRATIVOS LTDA		C	100.00	C	100.00
Canada					
KERING CANADA SERVICES INC		C	100.00	C	100.00
United States					
KERING AMERICAS Inc.		C	100.00	C	100.00
YOUR FRIENDS IN NEW YORK HOLDINGS, LLC		E	22.22	E	22.22
Mexico					
KERING MEXICO S.DE R.L.DE C.V.		C	100.00	C	100.00
Australia					
KERING AUSTRALIA PTY Ltd		C	100.00	C	100.00
Greater China					
Mainland China					
KERING INVESTMENT MANAGEMENT GROUP CO., LTD		C	100.00	C	100.00
Hong Kong SAR					
KERING ASIA PACIFIC Ltd		C	100.00	C	100.00
South Korea					
KERING KOREA LLC		C	100.00	C	100.00
Japan					
YUGEN KAISHA GUCCI		C	100.00	C	100.00
KERING JAPAN Ltd		C	100.00	C	100.00
KERING TOKYO INVESTMENT Ltd		C	100.00	C	100.00
Malaysia					
KERING SERVICES MALAYSIA SDN BHD		C	100.00	C	100.00
Singapore					
KERING SOUTH EAST ASIA PTE Ltd		C	100.00	C	100.00
United Arab Emirates					
KERING SERVICES MIDDLE EAST		C	100.00	C	100.00

NOTE 31 – STATUTORY AUDITORS' REMUNERATION

Fees for fiscal year 2022 *(in € millions, excluding tax and disbursements)*	**PwC[1]**	**KPMG**	**Deloitte[1]**		**Total**	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
Kering SA	0.6	0.6	0.8	0.6	1.4	1.3
Fully-consolidated subsidiaries	3.9	4.6	3.5	2.0	7.5	6.6
Statutory audit	**4.5**	**5.3**	**4.3**	**2.7**	**8.9**	**7.9**
Kering SA [3]	0.1	0.1	0.4	0.6	0.6	0.8
Fully-consolidated subsidiaries	3.7	1.5	0.3	0.3	4.0	1.8
Non-audit services	**3.8**	**1.6**	**0.7**	**1.0**	**4.6**	**2.6**
TOTAL	8.4	6.9	5.1	3.6	13.5	10.5

(1) Of which PwC network: €3.2 million in 2022 with respect to statutory audit services and €3.8 million with respect to non-audit services.
(2) Of which Deloitte network: €3.2 million in 2022 with respect to statutory audit services and €0.5 million with respect to non-audit services.
(3) The non-audit services rendered by PwC to Kering SA and its fully-consolidated subsidiaries are mainly related to comfort letters.
The non-audit services rendered by Deloitte & Associés to Kering SA and its fully-consolidated subsidiaries are mainly related to comfort letters and the verification of the consolidated non-financial performance statement.

NOTE 32 – SUBSEQUENT EVENTS

Share Buyback Program

The fourth tranche of the Share Buyback Program was completed on December 12, 2022. Between October 24 and December 15, 2022, 650,000 shares were repurchased at an average price of €511.71 per share, representing around 0.5% of the share capital.

The Board of Directors decided in its meeting of February 14, 2023 that the 650,000 shares repurchased in this tranche would be canceled.

No other significant event took place between December 31, 2022 and February 14, 2023, the date on which the Board of Directors approved the annual financial statements.

NOTE 33 – ACCOUNTING POLICIES AND METHODS

33.1 Basis of preparation of the consolidated financial statements

33.1.1 Changes to the IFRS basis

The amendments and interpretations that have entered into force since January 1, 2022 include:

- amendment to IAS 37 – Onerous contracts – Cost of fulfilling a contract, which clarifies that the costs to be taken into account to recognize a provision for onerous contract should include both the incremental costs and an allocation of other costs that relates directly to fulfilling the contract;
- amendment to IAS 16 – Property, Plant and Equipment – Proceeds before intended use, which prohibits deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while making that asset available to its intended use. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss;
- amendment to IFRS 3, which updates references to the Conceptual Framework;
- annual improvements to IFRSs 2018-2020.

These amendments have no impact for the Group.

The Group has also analyzed the impact of the IFRIC decision relating to IAS 38 – Intangible assets regarding the recognition of configuration and customization costs in a SaaS (Software as a Service) arrangement. An amount of €21 million net of deferred tax, which is non-material for the Group, was recorded in equity under Other reserves at January 1, 2022, with a balancing entry consisting of a decrease in intangible assets.

The Group has not applied early any standards or interpretations that were not mandatorily applicable in 2022.

33.1.2 Use of estimates and judgment

The preparation of consolidated financial statements requires Group management to make estimates and assumptions that can affect the carrying amounts of certain assets and liabilities, income and expenses, and the disclosures in the accompanying notes. Group management reviews these estimates and assumptions on a regular basis to ensure their pertinence with respect to past experience and the current economic situation. Items in future financial statements may differ from current estimates as a result of changes in these assumptions.

The impact of changes in accounting estimates is recognized during the period in which the change occurs and all affected future periods.

The main estimates made by management in the preparation of the consolidated financial statements concern goodwill, the useful lives of property, plant and equipment and intangible assets, contingency provisions and uncertain tax positions, inventory impairment provisions, assumptions used to calculate lease right-of-use assets and lease liabilities, provisions for pensions and long-term remuneration including share-based payment, the recognition of deferred tax assets and certain financial instruments.

In addition to the use of estimates, Group management uses judgment to determine the appropriate accounting treatment for certain transactions, pending the clarification of certain IFRSs or where prevailing standards do not cover the issue at hand.

In its main estimates and in its risk analysis, the Group has taken into account the current macroeconomic context, including the increase in inflation, even though the Group has little exposure to it. Hyperinflation in certain countries, particularly Turkey, has no material impact on the Group's consolidated financial statements. The actuarial assumptions used to calculate post-employment benefits, like the discount rates used in carrying out impairment tests and devising medium-term plans, have been assessed in view of the most recent officially published inflation figures.

33.1.3 Climate risks

In 2022, the Group set up a Sustainable Finance department whose role includes linking the financial statements with climate issues, responding to new sustainable finance regulations, and ensuring that environmental issues play an integral part in Kering's decision-making processes, particularly as regards investments.

In accordance with the recommendation of the *Task Force on Climate-Related Financial Disclosures* (TCFD), Kering has 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.

Work has been done in the following areas:

- Impact on operational financial performance:
  - The impact of thermal stress on the availability of certain raw materials (particularly bovine leather) and therefore on procurement costs, is not deemed material in terms of the Group's financial statements. Kering's laboratories are developing new materials in-house, which should help diversify the product range and maintain the Group's revenue and margins. In addition, various mitigation measures, such as the *Kering Standards* applicable to suppliers, or the development of regenerative agriculture practices, will make the Group more resilient to climate risks.
  - As regards risks arising from changing consumer expectations, no material decline in revenue is expected.
  - The commitments made by Kering and its Houses in terms of their positive contribution to climate have already been represented in the financial statements for several years, and are an integral part of the business model. Kering has been supporting carbon offsetting programs since 2012. In addition, efforts to reduce carbon emissions and increase the amount of electricity used from renewable sources should have a positive impact on the Group's financial statements.

- Impact on the measurement of assets and liabilities:
  - As regards physical risks such as extreme events affecting the Group's facilities, no provisions for decommissioning or restoring the condition of those facilities have been set aside.
  - The Group has set up share-based payment plans including performance criteria based on climate-related targets. The fulfillment of those criteria was taken into account in evaluating the share-based payment plans at the end of 2022.

Based on this analysis, no adjustment has been made to the revenue and margin assumptions used to carry out impairment tests. Only the cost of carbon offsetting, historically allocated to *Corporate and other* segment, has been allocated to the trajectories of each CGU in proportion to their estimated consumption.

33.1.4 Use of alternative performance indicators

The alternative performance indicators used by the Group and presented in the consolidated financial statements are:

Recurring operating income and other non-recurring operating income and expenses

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

Other non-recurring operating income and expenses consist of items that, by their nature, amount or frequency, could distort the assessment of the Group's operating performance as reflected in its recurring operating income. They include changes in scope, the impairment of goodwill and brands and, where material, of property, plant and equipment and intangible assets, capital gains and losses on disposals of non-current assets, restructuring costs and disputes (see Note 6).

"Recurring operating income" is therefore an alternative performance indicator for the Group, defined as the difference between operating income and other non-recurring operating income and expenses. This indicator is intended to facilitate the understanding of the operating performance of the Group and its Houses and can therefore be used as a way to estimate recurring performance. It is presented in a manner that is consistent and stable over the long term in order to ensure the continuity and relevance of financial information (see Note 2).

EBITDA

The Group uses EBITDA as an alternative performance indicator to monitor its operating performance. This financial indicator corresponds to recurring operating income plus net charges to depreciation, amortization and provisions on non-current operating assets recognized in recurring operating income (see Note 2).

Effective tax rate on recurring income

The effective tax rate on recurring income corresponds to the effective tax rate excluding tax effects relating to other non-recurring operating income and expenses (see Notes 6 and 8).

Net debt

Net debt is one of the Group's main financial indicators, and is defined as borrowings less cash and cash equivalents. Lease liabilities are not included in the calculation of this indicator. Borrowings include put options granted to minority interests (see Note 33.21). The cost of net debt corresponds to all financial income and expenses associated with these items, including the impact of derivative instruments used to hedge the fair value of borrowings (see Note 7).

33.2 Consolidation principles

The Group's consolidated financial statements include the financial statements of the companies listed in Note 30. They include the financial statements of companies acquired as from the acquisition date and companies sold up until the date of disposal.

Subsidiaries are consolidated from the effective date of control.

Intercompany assets and liabilities as well as transactions between consolidated companies are eliminated. Gains and losses on internal transactions with controlled companies are fully eliminated.

33.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group exercises control. Control is defined according to three criteria: power over the investee; exposure, or rights, to variable returns from involvement with the investee; and the ability to exert power over the investee to affect the amount of the investor's returns. This definition of control implies that power over an investee can take many forms other than simply holding voting rights. The existence and effect of potential voting rights are considered when assessing control, if the rights are substantive. Control generally implies directly or indirectly holding more than 50% of the voting rights but can also exist when a smaller proportion of voting rights is held.

33.2.2 Associates

Associates are all entities in which the Group exercises a significant influence over the entity's management and financial policy, without exercising control or joint control. This generally implies holding 20% to 50% of the voting rights.

Associates are recognized using the equity method and initially measured at cost, except when the associates were previously controlled by the Group, in which case they are measured at fair value through the income statement as of the date control is lost.

Subsequently, the share in profits or losses of the associate attributable to the Group is recognized in "Share in earnings (losses) of equity-accounted companies", and the share in other comprehensive income of associates is carried on a separate line of the statement of comprehensive income. If the Group's share in the losses of an associate equals or exceeds its investment in that associate, the Group no longer recognizes its share of losses, unless it has legal or constructive obligations to make payments on behalf of the associate.

Goodwill related to an associate is included in the carrying amount of the investment, presented separately within "Investments in equity-accounted companies" in the balance sheet.

Gains or losses on internal transactions with equity-accounted associates are eliminated in the amount of the Group's investment in these companies.

33.2.3 Business combinations

Business combinations, where the Group acquires control of one or more other activities, are recognized using the acquisition method.

Business combinations are recognized and measured in accordance with the provisions of the IFRS 3. Accordingly, the consideration transferred is measured at the fair value of the assets transferred, equity interests issued and liabilities incurred by the acquirer at the date of exchange. Identifiable assets and liabilities are generally measured at their fair value on the acquisition date. Costs directly attributable to an acquisition are recognized within other non-recurring operating expenses in the income statement.

Goodwill is recognized to represent the difference between the Group's share of the identified assets and liabilities measured at fair value. If the difference is negative, the gain is immediately recognized in the income statement within other non-recurring operating income.

The Group may choose to measure any minority interests resulting from each business combination at fair value (full goodwill method) or at the proportionate share in the identifiable net assets acquired, which are also generally measured at fair value (partial goodwill method).

Goodwill is determined at the date of control over the acquired entity is obtained and may not be adjusted after the measurement period. No additional goodwill is recognized on any subsequent acquisition of minority interests. Acquisitions and disposals of minority interests are recognized directly in equity attributable to the Group.

The accounting for a business combination must be completed within 12 months of the acquisition date. This applies to the measurement of identifiable assets and liabilities, consideration transferred and minority interests.

33.3 Foreign currency translation

33.3.1 Functional and presentation currency

Items included in the financial statements of each Group entity are valued using the currency of the primary economic environment in which the entity operates (functional currency).The Group's consolidated financial statements are presented in euros, which serves as its presentation currency.

33.3.2 Foreign currency transactions

Transactions denominated in foreign currencies are recognized in the entity's functional currency at the exchange rate prevailing on the transaction date.

Monetary items (assets and liabilities) in foreign currencies are translated at the closing exchange rate at the end of each reporting period. Any foreign exchange gains and losses resulting from this translation or from the settlement of these monetary items are recognized within other financial income and expenses in the income statement.

Non-monetary items in foreign currencies valued at historical cost are translated at the rate prevailing on the transaction date, and non-monetary items in foreign currencies measured at fair value are translated at the rate prevailing on the date the fair value is determined. When a gain or loss on a non-monetary item is recognized directly in equity within other comprehensive income, similar treatment is applied to the foreign exchange component of this gain or loss. Otherwise, the component is recognized in the income statement.

The treatment of currency hedges in the form of derivatives is described in Note 33.17.

33.3.3 Currency translation of foreign subsidiaries' financial statements

The income statements and balance sheets of Group entities with a functional currency that differs from the presentation currency are translated into euros as follows:

- items recorded in the balance sheet other than equity are translated at the exchange rate at the end of the reporting period;
- items in the income statement are translated at the average exchange rate for the period, corresponding to an approximate value for the rate at the transaction date in the absence of significant fluctuations;
- translation differences are recognized directly in equity within other comprehensive income as currency translation adjustments.

Goodwill and fair value adjustments arising from a business combination with a foreign activity are recognized in the functional currency of the entity acquired. They are subsequently translated into the Group's presentation currency at the closing exchange rate, and any resulting differences are recognized directly in equity within other comprehensive income as currency translation adjustments.

33.3.4 Net investment in a foreign business

Currency translation adjustments arising on the translation of a net investment in a foreign subsidiary are recognized directly in equity within other comprehensive income, and are transferred to the income statement on the disposal of the net investment.

Currency translation adjustments in respect of foreign currency borrowings designated as hedging a net investment in a foreign subsidiary are recognized directly in equity within other comprehensive income to the extent that the hedge is effective. They are transferred to the income statement on the disposal of the net investment hedged.

33.4 Operating segments

In accordance with IFRS 8, segment information is reported on the same basis as used internally by the Chairman and Chief Executive Officer and the Group Managing Director – the Group's chief operating decision makers – to allocate resources to segments and assess their performance.

An operating segment is a separate component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker, and for which discrete financial information is available. Each operating segment is monitored separately for internal reporting purposes, according to performance indicators common to all of the Group's segments. The segments presented are operating segments or groups of similar operating segments.

Financial information provided on operating segments is prepared in accordance with the same accounting rules as in the consolidated financial statements.

The performance of each operating segment is measured based on recurring operating income, which is the approach used by the Group's chief operating decision maker.

Recurring charges to depreciation, amortization and provisions on non-current operating assets reflect net charges to depreciation, amortization and provisions on intangible assets, lease right-of-use assets and property, plant and equipment recognized in recurring operating income.

Acquisitions of property, plant and equipment and intangible assets correspond to gross non-current asset purchases, including cash timing differences, as presented in the consolidated cash statement.

The presentation of revenue by region is based on the geographic location of clients.

33.5 Revenue

Revenue mainly comprises sales of goods, together with income from associated services, and income from royalties and operating licenses.

33.5.1 Sales of goods and associated services

Sales of goods, whether through a store network or online (retail activity including e-commerce) or wholesale operations, are recognized when the Group satisfies its performance obligation to its clients, typically upon delivery.

Sales of goods are measured:

- at the fair value of the consideration received;
- excluding taxes;
- net of any rebates or discounts;
- net of any returned goods;

When a customer (particularly in the wholesale and e-commerce businesses) has a contractual right of return or routinely makes returns, a specific provision is set aside. When such returns are not contractual, the provision for returns is estimated based on historical data. Provisions for returns are presented in the balance sheet under liabilities in respect of future refunds. An asset (with an offsetting adjustment corresponding to cost of sales) representing the right to recover the goods from the client is also recognized.

33.5.2 Royalties from operating licenses

Royalties received with respect to operating licenses are recognized in accordance with the contractual obligations specific to each agreement, over time as the performance obligation is satisfied, for example, when calculated based on the value of the underlying sales generated by the licensee under the agreement.

33.6 Personnel expenses

Personnel expenses primarily consist of wages, salaries and payroll taxes, expenses relating to pensions and other post-employment benefits under defined benefit plans (see Note 33.22), and expenses related to share-based payments (see Note 33.7). Wages, salaries and payroll taxes include fixed remuneration, variable short-term remuneration, long-term remuneration plans, expenses related to employee profit-sharing and other incentive plans, and any associated payroll taxes. Other personnel expenses notably include severance paid to individual employees or as part of a restructuring plan, and directors' fees paid to directors of Group entities.

33.7 Share-based payment

The Group may operate long-term variable remuneration plans that feature share-based payments. These plans are classified as either cash-settled plans or plans settled in Kering shares.

- Cash-settled plans result in the recognition of personnel expenses in the income statement spread over the rights vesting period and a matching liability in the balance sheet. The fair value of the benefit granted to the beneficiaries is remeasured at the end of each reporting period, taking into account any changes in market-based or internal performance conditions.
- Plans settled in Kering shares result in the recognition of personnel expenses in the income statement spread over the rights vesting period and an offsetting entry in equity attributable to the Group. The fair value of the benefit granted to the beneficiaries is set at the grant date of the plan using the Black & Scholes and Monte Carlo models, which take into account the impacts of any market-based performance conditions as from the inception of the plan. The impacts of any internal-based performance conditions are remeasured at the end of each reporting period.

The payroll taxes relating to these long-term variable remuneration plans are also recognized in personnel expenses in the income statement as the rights under the plans vest, with a matching liability in the balance sheet, regardless of whether the plans are settled in cash or in Kering shares. These payroll taxes are remeasured at the end of each reporting period based on the most certain assumptions as regards the outcome of the plans. Payroll taxes relating to plans settled in Kering shares reflect the best estimate of the number of shares to be delivered upon expiry of the plan at the end of each reporting period.

33.8 Income taxes

Income tax expense comprises the current and deferred tax expense.

Deferred tax is calculated using the liability method on all temporary differences between the carrying amount recorded in the consolidated balance sheet and the tax value of assets and liabilities, except for goodwill that is not deductible for tax purposes and certain other exceptions. The valuation of deferred tax balances depends on the way in which the Group intends to recover or settle the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the closing date.

Deferred tax assets and liabilities are not discounted and are presented separately in the balance sheet within non-current assets and liabilities.

A deferred tax asset is recognized on deductible temporary differences and for tax loss and credit carry-forwards to the extent that their future offset is probable.

A deferred tax liability is recognized on taxable temporary differences relating to investments in subsidiaries and associates unless the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

Uncertain income tax positions are analyzed and reviewed internally in accordance with IAS 12 and IFRIC 23 and are shown on the balance sheet in the "current tax liabilities" line item.

33.9 Earnings per share

Earnings per share is calculated by dividing net income attributable to the Group by the weighted average number of ordinary shares outstanding during the period, i.e., without taking account of the weighted average number of Kering treasury shares held by the Group during the period.

Diluted earnings per share equals net income attributable to the Group by the weighted average diluted number of shares outstanding during the period, adjusted for the dilutive effect arising from free share grants.

Earnings per share from continuing operations excluding non-recurring items is also calculated by adjusting net income from continuing operations attributable to the Group for the amount of non-recurring items net of tax. Non-recurring items correspond to other non-recurring operating income and expenses in the income statement (see Note 33.1.4).

33.10 Goodwill

Goodwill is determined according to the method indicated in Note 33.2.3.

Goodwill is allocated as of the acquisition date to cash-generating units (CGUs) defined by the Group. The CGUs to which goodwill has been allocated are tested for impairment each year, or whenever events or circumstances indicate that an impairment loss is likely.

CGUs and the related impairment tests are described in Note 33.12.

33.11 Brands and other intangible assets

Brands and other intangible assets are recognized at cost less accumulated amortization and impairment.

Brands and intangible assets acquired as part of a business combination, which are controlled by the Group and are separable or arise from contractual or other legal rights, are recognized separately from goodwill.

Brands, which represent the majority of intangible assets within the Group, are intangible assets with indefinite useful lives and are therefore not amortized but are tested as part of the impairment test carried out on CGUs. Where that test indicates an impairment loss, brands are tested separately.

Other intangible assets are amortized over their useful lives and are tested for impairment when there is an indication that an impairment loss has taken place.

The configuration and customization costs of software as part of a *SaaS*(*Software as a service*) arrangement are recorded in expenses for the period.

Software developed in-house by the Group and meeting all the relevant criteria is capitalized and amortized on a straight-line basis over its useful life, which is generally between three and ten years.

Impairment tests are described in Note 33.12.

33.12 Cash-generating units and impairment tests

The Group tests the value of its assets for impairment by allocating them to cash-generating units (CGUs). The impairment tests are performed each year, or whenever events or circumstances indicate that an impairment loss is likely. A CGU is the smallest group of assets, including goodwill, that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or CGUs.

CGUs as defined by the Group represent the operating segments in which the Group's brands operate (see Note 33.4).

Impairment tests seek to determine whether the recoverable amount of a CGU is less than its net carrying amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. The value in use is determined with respect to future cash flow projections, taking into account the time value of money and the specific risks attributable to the CGU.

Future cash flow projections are based on medium-term budgets and plans. These plans are drawn up for a period of five years with the exception of certain CGUs undergoing strategic repositioning, for which a longer period may be applied (typically ten years). To calculate value in use, a terminal value equal to the perpetual capitalization of a normative annual cash flow is added to the estimated future cash flows. The perpetual growth rates are appropriate in view of the country mix, since the Group now operates in regions whose markets are enjoying faster-paced growth than in Europe.

When the CGU's recoverable amount is less than its net carrying amount, an impairment loss is recognized. Impairment is charged first to goodwill and recognized under "Other non-recurring operating income and expenses" in the income statement (see Note 33.1.4).

Impairment recognized in respect of brands and other intangible assets along with property, plant and equipment may be reversed at a later date if there is an indication that the impairment loss no longer exists. Impairment recognized in respect of goodwill may not be reversed.

Goodwill relating to the disposed portion of a CGU is measured on a proportionate basis, except where an alternative method is more appropriate.

For 2022, the way in which the Group took into account the inflationary macroeconomic situation and climate risk in its impairment tests is described in Notes 33.1.2 and 33.1.3 respectively.

33.13 Leases

33.13.1 Scope of IFRS 16

The Group applies the recognition principles set out in IFRS 16 for all of its leases, with the exception of:

- short-term leases, with a lease term of 12 months or less as of the commencement date;
- leases for which the underlying asset is of low value, based on the value of the asset when it is new.

33.13.2 Recognition of leases under IFRS 16

Under IFRS 16, for each affected lease, the following items are recognized in the balance sheet as of the commencement date:

- a lease liability, corresponding to the present value of all fixed future payments for the estimated term of the lease. The current and non-current portions of the liability are presented separately. Fixed future lease payments include the remeasurement of any payments that depend on an index or a growth rate established in the lease. They may also include the value of any purchase options or estimated penalties for terminating the lease, where the Group is reasonably certain to exercise these options. In addition, any lease incentives receivable as of the commencement date are deducted from fixed payments;

- a lease right-of-use asset, corresponding to the value of the lease liability less any incentives received from the lessor and plus any prepaid lease payments, initial direct costs and the estimated cost of restoring the asset where required by the terms and conditions of the lease.

After the commencement date and at each reporting date:

- the lease liability is remeasured as follows:
  - an increase reflecting the discounting adjustments made over the period depending on the incremental borrowing rate applied to the lease, with a corresponding entry to "Interest expense on lease liabilities" within "Financial result" in the income statement,
  - a reduction reflecting the lease payments made over the period, with a corresponding entry to "Cash and cash equivalents" in the balance sheet,
  - an increase reflecting any revisions to the index or growth rate applicable to the lease payments, where appropriate, with a corresponding entry to "Lease right-of-use assets" in the balance sheet,
  - an increase or a reduction reflecting the remeasurement of fixed future lease payments further to a change in the estimated lease term, with a corresponding entry to "Lease right-of-use assets" in the balance sheet;
- the lease right-of-use asset is remeasured as follows:
  - a reduction reflecting the depreciation of the asset on a straight-line basis over the term of the lease, with a corresponding entry to "Depreciation of lease right-of-use assets" within "Recurring operating income" in the income statement,
  - a reduction reflecting the potential impairment of lease right-of-use assets, with a corresponding entry to "Other non-recurring operating income and expenses" in the income statement,
  - an increase reflecting any revisions to the index or growth rate applicable to the lease payments, where appropriate, with a corresponding entry to "Lease liabilities" in the balance sheet,
  - an increase or a reduction reflecting the remeasurement of future lease payments further to a change in the estimated lease term, with a corresponding entry to "Lease liabilities" in the balance sheet.

The impact of applying IFRS 16 on the income statement can be summarized as follows:

- within "Other recurring operating income and expenses", as part of "Recurring operating income":
  - variable lease payments, rental charges and payments under short-term leases or leases with a low-value underlying asset,
  - straight-line depreciation of lease right-of-use assets;
- within "Financial result", the interest expense corresponding to the unwinding of the discount on lease liabilities.

Lastly, the impact of applying IFRS 16 on the statement of cash flows can be summarized as follows:

- within "Net cash received from operating activities": variable lease payments, rental charges and payments under short-term leases or leases with a low-value underlying asset;
- within "Net cash used in financing activities": repayments of the principal amount ("Repayment of lease liabilities") and interest expense on lease liabilities ("Interest paid and equivalent").

33.13.3 Estimation of lease terms

The lease term corresponds to the non-cancelable period for which a lessee has the right to use an underlying asset, adjusted for any periods covered by an extension option or an option to terminate the lease if the lessee is reasonably certain to exercise that option.

To establish that term, the Group takes into account management assumptions (i.e. management's estimate of whether or not it will remain in the premises), the depreciation period of the underlying assets, and the amount of any investments made.

33.13.4 Determination of the discount rate applicable to lease liabilities

The Group has elected to apply the incremental borrowing rate to all its leases.

The incremental borrowing rate corresponds to the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the lease right-of-use asset in a similar economic environment.

The rates applied by the Group are based on a combination of risk-free interest rate curves per currency/country, euro/foreign currency swap points, and the Group's credit spread, also accounting for the nature of the underlying asset (property).

An "industry" beta, which varies according to the lessee's operating segment, is added to these inputs to reflect the specific risk of each activity.

The rate curves take into account the average lease term and are prepared on a quarterly basis.

33.13.5 Lease rights taken into account when calculating lease right-of-use assets

Lease rights are a separate component of right-of-use assets and are depreciated over the term of the underlying leases, less any residual value. This residual value is tested for impairment each year and an impairment loss is recognized where necessary.

33.14 Property, plant and equipment

Property, plant and equipment are recognized at amortized historical cost less any impairment losses, with the exception of land, which is not depreciated. They are not revalued.

The various components of property, plant and equipment are recognized separately when their estimated useful life and therefore their depreciation periods are significantly different. The cost of property, plant and equipment includes the expenses that are directly attributable to its acquisition.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate component, where necessary, if it is probable that future economic benefits will flow to the Group and the cost of the asset can be reliably measured.

Depreciation is calculated using the straight-line method, based on the purchase price or production cost, less any residual value, which is reviewed annually if considered material, over a period corresponding to the useful life of each asset category, i.e., 10 to 40 years for buildings and improvements to land and buildings, and three to ten years for equipment.

Property, plant and equipment are tested for impairment when an indication of impairment exists, such as a scheduled closure of a store or site, a redundancy plan or a downward revision of market forecasts. When an asset's recoverable amount is less than its net carrying amount, an impairment loss is recognized. Where the recoverable amount of an individual asset cannot be determined precisely, the Group determines the recoverable amount of the CGU or group of CGUs to which the asset belongs.

When an item of property, plant and equipment is sold, the disposal gain or loss resulting from the difference between the selling price and the carrying amount of the assets sold is recognized in the income statement.

33.15 Financial assets

The classification of financial assets determines their accounting treatment and basis of measurement. There are three categories of financial assets:

- financial assets measured at amortized cost;
- financial assets measured at fair value through the income statement (profit or loss);
- financial assets measured at fair value in equity through other comprehensive income.

The Group determines the classification of its financial assets upon initial recognition, based on their characteristics and the management objective behind the asset's purchase. Purchases and sales of financial assets are recognized on the transaction date, which is the date the Group is committed to the purchase or sale of the asset.A financial asset is derecognized if the contractual rights to the cash flows from the financial asset expire or the asset is transferred.

33.15.1 Financial assets measured at amortized cost

Financial assets are carried at amortized cost if they are held as part of a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes loans and receivables, deposits and guarantees, trade receivables and most other current and non-current receivables.

These financial assets are initially recognized at fair value and subsequently at amortized cost using the effective interest method.

The effective interest rate is determined for each transaction and corresponds to the rate that would provide the net carrying amount of the financial asset by discounting its estimated future cash flows until maturity. The calculation includes transaction costs and any premiums and/or discounts. Transaction costs correspond to the costs directly attributable to the acquisition or issue of a financial asset. Net gains and losses on loans and receivables relate to interest income and impairment allowances.

Impairment allowances are recognized in the income statement based on the expected loss model:

- for its trade receivables, the Group applies a provision matrix for each country/brand based on historical loss data. Credit insurance that may be taken out by the Group is taken into account in the evaluation of the risk and therefore of the provision;
- for other financial assets measured at amortized cost, an analysis is carried out taking into account the probability of counterparty default.

33.15.2 Financial assets measured at fair value through the income statement

Financial assets measured at fair value through the income statement mostly comprise financial assets giving rise to contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding.

This category includes:

- non-consolidated investments and other financial investments, unless the Group has chosen to carry specific investments at fair value under the fair value option, in which case they are recognized directly in equity through other comprehensive income;
- financial assets held by the Group for trading purposes that the Group intends to resell in the near future and that are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking;
- assets designated as at fair value under the fair value option.

Changes in the fair value of these assets are taken to the income statement. Net gains or losses arising on financial assets measured at fair value through the income statement generally correspond to interest income, dividends, changes in the fair value of the assets (unrealized gains or losses) and capital gains or losses on disposals (realized gains or losses).

33.15.3 Financial assets measured at fair value in equity through other comprehensive income

Financial assets are carried at fair value directly in equity through other comprehensive income when they are held as part of a business model whose objective is achieved both by collecting contractual cash flows (corresponding solely to payments of principal and interest on the principal amount outstanding) and selling these financial assets.

This category includes debt instruments, such as bonds, meeting the contractual cash flow and business model characteristics set out above.

It may also include non-consolidated investments or other financial investments such as shares in investment funds where the Group has elected to classify the shares in this category, in which case changes in the fair value of the shares are recognized directly in equity through other comprehensive income until the shares are sold, with the exception of dividends received in respect of these shares, which are systematically recognized in the income statement irrespective of the classification of the underlying financial asset.

33.15.4 Fair value hierarchy and associated valuation methods

The fair value of financial assets is determined using one of three levels in the fair value hierarchy:

- Level 1: financial assets quoted on an active market;
- Level 2: financial assets whose fair value is determined using valuation techniques drawing on observable market inputs;
- Level 3: financial assets whose fair value is determined using valuation techniques drawing on non-observable inputs (inputs whose value does not result from the price of observable market transactions for the same instrument or from observable market data available as of the end of the reporting period) or inputs which are only partly observable.

33.16 Financial liabilities

The classification of financial liabilities determines their accounting treatment and measurement. There are two categories of financial liabilities:

- financial liabilities measured at amortized cost;
- financial liabilities measured at fair value through the income statement (profit or loss).

The Group determines the classification of its financial liabilities upon initial recognition, based on their characteristics.

33.16.1 Financial liabilities measured at amortized cost

Financial liabilities are carried at amortized cost if they are held as part of a business model whose objective is to disburse contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes borrowings (with the exception of put options granted to minority interests – see Note 33.21), trade payables and most other current and non-current liabilities.

These financial liabilities are initially recognized at fair value less transaction costs, and subsequently at amortized cost using the effective interest method.

The effective interest rate is determined for each transaction and corresponds to the rate that would provide the net carrying amount of the financial liability by discounting its estimated future cash flows until maturity. The calculation includes transaction costs and any premiums and/or discounts. Transaction costs correspond to the costs directly attributable to the acquisition or issue of a financial liability.

The net carrying amount of financial liabilities measured at amortized cost that qualify as hedged items as part of a fair value hedging relationship is adjusted with respect to the hedged risk (see Note 33.17.1).

33.16.2 Financial liabilities measured at fair value through the income statement

The Group may elect to carry some financial liabilities at fair value through the income statement. In this case, unlike in the amortized cost method, the transaction costs associated with setting up these financial liabilities are recognized immediately within other financial income and expenses in the income statement.

33.17 Derivative instruments

33.17.1 Derivative instruments designated as hedging instruments

The Group uses various derivative instruments to reduce its exposure to foreign exchange risk, interest rate risk and the risk of movements in the prices of certain precious metals.

Derivative instruments are recognized in the balance sheet within current or non-current financial assets and liabilities, depending on their maturity. They are recognized at fair value as from the transaction date.

Derivatives designated as hedging instruments are classified by category of hedge based on the nature of the risks being hedged:

- a cash flow hedge is used to hedge the risk of changes in future cash flow from recognized assets or liabilities or a highly probable transaction that would impact the income statement;
- a fair value hedge is used to hedge the risk of changes in the fair value of recognized assets or liabilities or a firm commitment not yet recognized that would impact the income statement;
- a net investment hedge is used to hedge the translation risk arising on operations denominated in foreign currencies.

Hedge accounting can only be applied if all of the following conditions are met:

- the hedged instrument and the hedging instrument are both eligible;
- there is a formal designation and documentation of the hedging relationship as of the date of inception;
- there is an economic relationship between the hedged item and the hedging instrument.

The accounting treatment of derivative instruments qualified as hedging instruments, and their impact on the income statement and balance sheet, differ depending on the type of hedging relationship:

- for cash flow and net investment hedges, gains and losses are initially recognized directly in equity through other comprehensive income. They are then transferred to the income statement when the hedged items are recognized. For foreign currency derivatives, the effective portion is recorded in operating income, and the ineffective portion, option premiums and difference between spot and forward exchange rates (contango/backwardation) are recorded within "Financial result";
- for fair value hedges, gains and losses are recorded in the income statement in the same item as the hedged items, except for the ineffective portion, which is always recorded within "Financial result".

33.17.2 Derivative instruments designated as trading instruments

Changes in the fair value of derivative instruments that the Group cannot or does not wish to designate as hedging instruments are recognized in full in the income statement in other financial income and expenses within "Financial result".

33.17.3 Embedded derivative instruments

Certain financial assets or liabilities may contain a derivative instrument. When they are not closely related to the underlying instrument, these embedded derivatives are recognized separately in the balance sheet as a derivative instrument held for trading. Any changes in their fair value are taken in full in the income statement in other financial income and expenses within "Financial result".

33.18 Inventories

Inventories are measured using the weighted average cost method for all of the Group's business activities. In 2022, the Group stopped using the retail method, previously used for some activities, in order to have a single measurement method. The impact of this change in accounting estimates is presented in Note 15.

An impairment allowance on inventories is recognized on the basis of expected inventory turnover and obsolescence and if they are damaged.

33.19 Cash and cash equivalents

Cash and cash equivalents recorded on the assets side of the balance sheet include cash, mutual or similar funds, short-term investments and other highly liquid instruments that are readily convertible to known amounts of cash, subject to an insignificant risk of changes in value, and have a maximum maturity of three months as of the purchase date.

Investments with a maturity exceeding three months, and blocked or pledged bank accounts, are excluded from cash and cash equivalents.

Bank overdrafts are presented in borrowings on the liabilities side of the balance sheet. In the statement of cash flows, cash and cash equivalents at the opening and closing of the reporting period include bank overdrafts.

33.20 Kering treasury shares

Kering treasury shares, whether specifically allocated for grant to Group employees or allocated to the liquidity agreement or in any other case, as well as directly related transaction costs, are deducted directly from equity attributable to the Group.

On disposal, the consideration received for these shares, net of transaction costs and the related tax impacts, is also recognized directly in equity attributable to the Group.

33.21 Put options granted to minority interests

The Group has undertaken to repurchase the minority interests of shareholders of certain subsidiaries. The strike price of these put options may be set or determined according to a predefined calculation formula, and the options may be exercised at any time or on a specific date.

The Group recognizes a financial liability in respect of any put options granted to minority interests. This liability is recognized at the present value of the best estimate of the strike price, with an offsetting entry in equity attributable to the Group. Any subsequent changes in the liability relating to put options granted to minority interests are recognized directly in equity, including the impact of unwinding the discount.

The financial liability recognized in respect of put options granted to minority interests is shown in the balance sheet within current and non-current borrowings, as appropriate. Put options granted to minority interests are therefore included in consolidated net debt (see Note 32.1.4).

Depending on the agreements signed by the Group with minority interests, minority shareholders may in some cases waive their dividend rights until the put option is exercised. In this case, the corresponding minority interests are canceled, with a direct offsetting entry in equity attributable to the Group. If the minority interests retain their dividend rights until the option is exercised however, the minority interests continue to be shown in the balance sheet.

33.22 Provisions for pensions and other post-employment benefits

Based on the laws and practices of each country, the Group recognizes various types of employee benefits, including pensions and other post-employment benefits.

Defined contribution plans

Under defined contribution plans, the Group is not obliged to make additional payments over and above contributions already made to a fund, if the fund does not have sufficient assets to cover the benefits corresponding to services rendered by personnel during the current period and prior periods. Contributions paid into these plans are expensed in the income statement as incurred.

Defined benefit plans

Under defined benefit plans, obligations are valued using the projected unit credit method based on agreements in effect in each entity. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The obligation is then discounted. The actuarial assumptions used to determine the obligations vary according to the economic conditions of the country where the plan is established. These plans are valued by independent actuaries on an annual basis.

This acquisition is an important milestone in the successful expansion of Kering Eyewear and fits perfectly with its development strategy.

The provision recognized in the balance sheet corresponds to the present value of the obligations calculated as described above, less the fair value of the plans' financial assets under wholly funded pension plans.

The current service cost for these plans is recognized within personnel expenses in the income statement. The interest cost relating to the benefit obligation net of interest income on plan assets under wholly funded plans is recognized in other financial income and expenses within "Financial result". Past service cost, designating the increase in an obligation following the introduction of a new plan or the impact of amendments to an existing plan, is expensed immediately in the income statement within personnel expenses, regardless of whether or not the benefit entitlement has already vested or is still vesting.

Changes in actuarial assumptions and the impact of experience adjustments (the difference between outcomes estimated using actuarial assumptions and actual outcomes) give rise to actuarial gains and losses, which are recognized directly in equity within other comprehensive income. These actuarial gains and losses are never transferred to the income statement.

33.23 Provisions

Provisions for litigation, disputes and miscellaneous contingencies and losses are recognized as soon as a present obligation arises from past events, which is likely to result in an outflow of resources embodying economic benefits, the amount of which can be reliably estimated.

Provisions maturing in more than one year are valued at their discounted amount, representing the best estimate of the expense necessary to extinguish the current obligation at the end of the reporting period. The discount rate used reflects current assessments of the time value of money and specific risks related to the liability.

A provision for restructuring costs is recognized when there is a formal and detailed restructuring plan and the plan has begun to be implemented or its main features have been announced before the end of the reporting period. Restructuring costs for which a provision is made essentially represent employee costs (severance pay, early retirement plans, payment in lieu of notice, etc.), work stoppages and compensation for breaches of contract with third parties.

33.24 Discontinued operations, assets held for sale and liabilities associated with assets held for sale

The Group applies IFRS 5, which requires the separate recognition and presentation of assets (or disposal groups) held for sale and discontinued operations.

Non-current assets, or groups of assets and liabilities directly associated with those assets, are considered as held for sale if it is highly probable that their carrying amount will be recovered principally through a sale rather than through continuing use. Non-current assets (or disposal groups) held for sale are measured and recognized at the lower of their net carrying amount and their fair value less the costs of disposal. These assets are no longer depreciated from the time they qualify as assets (or disposal groups) held for sale. They are presented on separate lines in the consolidated balance sheet, without restatement for previous periods.

A discontinued operation is defined as a component of a group that generates cash flows that can be clearly distinguished from the rest of the Group and represents a separate line of business or geographical area of operations. For all periods presented, the net income or loss from these activities is shown on a separate line of the income statement within discontinued operations and is restated in the statement of cash flows.

2 - STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2022

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information specifically required by French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

To the Kering S.A. General Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by your Shareholders' Meetings, we have audited the accompanying consolidated financial statements of Kering S.A. for the year ended December 31, 2022.

In our opinion, the consolidated financial statements present fairly, in all material respects, the assets and liabilities and the financial position of the Group as of December 31, 2022 and the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment tests on goodwill and intangible assets with indefinite useful lives

Notes 6, 10, 11 and 33.12 to the consolidated financial statements

Risk identified	Our response
As of December 31, 2022, goodwill and brands are recorded on the balance sheet for a net carrying amount of €4,053 million and €6,655 million or 12% and 20% of the total consolidated balance sheet, respectively. The Group tests the value of its assets for impairment by allocating them to cash-generating units (CGUs). The impairment tests are performed each year, or whenever events or circumstances indicate that an impairment loss is likely. CGUs as defined by the Group represent the operating segments in which the Group's brands operate. Impairment tests seek to determine whether the recoverable amount of a CGU is less than its net carrying amount. The recoverable amount of a CGU is the higher of its fair value less costs to sell and its value in use. The value in use is determined with respect to future cash flow projections, taking into account the time value of money and the specific risks attributable to the CGU. Future cash flow projections are based on medium-term budgets and plans. When the CGU's recoverable amount is less than its net carrying amount, an impairment loss is recognized. Impairment is charged first to goodwill and recognized under "Other non-recurring operating income and expenses" in the income statement. Impairments tests carried out did not identify any impairment loss to be recognized in 2022. Given the significant amount of goodwill and brands in the consolidated balance sheet as at December 31, 2022 and the uncertainties inherent in certain assumptions and notably the probability of achieving forecasts used to calculate the recoverable amount, we considered the valuation of goodwill and intangible assets with indefinite lives to be a key audit matter.	We performed a critical review of the methodology applied by the Group to carry out the impairment tests. Our procedures consisted in, for the CGU with a risk of impairment loss: • examining the items comprising the carrying amount of the CGUs to which the goodwill and brands have been allocated by the Group; • reviewing the consistency of cash flow projections with Management assumptions and the economic environments in which the Group operates; • assessing the consistency of the long-term growth rates adopted for projected cash flows with external analyses; • assessing the reasonableness of discount rates applied to estimated cash flows, with the help of our valuation experts; • comparing cash flow projections of the previous year with corresponding actual cash flows to assess their reliability; • assessing the analyses of sensitivity of the recoverable amount to a reasonable change in the main assumptions used by Management; • confirming that Notes 10, 11 and 33.12 to the consolidated financial statements provide appropriate disclosures.

Valuation of inventory impairment

Notes 15 and 33.18 to the consolidated financial statements

Risk identified	Our response
As of December 31, 2022, inventories appear on the consolidated balance sheet for a net amount of €4,465 million and represent 13% of consolidated assets. As disclosed in Note 33.18 to the consolidated financial statements, the cost of inventories is now determined according to the weighted average cost method for all of the Group's businesses. The retail method technique was abandoned in 2022 in order to retain a single valuation approach. An inventory impairment loss was recorded based on the prospects of inventory sell-through, obsolescence and damage. Given the significant amount of inventories in the consolidated balance sheet as of December 31, 2022, and the degree of judgment inherent in certain assumptions underlying the valuation of inventory depreciation, namely related to sales projections or obsolescence, we considered this topic to be a key audit matter.	Our procedures consisted in: • assessing the methods used to value inventory impairment following the abandonment of the retail method technique to estimate the weighted average cost; • examining the data and assumptions adopted by Management to write down inventories with regard to their aging and future sell-through; • assessing the consistency of the impairment rates adopted in comparison with other players in the Group's business sectors.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial information statement required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*) is included in the information pertaining to the Group presented in the management report. Pursuant to Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. A report will be issued on this information by an independent third-party.

Other Legal and Regulatory Verifications or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Group Managing Director, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Due to the technical limitations inherent to the block-tagging of the consolidated financial statements according to the European single electronic format, the content of certain tags for the notes may not be rendered identically as to the accompanying consolidated financial statements.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed statutory auditors of Kering S.A. by the Shareholders' Meeting of May 18, 1994 for Deloitte & Associés, and of April 28, 2022 for PricewaterhouseCoopers Audit.

As of December 31, 2022, Deloitte & Associés was in its 29th year of uninterrupted engagement and PricewaterhouseCoopers Audit in its 1st year.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified by Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;

Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;

Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) Number 537/2014, confirming our independence pursuant to the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris La Défense, March 3, 2023

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Deloitte & Associés	
Camille Phelizon	Patrice Morot	David Dupont-Noel	Bénédicte Margerin

3 - KERING SA ANNUAL FINANCIAL STATEMENTS

3.1 Balance sheet – Assets as of December 31, 2022, and 2021

		2022			2021
(in € millions)	**Notes**	**Gross**	**Depreciation, amortization and provisions**	**Carrying amount**	**Carrying amount**
NON-CURRENT ASSETS					
Investments		11,024	(1,659)	9,365	7,770
Other long-term investments		1,265	(93)	1,172	475
Total investments	**3**	**12,289**	**(1,752)**	**10,537**	**8,245**
Property, plant and equipment and intangible assets	4	547	(166)	381	363
Total non-current assets		**12,836**	**(1,918)**	**10,918**	**8,608**
CURRENT ASSETS					
Receivables[1]	5	393	(1)	392	225
Marketable securities	6	111		111	76
Cash[1]	6	1,365		1,365	3,245
Total current assets		**1,869**	**(1)**	**1,868**	**3,546**
TOTAL ASSETS		14,705	(1,919)	12,786	12,154
(1) o/w concerning associates:				1,556	3,384

3.2 Balance sheet – Equity and liabilities as of December 31, 2022, and 2021

(in € millions)	**Notes**	**2022**	**2021**
EQUITY			
Share capital		496	499
Additional paid-in capital		1,711	2,052
Reserves	7	1,345	1,345
Retained earnings		2,585	1,421
Net income for the year		1,552	2,769
Total equity		**7,689**	**8,086**
Provisions	**8**	**51**	**35**
LIABILITIES			
Bond issues[1]	9.1	4,238	3,375
Other borrowings[1] [2]	9.1	40	26
Other liabilities[2]	10	768	632
Total liabilities		**5,046**	**4,033**
TOTAL EQUITY AND LIABILITIES		12,786	12,154
(1) o/w due in more than one year:		3,638	2,572
(2) o/w concerning associates:		64	63

3.3 Income statement

For the years ended December 31, 2022, and 2021

(in € millions)	Notes	2022	2021
Operating income		584	479
Operating expenses		(633)	(502)
Net operating loss	**12**	**(49)**	**(23)**
Dividends		1,628	2,027
Other financial income and expenses		(107)	(26)
Net financial income	**13**	**1,521**	**2,001**
Recurring income before tax		**1,472**	**1,978**
Net non-recurring income (expense)	14	41	566
Employee profit-sharing		(9)	(7)
Income tax	15	48	232
Net income for the year		**1,552**	**2,769**

3.4 Statement of cash flows

For the years ended December 31, 2022, and 2021

(in € millions)	2022	2021
Dividends received	1,628	2,027
Interest on borrowings	(51)	(39)
Income tax (paid) received	25	134
Other	(80)	229
Net cash flow resulting from operating activities	**1,521**	**2,351**
(Acquisitions) disposals of operating assets	(116)	(133)
Change in long-term investments	(2,713)	338
Net cash flow resulting from investing activities	**(2,829)**	**205**
Net change in borrowings	872	(467)
Share capital increases	39	0
Dividends paid by Kering	(1,483)	(998)
Net cash flow resulting from financing activities	**(573)**	**(1,465)**
Change in cash and cash equivalents	**(1,880)**	**1,091**
Cash and cash equivalents at beginning of year	**3,245**	**2,154**
Cash and cash equivalents at end of year	**1,365**	**3,245**

3.5 Statement of changes in equity

(in € million) (before appropriation of net income)	Number of shares	Share capital	Additional paid-in capital	Reserves and retained earnings	Net income for the year	Equity
As of December 31, 2020	**125,017,916**	**500**	**2,052**	**2,016**	**2,080**	**6,648**
Appropriation of 2020 net income				2,080	(2,080)	-
Dividends paid				(686)		(686)
Interim dividend				(436)		(436)
Share capital reduction	(325,000)	(1)				(1)
Share cancellation				(208)		(208)
Changes in tax-driven provisions						-
2021 net income					2,769	2,769
As of December 31, 2021	**124,692,916**	**499**	**2,052**	**2,766**	**2,769**	**8,086**
Appropriation of 2021 net income				2,769	(2,769)	-
Dividends paid				(1,047)		(1,047)
Interim dividend				(558)		(558)
Share capital increase	102,862	0				0
Share capital reduction	(725,000)	(3)				(3)
Employee share ownership			38	(0)		38
Cancellation of shares			(379)			(379)
Changes in tax-driven provisions				0		0
2022 net income					1,552	1,552
As of December 31, 2022	**124,070,778**	**496**	**1,711**	**3,930**	**1,552**	**7,689**

As of December 31, 2022, Kering's share capital comprised 124,070,778 shares with a par value of €4.00 each.

3.6 Notes to the annual financial statements

NOTE 1 – 2022 HIGHLIGHTS

On March 28, 2022, Kering redeemed €275 million of bonds maturing on the same date.

In May 2022, Kering issued €1.5 billion of bonds consisting of one €750 million tranche of 3-year bonds with a coupon of 1.25%, and one €750 million tranche of 8-year bonds with a coupon of 1.875%.

On September 30, 2022, Kering redeemed €550 million of bonds maturing on the same date.

The Share Buyback Program – announced on August 25, 2021, with the aim of repurchasing up to 2.0% of the Group's share capital over a 24-month period – was completed on December 15, 2022. In 2022, the second tranche of that program took place between February and April, the third between May and July and the fourth between October and December. In total between August 25, 2021, and December 15, 2022, the Company repurchased 2.6 million shares. Of those, 1,050,000 shares have already been canceled.

NOTE 2 – ACCOUNTING POLICIES AND METHODS

The annual financial statements are prepared in accordance with regulation no. 2014-03 of the French accounting standards authority (Autorité des normes comptables – ANC).

2.1 Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are recorded in the balance sheet at their acquisition cost, which includes all expenses that can be directly attributed to them and that are necessary for them to operate or be brought into service. Depreciation and amortization are calculated using the straight-line method based on the nature and useful life of each component.

Property, plant and equipment and intangible assets are depreciated using the straight-line method and the following useful lives:

Software	1 to 5 years
Internally generated software	3 to 10 years
Improvements to property	10 to 24 years
Technical installations, tools and equipment	10 to 15 years
Computer equipment	1 to 10 years
Office furniture	10 years

2.2 Long-term investments

Investments

Securities classified as "Investments" are those considered necessary for the Company's activities, particularly because they provide the Company with influence over, or control of, the issuer.

The Company recognizes acquisition expenses in the cost price of investments, in accordance with the standard method under French generally accepted accounting principles.

As of the end of the reporting period, the gross value of investments is compared to their recoverable value for the Company, determined with reference to the subsidiary's estimated economic value and taking into consideration the purpose of the original transaction. Recoverable value is determined using a multi-criteria approach based on future cash flow projections, the revised asset value, the share of consolidated or revalued shareholders' equity, and other methods.

An impairment loss is recorded when this value falls below the gross value.

Other long-term investments

Other long-term investments include other investments and certain treasury shares.

Other investments (excluding treasury shares)

Other investments are investments that the Company plans or is required to hold on a long-term basis, but which are not deemed necessary for the Company's activities.

The gross amount of these investments is equal to the acquisition cost plus any related acquisition fees.

An impairment loss is recognized based on the value in use of these securities to the Company.

Treasury shares

Treasury shares acquired under liquidity agreements are recorded under "Other long-term investments". These shares are written down where necessary to reflect the average share price over the last month of the fiscal year.

Treasury shares acquired for the express purpose of being used in a future capital reduction are also classified under "Other long-term investments". These shares are not written down to reflect the share price.

2.3 Receivables

Receivables are recorded in the balance sheet at their nominal value and are written down where they present a risk of non-recovery.

2.4 Marketable securities and negotiable debt securities

Treasury shares

Treasury shares acquired for the express purpose of being subsequently granted to employees under stock option plans and free share plans are recorded under "Marketable securities".No impairment is recognized on treasury shares to reflect the share price.

Other shares

Shares are recorded at their acquisition cost. An impairment loss is recognized when their closing price falls below their carrying amount.

Bonds

Bonds are recorded on the acquisition date at their par value adjusted for any premium or discount. Accrued interest as of the acquisition date and as of the end of the reporting period is recorded in an accrued interest account.

As of the end of the reporting period, the cost of the bonds is compared to the market value of the principal over the last month of the year, excluding accrued interest. An impairment loss is recorded when this value falls below the gross value.

Mutual funds (Sicav)

Shares in mutual funds are recorded at their acquisition cost excluding subscription fees, and their net asset value is estimated as of the end of the reporting period. A provision for impairment is recorded in respect of any unrealized capital losses. No unrealized capital gains are recognized.

Negotiable certificates of deposit, certificates of deposit and notes issued by financing companies

Negotiable debt securities are subscribed on the primary market or purchased on the secondary market.They are recorded at acquisition cost less accrued interest as of the acquisition date when purchased on the secondary market.

Prepaid interest is recognized as financial income on a proportional basis for the fiscal year.

2.5 Foreign currency transactions

Income and expenses denominated in foreign currencies are recorded at their euro-equivalent value on the transaction date. Borrowings, receivables and liquidity positions denominated in foreign currencies are translated at the closing exchange rate. In the case of foreign currency hedging, borrowings and receivables are translated at the hedging rate.

Any translation differences resulting from the valuation of foreign currency borrowings and receivables are recorded in accrual accounts, as an asset for unrealized losses and as a liability for unrealized gains. A contingency provision is recorded to cover any unhedged unrealized losses. Where borrowings and receivables are hedged by financial instruments, any foreign currency gains or losses are recorded in the income statement when the hedged item is settled.

2.6 Bond issue and capital increase fees – Bond redemption premiums

Bond issue fees are recognized as of the issue date.

Costs associated with increases in capital, mergers or restructuring are charged against the additional paid-in capital arising from the merger or restructuring.

Bonds are recorded at their par value.

Any issue or redemption premiums are assigned to the relevant balance sheet item and amortized over the term of the bond.

For convertible bonds, the redemption premium is recognized over the term of the bond.

2.7 Provisions

Provisions are recognized in accordance with CNC regulation no. 2000.06 and include pension and other employee benefit obligations pursuant to ANC recommendation no. 2013-02.

Under defined benefit plans, obligations are valued using the projected unit credit method based on agreements in effect in the Company. Under this method, each period of service gives rise to an additional unit of benefit entitlement and each unit is measured separately to build up the final obligation. The obligation is then discounted. The actuarial assumptions used to determine the obligations vary depending on economic conditions.

These benefit obligations are assessed by independent actuaries on an annual basis. The valuations take into account the level of future compensation, the probable active life of employees, life expectancy and staff turnover.

Kering applies CRC notice no. 2008-17 of November 6, 2008, on the accounting treatment of stock option and employee free share plans.

2.8 Tax consolidation

Kering has set up a tax consolidation group in France with several sub-groups and subsidiaries.

Each subsidiary recognizes a tax expense for the amount of tax it would have paid on a stand-alone basis. The tax savings generated by the Group as a result of tax consolidation are retained by Kering SA as the parent company of the tax consolidation group.

NOTE 3 – LONG-TERM INVESTMENTS

(in € millions)	As of Dec. 31, 2021	Increase	Decrease	Reclassification	As of Dec. 31, 2022
Gross value					
Investments	**9,424**	**1,600**	**-**	**-**	**11,024**
Kering Holland NV	6,804	1,600	-	-	8,404
Marothi merger loss[(1)]	344	-	-	-	344
Redcats	1,777	-	-	-	1,777
Discodis	300	-	-	-	300
Yves Saint Laurent SAS	157	-	-	-	157
Other	43	-	-	-	43
Other long-term investments	**497**	**1,315**	**(514)**	**(34)**	**1,265**
Treasury shares (liquidity agreement)	-	101	(101)	-	-
Treasury shares (for cancellation)	-	-	(382)	715	333
Treasury shares (share buyback program)	328	1,026	-	(749)	605
PUMA	117	-	(27)	-	90
Sapardis merger loss[(2)]	15	-	(4)		11
Investments in funds	14	-	-	-	14
Loans and accrued interest on loans[(3)]	-	188	-	-	188
Deposits and guarantees	1	-	-	-	1
Other	23	-	-	-	23
Gross value	**9,922**	**2,914**	**(514)**	**(34)**	**12,289**
Impairment losses					
Investments	**(1,655)**	**(4)**	-	**-**	**(1,659)**
Redcats	(1,648)	(4)	-	-	(1,653)
Other	(7)	-	-	-	(7)
Other long-term investments	**(23)**	**(70)**	**-**	**-**	**(93)**
Treasury shares	-	(70)	-	-	(70)
Investments in funds	-	-		-	-
Other	(23)	-			(23)
Impairment losses	**(1,677)**	**(75)**	**-**	**-**	**(1,752)**
Carrying amount	**8,245**				**10,537**

(1) The Financière Marothi merger loss was allocated to the KHNV shares. Changes in the underlying assets as of December 31, 2022, did not give rise to recognition of an impairment.

(2) All of the assets and liabilities of Sapardis were transferred to Kering SA in 2018, resulting in a merger loss of €59.7 million, which was allocated to the investment in PUMA. Following the sales of PUMA shares in 2020, 2021 and 2022, the amount stands at €11.2 million.

(3) In 2022, loans mainly included a USD 188 million loan to Kering Finance.

Treasury share transactions

In 2022, the Group purchased 191,105 shares and sold the same number under the liquidity agreement.

No stock subscription options were exercised during 2022.

Since May 26, 2004, Kering has maintained agreements with a financial broker in order to improve the liquidity of the Group's shares and ensure share price stability. The latest agreement was signed on February 13, 2019, in accordance with AMF ruling no. 2018-01 of July 2, 2018, applicable since January 1, 2019. An amendment to that agreement came into force on July 1, 2021, providing for the resources in the liquidity account to be reduced by €25 million.As a result, there has been €25 million in the liquidity account since July 1, 2021.

As of December 31, 2022, and December 31, 2021, Kering held no shares in treasury under the liquidity agreement.

Share Buyback Program

Pursuant to the Share Buyback Program announced on August 25, 2021, covering up to 2.0% of Kering's share capital over a 24-month period, the Group signed a new stock repurchase agreement with an investment service provider.

To recap, the first tranche of this share buyback program was completed on November 3, 2021. Between August 25 and November 3, 2021, 650,000 shares were repurchased at an average price of €643.70 per share, representing around 0.5% of the share capital. 325,000 shares of that first tranche were canceled on December 10, 2021, pursuant to a decision by the Board of Directors at its meeting on December 9, 2021.

The second tranche of the share buyback program was then completed on April 6, 2022. Between February 23 and April 6, 2022, 650,000 shares were repurchased at an average price of €578.71 per share, representing around 0.5% of the share capital. The Board of Directors decided in its meeting of April 28, 2022, to cancel 325,000 shares by the end of 2022.

The third tranche of the program, covering a maximum volume of 650,000 shares, i.e. approximately 0.5% of Kering's share capital, was carried out between May 18 and July 19, 2022. The maximum price per share was set at €1,000 by the fifteenth resolution adopted in the Annual General Meeting of April 28, 2022.

The Share Buyback Program was completed on December 15, 2022. Between August 25, 2021, and December 15, 2022, the Company repurchased 2.6 million shares. Of those, 1,050,000 shares have already been canceled.

The total purchase price of the canceled shares was €382,293,989.24, which was allocated to the following accounts:

- €2,900,000 to "share capital";
- €184,630,756.69 of the surplus over par value paid for the canceled shares to "additional paid-in capital";
- €194,763,232.55 of the surplus over par value paid for the canceled shares to "additional paid-in capital"

NOTE 4 – PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Movements in property, plant and equipment and intangible assets are presented below:

(in € millions)	Gross	Depreciation, amortization and impairment	Dec. 31, 2022, Net	Dec. 31, 2021, Net
Intangible assets	499	(147)	352	332
Property, plant and equipment	48	(19)	29	31

Changes in non-current assets

(in € millions)	Carrying amount as of January 1	Acquisitions	Disposals / retirements	Depreciation and amortization	Reversals of depreciation and amortization	Carrying amount as of December 31
Intangible assets	332	113	(40)	(63)	9	352
Property, plant and equipment	31	3	(1)	(4)	1	29
TOTAL	363	116	(41)	(67)	10	381

NOTE 5 – RECEIVABLES

These line items break down as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Tax consolidation current accounts	37	66
Income tax benefit	67	14
Group customers	138	74
Bond issue premiums	6	(10)
Other (1)	135	71
Prepaid expenses (2)	9	10
TOTAL	392	225
o/w concerning associates:	196	141

(1) The change in 2022 was mainly due to the payment of guarantee deposits relating to real-estate purchases.
(2) Prepaid expenses mainly comprise fees, lease payments and insurance.

NOTE 6 – MARKETABLE SECURITIES AND CASH

These line items break down as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Treasury shares pending employee grants	-	21
Treasury shares granted	86	30
Mutual funds (Sicav)	25	25
Marketable securities	**111**	**76**
Bank deposits and fund transfers	4	1
Cash current accounts	1,360	3,244
Cash	**1,365**	**3,245**
CASH AND CASH EQUIVALENTS	1,475	3,322
o/w concerning associates:	1,360	3,244

Bank deposits include certificates of deposit and term deposits and accounts with a maturity of less than three months.

NOTE 7 – RESERVES

The Company's reserves before the appropriation of net income break down as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Legal reserve	51	51
Tax-driven reserves	1,294	1,294
Other reserves	-	-
Reserves	**1,345**	**1,345**
Tax-driven provisions	-	-
TOTAL	1,345	1,345

NOTE 8 – PROVISIONS

(in € millions)	Dec. 31, 2021	Additions	Reversals (utilized provisions)	Reversals (surplus provisions)	Dec. 31, 2022
Disputes	3	1	1	2	1
Risks relating to subsidiaries	-	-	-	-	-
Pensions and other employee benefit obligations	10	5	1	3	11
Share plans	22	20	-	3	39
Foreign exchange risk	-	-	-	-	-
TOTAL	35	26	2	8	51
o/w:					
operating items		6	1	-	
financing items		-	1	3	
non-recurring items		20	-	5	

The main actuarial assumptions used to determine pensions and other employee benefit obligations are:

- discount rate of 4% in 2022 as opposed to 1.75% in 2021;
- salary increase rate of 2.50%.

8.1 Free share grants

(in €)	
Date of the Annual General Meeting	04/28/2022
Date of grant by the Board of Directors	10/04/2022
Provisional grants as of October 1, 2022	50,646
Provisional grants during the period	49,448
Grants forfeited in 2022	(9,356)
Provisional grants as of Dec. 31, 2022	**90,738**
Amount of the liability on the balance sheet	**39,219,995**

The unit value of the 2022 provisional free share grants is €572.25.

NOTE 9 – BORROWINGS

Bonds

Euro-denominated bond issues

(in € millions)	Interest rate	Issue date	Hedge	Maturity	Dec. 31, 2022	Dec. 31, 2021
Bond issue(1)	2.75% fixed	04/08/2014 & 05/30/2014 & 06/26/2014 & 09/22/2015 & 11/05/2015	-	04/08/2024	500.0	500.0
Bond issue(2)	0.875% fixed	03/27/2015	-	03/28/2022	0.0	275.0
Bond issue(3)	1.60% fixed	04/16/2015	-	04/16/2035	50.0	50.0
Bond issue(4)	1.25% fixed	05/10/2016	-	05/10/2026	500.0	500.0
Bond issue(5)	1.50% fixed	04/05/2017	-	04/05/2027	300.0	300.0
Bond issue(6)	Zero coupon	09/30/2019	-	09/30/2022	0.0	550.0
Bond issue(7)	0.25% fixed	05/13/2020	-	05/13/2023	600.0	600.0
Bond issue(8)	0.75% fixed	05/13/2020	-	05/13/2028	600.0	600.0
Bond issue(9)	1.25% fixed	05/05/2022	-	05/05/2025	750.0	750.0
Bond issue(10)	Fixed 1.875%	05/05/2022	-	05/05/2030	750.0	750.0

(1) Issue price: bond issue on April 8, 2014, comprising 1,000 bonds with a par value of €100,000 each under the EMTN program, with 1,000 additional bonds issued on May 30, 2014, 1,000 additional bonds issued on June 26, 2014, 1,500 additional bonds issued on September 22, 2015, and 500 additional bonds issued on November 5, 2015, thereby raising the issue to 5,000 bonds.
Redemption: in full on April 8, 2024.

(2) Issue price: bond issue, comprising 2,750 bonds with a par value of €100,000 each under the EMTN program, with 5,000 bonds issued on March 27, 2015, of which 1,052 were subsequently redeemed on April 9, 2018, and a further 1,198 on October 9, 2018.
Redemption: in full on March 28, 2022.

(3) Issue price: bond issue on April 16, 2015, comprising 500 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on April 16, 2035.

(4) Issue price: bond issue on May 10, 2016, comprising 5,000 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on May 10, 2026.

(5) Issue price: bond issue on April 5, 2017, comprising 3,000 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on April 5, 2027.

(6) Issue price: bond issue on September 30, 2019, comprising 5,500 bonds with a par value of €100,000 each, exchangeable for PUMA shares.This issue does not form part of the EMTN program. The issue price was set at 108.75%.The reference PUMA share price and the exchange price were set at €68.2773 and €92.17 respectively.
Redemption: in full on September 30, 2022.

(7) Issue price: bond issue on May 13, 2020, comprising 6,000 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on May 13, 2023.

(8) Issue price: bond issue on May 13, 2020, comprising 6,000 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on May 13, 2028.

(9) Issue price: bond issue on May 5, 2022, comprising 7,500 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on May 5, 2025.

(10)Issue price: bond issue on May 5, 2022, comprising 7,500 bonds with a par value of €100,000 each under the EMTN program.
Redemption: in full on May 5, 2030.

USD-denominated bond issues

(in € millions)	Interest rate	Issue date	Hedge	Maturity	Dec. 31, 2022	Dec. 31, 2021
Bond issue(1)	3.639% fixed	05/27/2022	-	05/27/2027	188	0

(1) Issue price: bond issue on May 27, 2022, comprising 200 bonds with a par value of USD 1,000,000 each under the EMTN program, i.e. representing a total of USD 200 million.
Redemption: in full on May 27, 2027.

The bonds issued between 2014 and 2017 within the scope of the EMTN program are all subject to a change-of-control clause entitling bondholders to request early redemption at par if Kering's rating is downgraded to non-investment grade following a change of control.

9.1 Breakdown by type

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Bonds	**4,238**	**3,375**
Interest on bond issues	38	24
Bank overdrafts	2	2
Other borrowings	**40**	**26**
TOTAL	4,278	3,401
o/w concerning associates:	-	-

As of December 31, 2021, and 2022, no borrowings were secured by collateral.

9.2 Breakdown by maturity

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Less than one year	640	829
One to five years	2,238	1,615
More than five years	1,400	957
TOTAL	4,278	3,401

9.3 Net debt

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Borrowings	4,276	3,399
Cash	(1,365)	(3,245)
NET DEBT	2,911	154

NOTE 10 – OTHER LIABILITIES

These line items break down as follows:

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Tax consolidation current accounts	10	9
Dividends payable	558	436
Tax and employee-related liabilities	68	100
Other(1)	132	86
TOTAL	768	632
o/w concerning associates:	64	63

(1) "Other" primarily includes liabilities to the Group, in an amount of €54.3 million.

NOTE 11 – OTHER OFF-BALANCE SHEET COMMITMENTS

11.1 Interest-rate hedges

As part of the Group's policy of hedging interest rate risk, Kering sets up interest rate swaps in connection with certain borrowings.

No interest rate hedges were in place as of December 31, 2022.

11.2 Other off-balance sheet commitments

(in € millions)	Dec. 31, 2022	Dec. 31, 2021
Endorsements and guarantees in favor of:		
• associates	1	9
• third parties outside the Group	181	76
Endorsements and guarantees	**182**	**85**

11.3 Other commitments made to Kering

As of December 31, 2022, Kering SA had €3,035 million of unused confirmed lines of credit with a remaining time to expiry of more than one year.

NOTE 12 – NET OPERATING LOSS

Net operating loss breaks down as follows:

(in € millions)	2022	2021
Group management fees	212	172
Revenue from investments	7	10
Other income(1)	365	297
Rent and related charges	(33)	(30)
Payroll expenses and taxes	(116)	(99)
Management fees	(65)	(36)
Other external expenses(2)	(413)	(329)
Income tax and other levies	(6)	(7)
TOTAL	(49)	(23)
o/w Directors' fees:	(1)	(1)

(1) Other income mainly comprises IT services.
(2) Other external expenses mainly comprise IT services.

NOTE 13 – NET FINANCIAL INCOME

Net financial income breaks down as follows:

(in € millions)	2022	2021
Net interest expense	**(107)**	**(26)**
Expenses and interest on non-Group debt	(43)	(26)
Other financial expense	(64)	-
Dividends	**1,628**	**2,027**
Kering Holland NV	1,600	2,000
Kering Finance	15	25
YSL Couture	9	-
Other	4	2
TOTAL	1,521	2,001
o/w concerning associates:		
Dividends	1,624	2,025

NOTE 14 – NET NON-RECURRING INCOME (EXPENSE)

Net non-recurring income (expense) breaks down as follows:

(in € millions)	**2022**	**2021**
Net proceeds from disposals / retirements of operating assets	(30)	(72)
Net proceeds from disposals of securities, impairment losses and related transactions	72	640
Cost of disputes, litigation and restructuring	-	(2)
Other non-recurring income (expense)	(1)	1
TOTAL	41	566

In 2022, net non-recurring income mainly reflects the gain on the sale of PUMA's shares for €73.7 million.

NOTE 15 – INCOME TAX BREAKDOWN

(in € millions)	**2022**	**2021**
Tax on recurring income and employee profit-sharing	33	10
Tax on non-recurring income	13	8
	46	**18**
Tax with respect to previous years	(2)	165
Tax consolidation impact	4	48
TOTAL	48	232

Under a tax consolidation agreement that came into effect on January 1, 1988, Kering pays the tax due by members of the tax consolidation group and fulfills all relevant tax obligations.

The tax consolidation group comprised 33 companies in 2022 and 30 in 2021.

NOTE 16 – DEFERRED TAX ASSETS AND LIABILITIES

(in € millions)	
Deferred tax assets	
Long-service bonuses	0.3
Employee profit-sharing	0.2
Deferred tax liabilities	
Retirement termination benefits	(0.1)
TOTAL	0.5

NOTE 17 – OTHER INFORMATION

17.1 Average headcount

The Company had an average of 618 employees (567 managerial-grade employees (cadres) and 51 other employees) in 2022 compared to 536 in 2021.

17.2 Fees paid to Statutory Auditors

Statutory Auditors' fees recorded in the income statement are shown below:

	KPMG Audit		Deloitte & Associés		PwC	
(in € thousands)	2022	2021	2022	2021	2022	2021
Statutory audit of the parent company and consolidated financial statements	-	639	817	641	612	-
Non-audit services [(1)]	-	114	217	269	41	-
TOTAL	-	752	1,034	910	653	-

(1) The non-audit services rendered by PwC to Kering SA and its fully-consolidated subsidiaries are mainly related to comfort letters. The non-audit services rendered by Deloitte & Associés to Kering SA and its fully-consolidated subsidiaries are mainly related to comfort letters and the verification of the non-financial information statement.

17.3 Executive compensation

In 2022, total compensation of €10.4 million was awarded to members of the governance and management bodies, versus €22.0 million in 2021.

17.4 Consolidating company

Kering prepares the consolidated financial statements and is controlled by Artemis, which holds 42.01% of its capital and 59.3% of its voting rights. Artémis is wholly owned by Financière Pinault.

17.5 Transactions with related parties

The support agreement between Artémis and Kering signed on September 27, 1993, generated an expense of €7.2 million in 2022 compared with an expense of €6.3 million in 2021.

Other transactions with related parties were contracted at arm's length conditions. As a result, no additional disclosures are required pursuant to Article R. 183-198 11 of the French Commercial Code.

NOTE 18 – SUBSEQUENT EVENTS

Kering SA paid an interim dividend of €4.50 per share on January 18, 2023, on positions established on the evening of January 17, 2023, pursuant to a decision by the Board of Directors on December 8, 2022.

On February 27, 2023, Kering has issued a dual-tranche bond for a total of EUR 1.5 billion, consisting of a EUR 750 million tranche with a 6-year maturity and a 3.25% coupon and a EUR 750 million tranche with a 10-year maturity and a 3.375% coupon.

3.7 Other information

Subsidiaries and investments as of December 31, 2022

(in € thousands)		Share capital	Shareholder's equity excl. share capital and net income	% of capital held	Carrying amount of shares *(in euros)* Gross	Net	Outstanding loans granted by the Company	Endorsements and guarantees given by the Company	Last published revenue excl. VAT	Last published net income (loss)	Dividends received by the Company during the year
I – DETAILED INFORMATION											
A – Subsidiaries (more than 50%-owned and representing over 1% of the share capital)											
Discodis	France	153,567	150,982	100.00	299,736	299,736				1,596	
Kering Holland NV	Netherlands	108,246(1)	1,511,963(1)	100.00	8,748,219(3)	8,748,219(3)				1,632,191(1)	1,600,000
Kering International(2)	United Kingdom	14,876(1)	3,148(1)	100.00	14,773	14,773			3,211(1)	35(1)	
Kering Studio	France	380	(35)	100.00	6,510	323				(27)	
Redcats	France	401	112,594	100.00	1,776,645	123,582				10,587	
Kering Capital	France	20,710	37,485	100.00	20,475	20,475				3,149	
	Sub-total				**10,866,357**	**9,207,107**					
B – Investments (less than 50%-owned and representing over 1% of the share capital)											
Yves Saint Laurent	France	123,811(1)	48,815(1)	2.86	157,232	157,232			1,269,948(1)	371,937(1)	9,452
	Sub-total				**157,232**	**157,232**					
II – AGGREGATE INFORMATION											
A – Subsidiaries not listed in I											
French subsidiaries					808	418					
Non-French subsidiaries					0	0					
B – Investments not listed in I											
French investments					0	0					
Non-French investments					0	0					
TOTAL					**11,024,397**	**9,364,758**					

(1) Based on accounts as of December 31, 2021.
(2) GBP exchange rate as of December 31, 2021.
(3) Including the Financière Marothi merger loss of €344,066 thousand.

Payment terms for trade payables and trade receivables

Invoices received or issued and due but not settled at the end of the reporting period (table provided for in Article D. 441-4(I) of the French Commercial Code).

	Article D. 441(I)(1): invoices received and due but not settled at the end of the reporting period						Article D. 441(I)(2): Invoices issued and due but not settled at the end of the reporting period					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and above	Total (1 or more days)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and above	Total (1 or more days)
(A) Days late												
Number of invoices	**815**					**125**	**124**					**263**
Total amount of invoices (excl. VAT)	49,152,069	877,603	544,271	1,763,493	343,915	3,529,282	95,688,490	552,346	2,878,186	5,844,209	14,081,956	23,356,696
As a % of total purchases for the reporting period (excl. VAT)	**11.82%**	**0.21%**	**0.13%**	**0.42%**	**0.08%**	**0.85%**						
As a % of revenue for the reporting period (excl. VAT)							**16.95%**	**0.10%**	**0.51%**	**1.04%**	**2.50%**	**4.14%**
(B) Invoices excluded from (A) – relating to contested or unrecognized payables or receivables												
Number of invoices excluded	N/A						N/A					
Total amount of invoices excluded (excl. VAT)	N/A						N/A					
(C) Reference payment terms used (contractual or legal – Article L. 441-6 or L. 443-1 of the French Commercial Code)												
Reference payment terms used to calculate late payments	Legal terms: 30 to 60 days						Contractual terms: 30 days from date of invoice					

Legal terms:

The payment term of sums due is set at 30 days following the date on which the goods are received, or on which the service is carried out.

Parties may make exceptions to this principle. However, the term agreed by the parties may not exceed 60 days or, as an exception, 45 days from the end of the month, as of the date of issue of the invoice.

The agreed payment term must be specified on the invoice and in the general terms and conditions of sale.

Invoices issued periodically (or summary invoices) must be paid within a maximum of 45 days from the date of issue.

Purchases of VAT-exempt goods and services delivered outside the European Union may be settled up to 90 days from the invoice date. The term must be indicated in the sales contract.

3.8 Five-year financial summary

	2022	2021	2020	2019	2018
Share capital at year-end					
Share capital *(in €)*	496,283,112	498,771,664	500,071,664	505,117,288	505,117,288
Number of ordinary shares outstanding	124,070,778	124,692,916	125,017,916	126,279,322	126,279,322
Maximum number of potential shares to be issued	-	-	-	-	-
by conversion of bonds					
by exercise of stock subscription options	-	-	-	-	-
Operations and results for the year *(in € thousands)*					
Income from operating activities	248,861	193,582	191,417	249,910	224,867
Net income before tax, employee profit-sharing, depreciation, amortization and provisions	1,661,129	2,522,667	2,035,513	668,442	1,661,867
Income tax (expense) benefit	48,000	231,694	83,711	168,205	36,297
Employee profit-sharing for the year	8,589	7,098	1,292	6,900	7,264
Net income after tax, employee profit-sharing, depreciation, amortization and provisions	1,552,045	2,769,080	2,079,582	917,677	1,656,574
Dividend distribution	1,736,991 (1)	1,371,622	1,000,143	1,010,235	1,325,933
Per share data *(in €)*					
Net income after tax, employee profit-sharing, but before depreciation, amortization and provisions	13.39	20.23	16.28	6.57	13.39
Net income after tax, employee profit-sharing, depreciation, amortization and provisions	12.51	22.21	16.63	7.27	13.12
Dividend:					
Net dividend per share(2)	14.00 (1)	12.00	8.00	8.00	10.50
Employee data					
Average number of employees during the year	618	536	493	438	347
Total annual payroll *(in € thousands)*	56,877	60,030	76,731	80,267	79,737
Total employee benefits paid during the year (social security, employee benefits, etc.) *(in € thousands)*	41,742	36,828	38,490	33,144	27,437

(1) Subject to approval by the Annual General Meeting.
Including an interim dividend of €4.50 per share paid on January 18, 2023.

(2) Pursuant to Article 243 bis of the French Tax Code (Code général des impôts), the full amount of the dividend paid to individuals who are tax residents in France qualifies for the 40% tax credit provided under Article 158-3(2) of said Code.

4 - STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

For the year ended December 31, 2022

This is a translation into English of the Statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This Statutory auditors' report includes information required by French law, such as information about the appointment of the Statutory auditors or verification of the Management Report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Kering S.A. General Shareholders' Meeting,

Opinion

In compliance with the engagement entrusted to us by the Shareholders' Meetings, we have audited the accompanying financial statements of Kering SA for the year ended December 31, 2022.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2022 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*code de commerce*) and the French Code of Ethics (*code de déontologie*) for statutory auditors, for the period from January 1, 2022 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5, paragraph 1, of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of long-term investments

Notes 2 and 3 to the financial statements

Risk Identified	Our response
Long-term investments, appearing on the balance sheet as of December 31, 2022 for a gross amount of €11,024 million and a net amount of €9,365 milion represent one of the most significant balance sheet items. They are recognized at their date of entry at acquisition cost, including acquisition expenses. As indicated in Note 2 to the financial statements, at year-end, the gross amount of investments is compared to their value in use for the Company, determined with reference to the subsidiary's estimated economic value and taking into consideration the purpose of the original transaction. Value in use is determined using a multi-criteria approach based on future cash flow projections and the share of consolidated or revalued shareholders' equity. Other methods are used when necessary. An impairment loss is recorded when this value falls below the gross value. Given the materiality of long-term investments on the balance sheet, and the estimates and assumptions used to determine value in use, we considered the valuation of long-term investments to be a key audit matter.	To assess the reasonableness of the estimated values in use of long-term investments, based on the information communicated to us, our work mainly consisted in: • verifying that the estimated values in use determined by Management are based on an appropriate justification of the valuation method and the figures used; • ensuring that the net carrying amounts of the investments are below their value in use, taking into account the share of consolidated or revalued shareholders' equity, cash flows projections, latest available forecasted information, and the profitability outlook; • verifying the calculation of revalued shareholders' equity.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information presented in the Management Report and in the other documents with respect to the financial position and the financial statements provided to shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (*Code de commerce*).

Information relating to corporate governance

We attest that the section of the management report devoted to corporate governance sets out the information required by Articles L. 225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by or awarded to the members of the Board of Directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other Information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*code monétaire et financier*), prepared under the responsibility of the Deputy Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Kering SA by the Shareholders' Meeting of May 18, 1994 for Deloitte & Associés and April 28, 2022 for PricewaterhouseCoopers Audit.

As at December 31, 2022, Deloitte & Associés was in its 29th year of uninterrupted engagement and PricewaterhouseCoopers Audit in its first.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris La Défense, March 3, 2023

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Deloitte & Associés	
Camille Phelizon	Patrice Morot	David Dupont-Noel	Bénédicte Margerin

5 - STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS

Shareholders' Meeting held to approve the financial statementsfor the year ended December 31, 2022

This is a free translation into English of the Statutory Auditors' Special Report on regulated agreements that is issued in the French language and is provided solely for the convenience of English speaking readers.

This report on regulated agreements should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code (Code de commerce) and that the report does not apply to those related – party transactions described in IAS 24 or other equivalent accounting standards.

To the Kering S.A. General Shareholders' Meeting

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements with third parties.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, and the reasons justifying that these agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information provided for in Article R. 225-31 of the French Commercial Code in respect of the performance of the agreements already authorized by the Shareholders' Meeting and having continuing effect during the year, if any.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in agreeing the information provided to us with the relevant source documents.

Agreements submitted to the approval of the shareholders' meeting

Agreements authorized during the year

We inform you that we have not been advised of any agreement authorized during the year subject to the approval of the Shareholders' Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements previously approved by the shareholders' meeting

Agreements authorized in previous years with continuing effect during the year

Pursuant to Article R. 225-30 of the French Commercial Code, we have been advised that the following agreement authorized in previous years by the Shareholders' Meeting has had continuing effect during the year.

Support agreement for services provided by Artémis SAS

Pursuant to the terms of a support agreement signed on September 27, 1993 between Kering SA and Artémis SAS, it being specified that this company was converted from a public limited liability company (société anonyme) into a simplified limited liability company (société par actions simplifiée) on July 23, 2018, Artémis SAS carries out research and advisory work for Kering SA in the following areas:

- strategy and development of the Kering SA Group and support in carrying out complex legal, tax, financial and real estate transactions;
- sourcing of business development opportunities in France and abroad or cost-cutting measures.

At its March 10, 1999 meeting, the Kering SA Supervisory Board authorized payment for these services amounting to 0.037% of consolidated net revenue (excluding VAT).

In line with the appropriate modifications to Kering SA's corporate governance rules, your Board of Directors resolved on July 6, 2005, without amending the agreement in force since September 27, 1993, that the Kering SA Audit Committee would perform, in addition to the usual annual review of the existence and substance of the support provided by Artémis SAS to Kering SA, an annual assessment of the services and their fair price given the facilities provided and the cost savings realized in the common interest.

The methods for assessing the contractually agreed amount were reviewed by the Audit Committee which, at its meeting of February 10, 2023, noted that Kering SA had continued to benefit, during 2022, from the advice and assistance of Artémis SAS on recurring topics including communications, public and institutional relations, as well as the development strategy and its implementation and access to a luxury environment (loans of artwork; access to premises).

At its February 14, 2023 meeting, your Board of Directors re-examined this agreement, and duly noted the payment of 7,173 thousand euros (excluding VAT) under this agreement in respect of 2022, it being specified that the revenue from Kering Eyewear and of discontinued operations were excluded from the calculation of this fee, as was the case in previous years.

Persons involved:

- Artémis SAS, a shareholder of Kering SA with more than 10% of the voting rights;
- François-Henri Pinault, Chairman and Chief Executive Officer of Kering SA, and Chairman of Artémis SAS;
- Jean-François Palus, Director and Group Managing Director of Kering SA, and Deputy Managing Director of Artémis SAS;
- Héloïse Temple-Boyer, permanent representative of Financière Pinault SCA, Director of Kering SA and Deputy Managing Director of Artémis SAS.

Neuilly-sur-Seine and Paris La Défense, March 3, 2023

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit		Deloitte & Associés	
Camille Phelizon	Patrice Morot	David Dupont-Noel	Bénédicte Margerin

CHAPTER 7
Investor information

1 - CAPITAL

1.1 Share capital

Share capital as of December 31, 2022

As of December 31, 2022, the share capital amounted to €496,283,112 and was divided into 124,070,778 shares[1] with a par value of €4 each (all of the same class), all fully paid up. The number of actual voting rights at the same date totaled 175,149,802 (after deducting treasury shares, which do not carry voting rights).

As of December 31, 2022, to the Company's knowledge:

- the Directors directly held 0.09% of the share capital, representing 0.12% of the voting rights (after deducting treasury shares, which do not carry voting rights);
- the Company directly held 1,850,408 treasury shares, but did not hold any under the liquidity agreement. None of the Company's shares were held by controlled companies.

Share capital movements over the past three years

Year	Description of transaction	Additional paid-in capital	Nominal amount of capital changes	Aggregate amounts of Company capital (as of Dec. 31)	Aggregate number of ordinary €4 shares (as of Dec. 31)	Aggregate number of voting rights[1] (as of Dec. 31)
2022				**€496,283,112**	**124,070,778**	**177,000,210**
2021				€498,771,664	124,692,916	177,587,206
2020				€500,071,664	125,017,916	177,784,720

(1) Total number of voting rights, including treasury shares.

1.2 Treasury shares held by the Company and its subsidiaries

Acquisition of treasury shares by the Company

The Annual General Meeting of April 22, 2021 authorized the Board of Directors to trade in Company shares for a period of 18 months in accordance with the goals and terms of the stock repurchase program filed with the AMF. This program specifies a maximum purchase price of €700 per share and states that the number of shares purchased may not exceed 10% of the share capital. Subsequently, the General Meeting of July 6, 2021, in its only resolution, increased the maximum purchase price to €1,000 per share in view of the continuous rise in the Company's share price and the fact that in May 2021 it rose above the maximum purchase price set in the April 22, 2021 AGM.

The authorization given to the Board of Directors to trade in Company shares for a period of 18 months was renewed at the Annual General Meeting of April 28, 2022 under the fifteenth resolution (maximum purchase price of €1,000 per share).

The objectives that could be pursued are defined in the corresponding resolution and include canceling shares, allotting shares to the Company's employees or corporate officers within the scope of free share or stock purchase option plans, ensuring liquidity and maintaining the Company's share price under a liquidity agreement, retaining shares and, where applicable, selling, transferring or exchanging them in external growth transactions.

Liquidity agreement

Since May 26, 2004, Kering has maintained agreements with a financial intermediary in order to improve the liquidity of the Group's shares and ensure share price stability. The latest agreement was signed on February 13, 2019, in accordance with AMF ruling no. 2018-01 of July 2, 2018, applicable since January 1, 2019. An amendment to that agreement came into force on July 1, 2021, providing for the resources in the liquidity account to be reduced by €25 million. As a result, there was €25 million in the liquidity account on July 1, 2021.

During 2022, Kering purchased 191,105 shares for an amount of €101.2 million, representing an average price of €529.40 per share. Similarly, Kering sold 191,105 shares for an amount of €101.2 million, representing an average price of €529.72 per share. From January 1, 2023 to February 14, 2023, the Company purchased 25,393 shares at an average price of €546.36 per share and sold 24,893 shares at an average price of €547.01 per share under the liquidity agreement.

(1) Changes in the number of shares in issue are set out in chapter 6 (Kering SA annual financial statements, 3.5 - Statement of changes in equity).

Share buyback program and allocation to free share plans

The share buyback program – authorized by the General Meeting of July 6, 2021 and announced on August 25, 2021 with the aim of repurchasing up to 2.0% of the Group's share capital over a 24-month period – was completed on December 15, 2022.

The table below shows the calendar of the program's various tranches at December 31, 2022.

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Buyback 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.

Transaction fees for the share buyback program totaled €4.3 million in 2022.

1.3 Authorizations to issue securities giving access to the share capital

Authorizations to issue shares or other securities in force as of December 31, 2022

Pursuant to the decisions of the Annual General Meetings of April 22, 2021 and April 28, 2022, the Board of Directors has the following authorizations:

Description of authorization	Date of Annual General Meeting *(resolution)*	Period of validity *(expiry date)*	Maximum authorized nominal amount *(in € millions)*	Current use
Share capital increases with pre-emptive subscription rights				
Share capital increase via the issue, with pre-emptive subscription rights, of shares and/or securities giving access, either immediately or in the future, to shares or to debt securities	April 22, 2021 (16th)	26 months (June 2023)	200(1)	Unused
Share capital increase via the capitalization of reserves, profits or additional paid-in capital	April 22, 2021 (17th)	26 months (June 2023)	200(2)	Unused
Share capital increases without pre-emptive subscription rights				
Share capital increase via the issue, without pre-emptive subscription rights, by public offering, of shares and/or securities giving access, either immediately or in the future, to shares, including as payment for shares tendered to a public exchange offer, or to debt securities	April 22, 2021 (18th)	26 months (June 2023)	50(3)	Unused
Share capital increase via the issue, without pre-emptive subscription rights, by public offering to certain investors, of shares and/or securities giving access, either immediately or in the future, to shares or to debt securities	April 22, 2021 (19th)	26 months (June 2023)	50(4)(5)	Unused
Authorization to set the issue price for a share capital increase, without pre-emptive subscription rights, by public offering, including a public offering to certain investors, limited to 5% of the share capital per year	April 22, 2021 (20th)	26 months (June 2023)	5% of the share capital per year(3)	Unused
Share capital increase in payment for in-kind contributions, limited to 10% of the share capital	April 22, 2021 (22nd)	26 months (June 2023)	10% of the share capital(5)	Unused
Share capital increases with or without pre-emptive subscription rights				
Increase in the number of shares or securities to be issued within the scope of a share capital increase, with or without pre-emptive subscription rights, limited to 15% of the amount of the initial issue	April 22, 2021 (21st)	26 months (June 2023)	15% of the amount(3)(6)	Unused
Free awards of performance shares				
Free awards of existing shares and/or shares to be issued for the benefit of employees and executive corporate officers of the Group	April 28, 2022 (16th)	38 months (June 2025)	1% of the share capital	Used
Restricted share issues				
Capital increase reserved for eligible employees, former employees and corporate officers who are members of a company savings plan	April 28, 2022 (17th)	26 months (June 2024)	0.5% of the share capital(7)	Used
Capital increase for the benefit of Group employees or certain categories of Group employees outside of France	April 28, 2022 (18th)	18 months (October 2023)	0.5% of the share capital(7)	Used
Share capital reductions by canceling shares				
Authorization to reduce the share capital by canceling shares	April 22, 2021 (15th)	24 months (April 2023)	10% of the share capital per 24-month period	Used (see below)

(1) This amount represents the maximum total nominal amount of capital increases that may take place under the authority granted by the sixteenth, eighteenth, nineteenth, twentieth, twenty-first and twenty-second resolutions of the April 22, 2021 Annual General Meeting. The total nominal amount of capital increases taking place pursuant to those resolutions count toward that maximum amount.

(2) This amount may not exceed the overall €200 million limit set under the sixteenth resolution of the April 22, 2021 Annual General Meeting.

(3) This amount counts toward the overall €200 million limit set under the sixteenth resolution of the April 22, 2021 Annual General Meeting.

(4) Limited by Article L. 225-136 of the French Commercial Code to 20% of the share capital per year in all cases.

(5) This amount counts toward the overall limit of €200 million and the sub-limit of €50 million set by the sixteenth and eighteenth resolutions of the April 22, 2021 Annual General Meeting.

(6) Limited to 15% of the initial issue carried out under the sixteenth, eighteenth and nineteenth resolutions and subject to the limit set in the resolutions pursuant to which the issues are decided (sixteenth, eighteenth and nineteenth resolutions), as well as the overall limit set in the sixteenth resolution of the April 22, 2021 Annual General Meeting.

(7) Common limit for capital increases taking place under the seventeenth and eighteenth resolutions of the April 28, 2022 Annual General Meeting.

As indicated in the above table, in the Annual General Meeting of April 22, 2021, shareholders authorized the Board of Directors to issue, with or without pre-emptive subscription rights, shares and/or securities giving access to the Company's share capital, either immediately or in the future, and to increase the share capital by capitalizing reserves, profits or additional paid-in capital. The Annual General Meeting of April 28, 2022 authorized the Board of Directors to carry out capital increases reserved for eligible Group employees and corporate officers and free awards of shares to employees and executive corporate officers.

On July 7, 2022, as part of its KeringForYou employee share ownership program and under the authorizations granted by the Annual General Meeting of April 28, 2022 in its seventeenth and eighteenth resolutions, the Company carried out a capital increase reserved for employees by issuing 102,862 ordinary shares with par value of €4 each (total nominal value of €411,448), increasing the share capital to €499,183,112 euros, divided into 124,795,778 shares with par value of €4 each.

In accordance with the authorization granted at the Annual General Meeting of April 22, 2021 in the fifteenth resolution, on December 12, 2022 the Group Managing Director, acting by delegation of authority from the Company's Board of Directors, reduced the share capital by €2,900,000 through the cancellation of 725,000 treasury shares resulting from the second and third tranches of the share buyback program that began on August 15, 2021, This operation reduced the overall share capital to €496,283,112, divided into 124,070,778 shares with a par value of €4 each.

In addition, as part of free performance share plans set up since 2020 within the Group, and under the authorization granted by the Annual General Meeting of April 28, 2022 in its sixteenth resolution, on October 4, 2022 Kering awarded 74,274 performance shares to managers and certain employees of the Group.

The other authorizations were not used during the year.

Other securities giving access to the share capital

Special report on stock subscription and purchase options and free share grants

A free share plan was put in place on October 4, 2022 (see section 1.3 of the present chapter and Note 5.2 "Plans settled in Kering shares" to the consolidated financial statements).

Stock option plans

No stock subscription and purchase option plans have been set up since 2007. As of December 31, 2022, there were no stock subscription or purchase options outstanding.

Changes in share capital and rights attached to shares

Any changes in the share capital or the rights attached to shares are governed by legal requirements and the specific provisions of the Articles of Association as set out below.

Under Article 15 of the Articles of Association, in the Company's internal organization, decisions by the Chief Executive Officer and, where applicable, the Group Managing Director relating to the issue of securities, regardless of their nature, require the prior approval of the Board of Directors when such issues are likely to change the share capital.

1.4 Employee share ownership

As of December 31, 2022, Company and Group employees and executive corporate officers held 236,934 shares, representing 0.2% of the share capital, under the provisions of Article L. 225-102 of the French Commercial Code. This includes the 11,695 Company shares held by employees through the employee investment fund and the 99,691 shares owned by employees as part of the KeringForYou program. This employee share ownership program, implemented for the first time in 2022, gives eligible employees in several countries the opportunity to become Kering shareholders on preferential terms and thus have a direct interest in its development and future performance (see Note 5.3 "Capital increase reserved for employees" to the consolidated financial statements).

1.5 Appropriation of net income – Dividends paid by the Company

Appropriation of net income

At its meeting of February 14, 2023, the Board of Directors acknowledged and suggested the following appropriation of net income to the shareholders at the Annual General Meeting:

(in €)	
Source	
Retained earnings	3,142,992,137.68
Net income for the year	1,552,044,854.98
Total for appropriation	4,695,036,992.66
Appropriation	
Legal reserve[(1)]	-
Dividend[(2)]	1,736,990,892.00
Retained earnings	2,958,046,100.66
Total	4,695,036,992.66

(1) The amount of the legal reserve has reached 10% of the share capital.
(2) Representing a dividend of €14 per share qualifying for the 40% tax allowance, payable on May 4, 2023. This amount corresponds to the interim dividend (€4.50 per share) paid on January 18, 2023 (€550,551,369) plus the final dividend of €9.50 per share, equal to €1,178,672,391 calculated on the basis of the maximum number of shares carrying dividend rights.

At the Annual General Meeting to be held on April 27, 2023, the Board of Directors will ask shareholders to approve a dividend of €14 in respect of 2022 for all shares carrying dividend rights as of January 1, 2022.

An interim dividend of €4.50 per share was paid on January 18, 2023 pursuant to a decision made by the Board of Directors on December 8, 2022.

If this dividend is approved, the final dividend of €9.50 per share will have an ex-dividend date of May 2, 2023 and will be paid on May 4, 2023.

Dividends paid out in respect of the past three fiscal years

The following dividends have been paid in respect of the past three fiscal years:

Fiscal year	Net dividend	Qualifying for a tax allowance of
2021	€12.00	40%
2020	€8.00	40%
2019	€8.00	40%

1.6 Share pledges

As of December 31, 2022, 1,730,000 registered shares were pledged by the Artémis group.

Registered *shareholder*	Beneficiary / Security Agent	Pledge start date	Pledge expiry date	Pledge terms of release	Number of issuer's shares pledged	% of issuer's capital pledged[(2)]
Artémis	HSBC	06/05/2020	Unspecified[(1)]		350,000	0.28%
Artémis	CA CIB	06/26/2020	Unspecified[(1)]		1,200,000	0.97%
Artémis	BRED	07/19/2021	Unspecified[(1)]		180,000	0.15%

(1) Full reimbursement or payment of the receivable.
(2) Based on the share capital as of December 31, 2022, comprising 124,070,778 shares with a par value of €4 each.

1.7 Arrangements and agreements

To the Company's knowledge, there are no contractual arrangements or agreements involving shares or voting rights of the Company that should have been disclosed to the AMF pursuant to Article L. 233-11 of the French Commercial Code.

2 - SHARE OWNERSHIP STRUCTURE

2.1 Change in share ownership and voting rights

	As of December 31, 2022				
	Number of shares	% of share capital	No. of theoretical voting rights[(4)(5)]	% of theoretical voting rights[(4)(5)]	% of actual voting rights[(6)]
Artémis group	52,116,352	42.01%	103,887,369	58.69%	59.31%
Treasury shares	1,850,408	1.49%	1,850,408	1.05%	0.00%
Employees and executive corporate officers[(1)]	236,934	0.19%	369,923	0.21%	0.21%
Free float[(2)]	69,867,084	56.31%	70,892,510	40.05%	40.48%
TOTAL	124,070,778	100.00%	177,000,210	100.00%	100.00%

	As of December 31, 2021				
	Number of shares	% of share capital	No. of theoretical voting rights[(4)(5)]	% of theoretical voting rights[(4)(5)]	% of actual voting rights[(6)]
Artémis group	52,051,619	41.74%	103,788,902	58.44%	58.65%
Treasury shares	624,211	0.50%	624,211	0.35%	0.00%
Employees and executive corporate officers[(1)]	129,492	0.10%	232,696	0.13%	0.13%
Free float[(3)]	71,887,594	57.65%	72,941,397	41.07%	41.22%
TOTAL	124,692,916	100.00%	177,587,206	100.00%	100.00%

	As of December 31, 2020				
	Number of shares	% of share capital	No. of theoretical voting rights[(4)(5)]	% of theoretical voting rights[(4)(5)]	% of actual voting rights[(6)]
Artémis group	51,771,017	41.41%	103,420,800	58.17%	58.20%
Treasury shares	95,000	0.08%	95,000	0.05%	0.00%
Employees and executive corporate officers[(1)]	134,734	0.11%	188,298	0.11%	0.11%
Free float[(3)]	73,017,165	58.41%	74,080,622	41.67%	41.69%
TOTAL	125,017,916	100.00%	177,784,720	100.00%	100.00%

(1) Including Kering's employee investment fund.
(2) Shareholder notifications concerning the crossing of thresholds defined by law or in the Articles of Association in 2022 are detailed in section 2.2 of the present chapter.
(3) No shareholder notifications concerning the crossing of thresholds defined by law or in the Articles of Association were made in 2021 to the Company's knowledge. The Company received two shareholder notifications in 2020, informing it that Invesco Ltd and Caisse des Dépôts et Consignations had both crossed above the 2% threshold defined in the Articles of Association. A notification was also received that Baillie Gifford had crossed the 5% threshold defined in law.
(4) Total number of voting rights, including treasury shares.
(5) Shares held for more than two years in a registered account in the name of the same shareholder carry double voting rights (see the section entitled "Annual General Meetings – Double voting rights" in Chapter 8).
(6) Treasury shares loose their voting rights at the Annual General Meeting.

Artémis is wholly owned by Financière Pinault, itself controlled by the Pinault family. Artémis holds 58.69% of the Company's theoretical voting rights (59.31% of the actual voting rights) and as such has de jure control of the Company within the meaning of Article L. 233-3-I of the French Commercial Code.

Regarding the majority shareholder's control of the Company, the following factors all contribute toward maintaining an effective balance of power:

- the organization and operating rules of the Board and of its specialized Committees;
- the number of independent Directors: they represent[(1)] (i) 55% of the Board (which ensures the prevention of conflicts of interest and regularly carries out a self-assessment), (ii) 67% of the Audit Committee, (iii) 60% of the Remuneration Committee, and (iv) 60% of the Appointments and Governance Committee, it being specified that no executive corporate officer is a member of these Committees;
- the creation of the role of Lead Independent Director by the Board of Directors in its February 11, 2019 meeting (see section 1.5 of Chapter 3 "Corporate governance");
- general compliance with all current rules, internal rules and good governance practices.

(1) As of March 2, 2023.

2.2 Shareholder notifications in 2022

In accordance with Article L. 233-7, I of the French Commercial Code, the following shareholder notifications concerning the crossing of thresholds defined by law were made in 2022:

- on March 9, 2022, Baillie Gifford & Co.[1] acting on behalf of clients and funds that it manages, notified the Company that on March 4, 2022 it had crossed below the threshold of 5% of the Company's share capital and that it held, for its clients and funds, 6,193,804 of the Company's shares[2], representing the same number of voting rights, representing 4.97% of the share capital and 3.49% of the voting rights. The crossing of that threshold resulted from clients and funds resuming the exercise of voting rights attached to Kering shares previously exercised by Baillie Gifford & Co. (notification no. 222C0552).
- On June 6, 2022, the same company notified the Company that on May 31, 2022, after acquiring Kering shares in the market, it had crossed above the threshold of 5% of the share capital and that it held, for clients and funds, 6,292,109 of the Company's shares, representing the same number of voting rights, representing 5.05% of the share capital and 3.54% of the voting rights (notification no. 222C1378).

On February 21, 2023, the same company notified the Company that on February 16, 2023, after selling Kering shares in the market, it had crossed below the threshold of 5% of the share capital and that it held, for clients and funds, 6,202,211 Kering shares, representing the same number of voting rights, representing 4.99% of the share capital and 3.50% of the voting rights (notification no. 223C0338). On March 2, 2023, Baillie Gifford & Co. notified the Company that on March 1st, 2023, after acquiring Kering shares in the market, it had crossed above the threshold of 5% of the share capital and that it held, for clients and funds, 6,239,382 Kering shares, representing the same number of voting rights, representing 5.03% of the share capital and 3.53% of the voting rights (notification no. 223C0385).

In accordance with article 7 of the Company's Articles of Association, the following shareholder notifications concerning the crossing of thresholds defined by the Articles of Association were made to the Company in 2022:

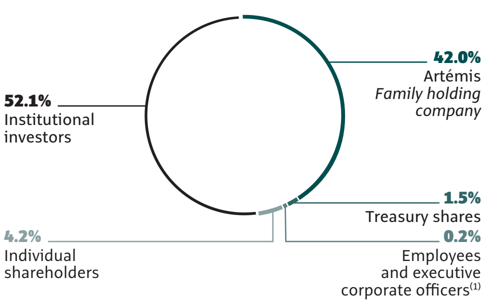
- Invesco Ltd. notified the Company that it had crossed below the threshold of 2% of the share capital and that on March 25, 2022 it held 1,833,604 shares and voting rights, representing 1.47% of the share capital and 1.03% of the voting rights.
- On April 1, 2022, Amundi notified the Company that it had crossed above the 2% threshold of the share capital and that it held in its mutual funds 2,524,723 shares and voting rights representing 2.02% of the share capital. On July 11, 2022, Amundi notified the Company that it had crossed below the threshold of 2% of the share capital and that it held in its mutual funds 2,475,899 shares and voting rights representing 1.98% of the share capital.
- Through notifications dated September 21, 2022 and October 27, 2022, Caisse des Dépôts et Consignations stated that it had crossed below and then above the threshold of 2% of the share capital. On December 19, 2022, Caisse des Dépôts et Consignations notified the Company that it had crossed above the threshold of 2% of the voting rights and that it held, directly and indirectly via CNP Assurances, 2,600,979 shares and voting rights representing 2.09% of the capital and voting rights.

On January 10, 2023, Caisse des Dépôts et Consignations notified the Company that it had on December 20, 2022 crossed below the threshold of 2% of the voting rights and that it held, directly and indirectly via CNP Assurances, 2,621,679 shares and voting rights representing 2.11% of the capital and 1.48% of the voting rights.

At the date of this document, to the Company's knowledge:

- no other shareholder notifications concerning thresholds defined by law or in the Articles of Association were made in 2022;
- there are no shareholder agreements or other agreements whose exercise could result in a change of control over Kering.

2.3 Breakdown of the share capital as of December 31, 2022 (rounded figures)



(1) Including Kering's employee investment fund.

As of December 31, 2022, private individual shareholders held 4.2% of the Group's share capital. Institutional investors owned 52.1%, with 7.1% held by French institutions and 45% by investors residing outside France.

Among the international institutional investors, North America-and United Kingdom-based shareholders held 17.8% and 12% of the share capital, respectively. Continental European investors (excluding France) held 8.4%, including investors in Germany (1.5%), Switzerland (1.6%) and Norway (1.8%). Shareholders based in the Asia-Pacific region represented 2.8% of the share capital.

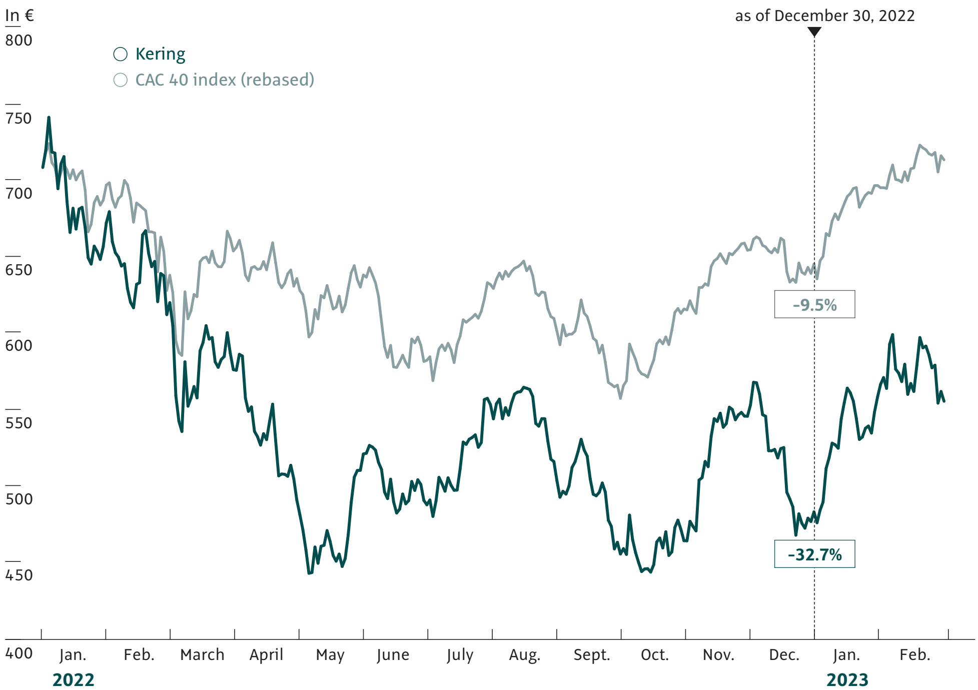
(1) Acting as discretionary investment manager.
(2) Baillie Gifford & Co. also stated that it held 2,328,045 Kering shares on behalf of clients (not included in the above figure) in respect of which those clients continued to exercise voting rights.

2.4 Stock market information

Kering share	
Place of listing	Euronext Paris
Market	Eurolist A
Initial public offering	October 25, 1988 (Second Market)
Main indices	CAC 40 (since February 9, 1995)
	Euro Stoxx 50 (since September 24, 2018)
	CAC 40 ESG (since March 22, 2021)
Number of shares	124,070,778 as of December 31, 2022
Tickers	ISIN code: FR 0000121485 / Reuters: PRTP.PA / Bloomberg: KER:FP

2.5 The Kering share

Change in the price of the Kering share compared to the CAC 40 index (rebased) from January 1, 2022 to February 28, 2023



Market price and Kering share trading volume

	2022	2021	2020	2019	2018
High[1] *(in €)*	740.8	792.1	623.5	590.7	514.6
Low[1] *(in €)*	442.5	522.3	357.6	380.7	339.3
Price[1] as of December 31 *(in €)*	475.5	706.9	594.4	585.2	411.6
Market capitalization as of December 31 *(in € millions)*	58,996	**88,145**	**74,311**	73,899	51,977
Daily average trading volume *(in number of shares)*	221,498	187,486	236,062	236,636	268,475
Number of shares as of December 31	**124,070,778**	**124,692,916**	**126,279,322**	**126,279,322**	**126,279,322**

(1) Closing price.
Source: Euronext.

Listed securities of the Group as of February 28, 2023

Securities listed on Euronext Paris	ISIN code
Shares *(in euros)*	
Kering	FR 0000121485
Bonds *(in euros)*	
Kering 0.25% May 2023	FR 0013512381
Kering 0.75% May 2028	FR 0013512407
Kering 1.25% May 2025	FR 001400A5N5
Kering 1.875% May 2030	FR 001400A5M7
Kering 3.25% February 2029	FR 001400G3Y1
Kering 3.375% February 2033	FR 001400G412
Bonds *(in dollars)*	
Kering 3.639% May 2027	FR 001400AKX0

Securities listed on the Luxembourg Stock Exchange	ISIN code
Bonds *(in euros)*	
Kering 2.75% April 2024	FR 0011832039
Kering 1.60% April 2035	FR 0012669257
Kering 1.25% May 2026	FR 0013165677
Kering 1.50% April 2027	FR 0013248721

Stock market data

Kering share

2021	Share price *(in €)* Average(1)	High(2)	Low(2)	Monthly change	Volume: Daily average (in number of shares)	Shares traded: in € millions	Shares traded: Number of shares
January	561.7	598.5	530.7	-8.9%	176,130	1,969	3,522,598
February	540.8	573.2	513.3	-3.1%	253,007	2,725	5,060,132
March	575.6	610.0	532.4	+12.1%	215,936	2,851	4,966,539
April	631.4	676.4	589.5	+13.2%	174,346	2,204	3,486,917
May	708.8	752.9	665.5	+12.3%	167,295	2,411	3,513,205
June	746.8	769.5	728.1	-1.5%	140,257	2,293	3,085,664
July	736.7	762.2	701.5	+2.6%	123,885	2,003	2,725,475
August	729.8	798.0	646.0	-10.9%	174,926	2,720	3,848,380
September	656.1	709.2	606.9	-8.6%	235,083	3,357	5,171,832
October	641.3	678.2	603.1	+5.2%	209,082	2,809	4,390,726
November	682.7	730.1	640.2	+5.1%	228,957	3,450	5,037,057
December	697.9	740.0	667.0	+3.7%	154,904	2,472	3,562,781

(1) Closing price.
(2) Intra-day price.
Source: Euronext.

2022	Share price *(in €)* Average(1)	High(2)	Low(2)	Monthly change	Volume: Daily average (in number of shares)	Shares traded: in € millions	Shares traded: Number of shares
January	683.9	740.8	632.1	-7.2%	197,017	2,830	4,137,361
February	644.8	693.2	594.7	-2.9%	229,056	2,948	4,581,116
March	580.3	637.6	523.8	-9.6%	266,363	3,556	6,126,338
April	538.1	585.8	497.0	-10.9%	248,595	2,530	4,723,314
May	467.4	511.3	432.8	-0.7%	260,610	2,698	5,733,413
June	502.9	531.6	476.9	-3.8%	260,148	2,903	5,723,256
July	513.0	564.6	474.5	13.6%	190,336	2,047	3,997,062
August	546.2	571.3	503.0	-9.7%	135,986	1,704	3,127,686
September	494.2	540.4	446.4	-8.8%	211,199	2,297	4,646,374
October	459.4	483.5	427.6	1.1%	213,197	2,060	4,477,128
November	529.4	571.8	464.6	22.4%	212,464	2,475	4,674,218
December	506.4	574.9	464.4	-16.2%	237,028	2,553	4,977,593

(1) Closing price.
(2) Intra-day price.
Source: Euronext.

2023	Share price *(in €)* Average(1)	High(2)	Low(2)	Monthly change	Volume: Daily average (in number of shares)	Shares traded: in € millions	Shares traded: Number of shares
January	537.0	571.8	478.1	20.0%	212,728	2,509	4,680,015
February	575.3	601.1	534.5	-2.7%	254,837	2,936	5,096,739

(1) Closing price.
(2) Intra-day price.
Source: Euronext.

2.6 Financial communications policy

Kering's Financial Communications Department is committed to disseminating accurate, precise and reliable information. Its actions are targeted and customized to offer different audiences – private individual shareholders and the financial community – messages suited to their respective expectations while complying with the principle of equal access to information.

Toward individual shareholders

Private individual shareholders have access to various media and tools to keep themselves informed about the Group and events affecting its shares. These include the twice-yearly Letter to Shareholders, the Shareholders' Guide (available online, in French only), the shareholders' hotline (+33 (0)1 45 64 65 64) and email address (actionnaire@kering.com), financial notices in the press and online, the Group's website, and the annual report.

Toward the financial community

The Group maintains close relationships with the French and international financial community. A number of initiatives are designed to keep the financial community informed about its businesses, strategy and outlook. Kering has expanded its communication by organizing conference calls upon the release of quarterly revenue, half-year and annual results, as well as participating in industry conferences held by major banks. All of the presentation material is available on the Group's website. Kering also meets with investors during roadshows held in the major financial centers around the world.

In addition, at the initiative of its Board of Directors, the Company continued to strengthen dialogue with investors, particularly on environmental, social and governance (ESG) issues. With this in mind, in November 2022 the Lead Independent Director, with the participation of the Board Secretary, the Chief Sustainability Officer, the Chief People Officer, the Financial Communications Department as well as the Chief Financial Officer, organized a roadshow dedicated to ESG matters, meeting with a number of investors (representing nearly 40% of the free float).

The presentation used at the roadshow is available on the Kering website.

The Group meets with investors and analysts upon request and maintains proactive relationships in terms of reporting to the French Financial Market Authority (AMF).

Procedures for communicating regulatory information

Pursuant to obligations – applicable since January 20, 2007 – to disclose regulatory information resulting from the implementation of the Transparency Directive in the AMF's General Regulations, Kering's Financial Communications Department oversees the proper and full disclosure of regulatory information. This information is filed with the AMF at the time of its disclosure and stored on the Kering website.

Full and effective communication is carried out electronically in compliance with the criteria defined by the AMF's General Regulations, which require communication to a wide audience within the European Union and under conditions guaranteeing the security of the communication and information. Accordingly, Kering's Financial Communications Department has chosen to work with a professional communications agency satisfying the communication criteria set by EU Regulation No. 596/2014 on market abuse and the AMF's General Regulations. The communications agency is included on the list published by the AMF, thus benefiting from a presumption of full and effective communication.

2023 shareholders' agenda

April 25, 2023 (after market close)	First-quarter revenue
April 27, 2023	Annual General Meeting
July 27, 2023	First-half results
October 2023[1]	Third-quarter revenue

(1) The specific date will be posted on kering.com.

CHAPTER 8
Additional information

1 - GENERAL INFORMATION

Company name, registered office and website

Company name: Kering

Registered office: 40 rue de Sèvres, 75007 Paris, France

Contact : +33 (0) 1 45 64 61 00

Site web : www.kering.com

Legal form

A French corporation (*société anonyme*)

Applicable law

French law

Date of incorporation and term

Kering SA was incorporated on June 24, 1881 for a term of 99 years. The term was extended to May 26, 2066 at the Extraordinary General Meeting held on May 26, 1967, except in the case of an early dissolution or of an extension approved at the Extraordinary General Meeting.

Corporate purpose

- The Company's corporate purpose is: the purchase, retail sale or wholesale, either directly or indirectly, by all means and using all existing or future techniques, of all goods, products, commodities or services;
- the creation, acquisition, leasing, operating or sale, either directly or indirectly, of all establishments, stores or warehouses, by all means and using all existing or future techniques, for the retail sale or wholesale of all goods, products, commodities or services;
- the direct or indirect manufacture of all goods, products or commodities that are useful for corporate operations;
- the direct or indirect supply of all services;
- the purchase, operation and sale of all buildings that are useful for corporate operations;
- the creation of all commercial, non-trading, industrial and financial concerns, whether in moveable or real property, service businesses or otherwise, the acquisition of participating interests by all means, the subscription, acquisition, contribution, merger or otherwise of such concerns and the management of its participating interests;
- and, in general, all commercial, non-trading, industrial and financial operations, whether in moveable or real property, service or other businesses that can be directly or indirectly connected to the purposes specified above or to all similar, complementary or related purposes or purposes that are liable to favor the creation or development thereof.

(Article 5 of the Articles of Association)

Company Registration

552 075 020 RCS Paris

APE code: 7010Z

LEI: 549300VGEJKB7SVUZR78

Documents available to the public

Kering's Articles of Association are available on the Company's website: www.kering.com. Other legal documents pertaining to the Company may be consulted upon appointment in print version during business hours at the Company's registered office. The Universal Registration Document filed by Kering with the Autorité des Marchés Financiers (the French financial markets authority), the Company's press releases, as well as the annual and interim reports, the parent company and consolidated financial statements and the regulated information may be consulted on the Company's website at the following address: www.kering.com.

Fiscal year

The Company's fiscal year begins on January 1 and ends on December 31 of the same year.

Appropriation of earnings

From the profit for the fiscal year, less deferred losses where applicable, a minimum withdrawal of one twentieth is made and paid into a reserve fund known as the "legal reserve". Said withdrawal ceases to be mandatory once said reserve reaches one tenth of the share capital.

From the distributable profit, which is made up of the profit for the fiscal year less deferred losses and the withdrawal referred to above, as well as the amounts to be paid into the reserves in accordance with the law, plus deferred profits, the Annual General Meeting, pursuant to a proposal by the Board of Directors, may withdraw all amounts it deems appropriate, either to be deferred to the subsequent fiscal year, or to be entered into one or more extraordinary, general or special reserve funds, the allocation and use of which is determined by the Annual General Meeting.

The balance, if any, is allocated among the shareholders.

The Annual General Meeting that votes on the financial statements for the fiscal year has the option of granting each shareholder, for all or part of the dividend or interim dividend distributed, an option between payment of the dividend or the interim dividend in cash, in kind or in shares. The Annual General Meeting may also decide, for all or part of the dividend, interim dividends, reserves, or premiums distributed, or for any capital reduction, that the distribution of dividends, reserves or premiums or the capital reduction will be made in kind in the form of corporate assets, including securities.

(Article 21 of the Articles of Association)

Dividends not claimed after five years are paid to the French State.

Dividends paid over the last three fiscal years are presented in the Management Report.

Administrative and management bodies

Information regarding administrative and management bodies is presented in Chapter 3, "Report on corporate governance".

Annual General Meetings – Double voting rights

Annual General Meetings are convened by the Board of Directors and deliberate on their agenda under the conditions provided for by law and the regulations.

Meetings are held at the registered office or in any other place specified in the convening notice.

All shareholders may attend meetings, either in person or via a proxy, under the conditions laid down by law, subject to providing proof of their identity and of the title to their securities, by the recognition of said securities in the accounts in their name within the regulatory timeframes, either in the accounts of registered securities held by the Company, or in the accounts of bearer securities held by an accredited intermediary. Proof of a shareholder's capacity can be provided electronically, under the conditions set by the regulations in force. Pursuant to a decision of the Board of Directors, shareholders may participate in meetings via videoconference or via telecommunications means that make it possible to identify them under the conditions laid down by the regulations in force. All shareholders may vote by correspondence using a form filled out and sent to the Company under the conditions laid down by the regulations in force, including electronically, pursuant to a decision by the Board of Directors. This form must reach the Company in accordance with the regulatory conditions in order to be taken into account. The Board of Directors may reduce said timeframe for the benefit of all shareholders. Owners of securities who are not resident on French territory may be represented by an intermediary who is registered in accordance with the conditions laid down by the regulations in force.

Meetings are chaired by the Chairman of the Board of Directors or, in his/her absence, by the member of the Board who is specifically appointed for this purpose by the Board. Failing this, the meeting elects its own chair.

Meeting minutes are prepared and copies thereof are certified and issued in accordance with the law.

In all Annual General Meetings, a voting right that is double the right conferred on the other shares is granted to all shares that are fully paid up and for which proof is provided that they have been held in registered form for at least two years in the name of the same shareholder. This double voting right, which existed in the Articles of Association of Pinault SA prior to its merger with Printemps SA, was restated at the time of their 1992 merger.

This double voting right may be withdrawn outright at any time pursuant to a decision of the Extraordinary General Meeting and after ratification by a special meeting of the beneficiary shareholders.

(Article 19 of the Articles of Association)

The double voting right existed at both Pinault SA and Printemps SA prior to their 1992 merger. The Company's Articles of Association do not provide that, in the event of a free allocation of registered shares to a shareholder in respect of old shares for which he/she/it had a double voting right, the new shares are also entitled to a double voting right.

Pursuant to the relevant legislation, double voting rights are canceled for any share converted to a bearer share or in the event of a transfer of ownership except in the case of a transfer following inheritance, liquidation of joint property between spouses, or donation between living family members (spouse or relative) with legal inheritance rights.

Voting rights are not limited under the Articles of Association.

Provisions of the Articles of Association relating to shareholder notifications

The shares shall be in registered or bearer form at the shareholder's discretion. The shares shall be entered into an account under the conditions and in accordance with the terms provided for by the regulations in force.

The Company is authorized to use the provisions of the law and regulations regarding the identification of the holders of securities that grant immediate or deferred access to voting rights at its own Annual General Meetings.

In addition to the legal obligations to notify the Company and the French financial markets authority (Autorité des marchés financiers – AMF) when shareholdings reach or fall below a given threshold, any individual or legal entity directly or indirectly holding shares in the Company, whether acting alone or in concert, shall notify the Company of the total number of shares and voting rights held if said number reaches or exceeds 2% or any multiple thereof, including multiples exceeding the legal threshold of 5%. Notifications shall be made by registered letter with return receipt sent to the registered office no later than 15 days after the date on which the threshold was crossed or reached, or by any other equivalent means for shareholders not residing in France, it being specified that the contents of the notification must comply with the legal and regulatory provisions applicable to shareholder notifications concerning legal thresholds, and must include the information to be provided in such circumstances to the AMF, as stated in its General Regulations. The same notification obligation shall apply under the same conditions when a shareholder's total shares and/or voting rights reach or fall below any of the aforementioned thresholds.

If the notification is not submitted, the shares exceeding the threshold for which the notification should have been made may be deprived of voting rights at the request of one or more shareholders holding a combined or individual total of at least 5% of the Company's share capital and/or voting rights, under the conditions set forth in the sixth paragraph of Article L. 233-7 of the French Commercial Code. If the notification is subsequently made, the corresponding voting rights may not be exercised until the period of time defined by law or the prevailing regulations has expired.

(Article 7 of the Articles of Association)

There are no shares not representing capital.

The steps required to amend shareholder rights are those provided for by law.

Share capital

The Company is authorized to use the provisions of the law and regulations regarding the identification of the holders of securities that grant immediate or deferred access to voting rights at its own Annual General Meetings.

(Article 7 of the Articles of Association)

In addition to the voting right that is granted to each share by the law and by the specific provisions of Article 20 below, each share grants the right to a percentage, which is proportional to the number and par value of the existing shares, of the corporate assets, the profit after deduction of the deductions provided for by law and the Articles of Association, or of the liquidating dividend.

Each time it is necessary to possess more than one share in order to exercise a right, it is the responsibility of the owners who do not possess such number to make arrangements in order to possess the required number of shares.

(Article 8 of the Articles of Association)

In the event of liquidation of the Company, the remaining shareholders' equity after repayment of the par value of the shares will be allocated among the shareholders in the same proportions as their holdings in the capital.

(Article 23 of the Articles of Association)

Any changes in the share capital or the rights attached to shares are governed by the legal requirements and the specific provisions of the Articles of Association as set out below.

Under Article 15 of the Articles of Association, in the Company's internal organization, decisions by the Chief Executive Officer and the Group Managing Director relating to the issue of securities, regardless of their nature, require the prior approval by the Board of Directors when such issues are likely to change the share capital, except in the event of a decision by the Annual General Meeting.

2 - PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

Declaration by the person responsible for the Universal Registration Document and for the Annual

I hereby attest that the information in this Universal Registration Document is, to my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I certify that, to my knowledge, the annual consolidated and parent company financial statements of Kering SA for the year ended December 31, 2022 have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings included in the consolidation, and that the Management Report (the cross-reference table for which is provided on pages 447 and 448) includes a fair review of the development of the business, the results of operations and the financial position of the Company and of all the undertakings included in the consolidation and also describes the main risks and uncertainties to which they are exposed.

Paris, March 22, 2023

Jean-François Palus

Group Managing Director

3 - STATUTORY AUDITORS

3.1 Principal Statutory Auditors

PricewaterhouseCoopers Audit

63 rue de Villiers, 92208 Neuilly-sur-Seine

Camille Phelizon and Patrice Morot

Date of first appointment: Annual General Meeting of April 28, 2022.

Appointment, term and expiry: appointed at the Combined General Meeting of April 28, 2022 for six years until the Annual General Meeting called to approve the 2027 financial statements.

Deloitte & Associés

6, Place de la Pyramide, 92908 Paris-La Défense Cedex, France

David Dupont-Noel and Bénédicte Margerin

Date of first appointment: Annual General Meeting of May 18, 1994.

Reappointment, term and expiry: reappointed at the Combined General Meeting of June 16, 2020 for six years until the Annual General Meeting called to approve the 2026 financial statements.

3.2 Substitute Statutory Auditors

Emmanuel Benoist

63 rue de Villiers, 92208 Neuilly-sur-Seine

Date of first appointment: Annual General Meeting of April 28, 2022.

Appointment, term and expiry: appointed at the Combined General Meeting of April 28, 2022 for six years until the Annual General Meeting called to approve the 2027 financial statements.

BEAS

6, Place de la Pyramide, 92908 Paris-La Défense Cedex, France

Date of first appointment: Annual General Meeting of May 19, 2005.

Reappointment, term and expiry: reappointed at the Combined General Meeting of June 16, 2020 for six years until the Annual General Meeting called to approve the 2026 financial statements.

4 - DOCUMENTS INCORPORATED BY REFERENCE

In accordance with Article 19 of Regulation (EU) 2017/1129 of June 14, 2017, this Universal Registration Document incorporates by reference the following information, to which the reader is invited to refer:

- for the fiscal year ended December 31, 2021: key figures, activities of the Group, activity report, investment policy, consolidated financial statements, Kering SA financial statements and the related Statutory Auditors' reports, set out on pages 11 to 14, 28 to 56, 63 to 93, 92 and 93, 334 to 398, 404 to 421, 399 to 403, 422 to 425 of the Universal Registration Document filed on March 28, 2022 with the French financial markets authority (Autorité des marchés financiers – AMF);
- for the fiscal year ended December 31, 2020: key figures, activities of the Group, activity report, investment policy, consolidated financial statements, Kering SA financial statements and the related Statutory Auditors' reports, set out on pages 32 and 33, 31 to 72, 310 to 335, 336 and 337, 338 to 415, 416 to 421, 422 to 442, 443 to 446 of the Universal Registration Document filed on March 25, 2021 with the AMF.

Information included in these two documents other than that listed above is, where relevant, replaced or updated by the information included in this Universal Registration Document.These two documents are available at the Group's registered office and on its website, www.kering.com, under the Finance section.

5 - CROSS-REFERENCE TABLE

To facilitate the reading of this document, the tables below cross-reference:

- the main headings required under Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of June 14, 2017;
- the main disclosures required in the Annual Financial Report as provided for in Article L. 451-1-2 of the French Monetary and Financial Code (Code monétaire et financier) and Article 222-3 of the AMF General Regulations (Règlement général);
- the main disclosures required in the Management Report as provided for in Article L. 232-1 of the French Commercial Code (Code de commerce), including:
  - the report on corporate governance as provided for in Article L. 225-37 paragraph 6 of the French Commercial Code,
  - the Non-Financial Information Statement (NFIS) as provided for in Articles L. 225-102-1 and R. 225-105, I of the French Commercial Code.

Consequently, in accordance with AMF recommendation DOC-2021-02, this Universal Registration Document is a combined "three-in-one" document, containing all of the disclosures required in the above-mentioned documents:

Document	Reference texts	Page(s)
Universal Registration Document	Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of June 14, 2017	444-446
Annual Financial Report	Article L. 451-1-2 of the French Monetary and Financial Code Article 222-3 of the AMF General Regulations	446
Management Report	Articles L. 225-100, L. 232-1 et seq. and R. 225-102 et seq. of the French Commercial Code, articles 223 *quater* and 223 *quinquies* of the French Tax Code	447-448
Report on corporate governance	Article L. 225-37 paragraph 6 of the French Commercial Code	448
Non-Financial Information Statement	Articles L. 225-102-1 and R. 225-105 et seq. of the French Commercial Code	273-276

5.1 Universal Registration Document

Cross-reference table for the Universal Registration Document – Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of June 14, 2017		Page(s)
8.	**Capital resources**	
8.1	Information concerning the Company's capital resources (both short and long term)	73-74, 341, 359-360
8.2	Sources and amounts of the Company's cash flows	73-77, 340, 342, 372-374
8.3	Information on the borrowing terms and the funding structure of the Company	73-77, 310-311, 361-371
8.4	Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the Company's operations	361-375
8.5	Information regarding the anticipated sources of funds	342, 361-371
9.	**Regulatory environment**	**135, 177, 182-183, 273-277, 315, 317**
10.	**Trend information**	
10.1	The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last fiscal year, and the significant change in the issuer's financial or trading position	38-42
10.2	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have material effect on the issuer's prospects	64-65, 87
11.	**Profit forecast or estimates**	
11.1	Statement on the correctness of a profit forecast or estimate which has been published and is still outstanding	N/A
11.2	Principal hypothesis underlying the profit forecast or estimate	N/A
11.3	Statement on the preparation of the profit forecast or estimate	N/A
12.	**Administrative, management and supervisory bodies and senior management**	
12.1	Members of the administrative, management or supervisory bodies	18-23, 97-135
12.2	Administrative, management and supervisory bodies and senior management conflicts of interest	99-120, 125-126, 136
13.	**Remuneration and benefits**	
13.1	Remuneration and benefits in kind granted to corporate officers	144-163
13.2	Total amounts set aside or accrued to provide for pension, retirement or similar benefits	368-369
14.	**Board practices**	
14.1	Date of expiration of current terms of office	98
14.2	Members of the administrative, management or supervisory bodies' service contracts	136, 375
14.3	Information about the Company's Audit Committee and Remuneration Committee	98 129-131
14.4	Statement of compliance with corporate governance regimes applicable in France	92, 135
14.5	Potential material impacts on corporate governance	N/A
15.	**Employees**	
15.1	Number of employees	187-189, 346
15.2	Shareholdings and stock options	347-348, 430-431, 433
15.3	Arrangements for involving the employees in the capital of the Company	67, 201, 430-431
16.	**Major shareholders**	
16.1	Shareholders owning more than 5% of the share capital or voting rights	433-434
16.2	Existence of different voting rights	433-434, 441
16.3	Control of the Company	135, 433-434
16.4	Any arrangements, known to the Company, the operation of which may at a subsequent date result in a change in its control	N/A
17.	**Related party transactions**	**86, 136, 375, 417**

Cross-reference table for the Universal Registration Document – Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 supplementing Regulation (EU) 2017/1129 of June 14, 2017	Page(s)
18. Financial information concerning the issuer's assets and liabilities, financial position and profits and losses	
18.1 Historical financial information	
18.1.1 Audited historical financial information and audit report	338-424
18.1.2 Change of accounting reference date	N/A
18.1.3 Accounting standards	87-88, 344, 388-399
18.1.4 Change of accounting framework	N/A
18.1.5 Financial statements	404-420
18.1.6 Consolidated financial statements	338-399
18.1.7 Date of latest financial information	86, 387, 418
18.2 Interim and other financial information	N/A(2)
18.3 Auditing of historical annual financial information	
18.3.1 Statement that the historical financial information has been audited	400-403, 421-424
18.3.2 Other information audited by the Statutory Auditors	278-280, 425-426
18.3.3 Source of financial data not extracted from the issuer's audited financial statements	N/A
18.4 *Pro forma* financial information	N/A
18.5 Dividend policy	12, 15, 76, 360, 432
18.6 Legal and arbitration proceedings	312-314
18.7 Significant change in the Company's financial position	N/A
19. Additional information	
19.1 Inventories	
19.1.1 Amount of issued capital	428
19.1.2 Shares not representing capital	N/A
19.1.3 Shares held by the Company, on its behalf or by subsidiaries	67, 74, 86, 341, 344, 359-360, 398, 410, 428-429, 433-434
19.1.4 Amount of any convertible securities, exchangeable securities or securities with warrants	413
19.1.5 Information about the terms of any acquisition rights and/or any obligations over capital issued but not paid-up or an undertaking to increase the capital	N/A
19.1.6 Information about the capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option	N/A
19.1.7 History of share capital	428
19.2 Memorandum and Articles of Association	
19.2.1 Issuer's objects	440
19.2.2 Rights, preferences and restrictions attached to each class of existing shares	440-442
19.2.3 Provision of the articles of association or other provision that would have an effect of delaying, deferring or preventing a change in control	135
20. Material contracts	**N/A(3)**
21. Documents available	**438, 440, 443**

(1) This Universal Registration Document does not include any profit forecasts.
(2) No quarterly financial statements have been published between the closing of the annual financial statements and the publication of the Universal Registration Document.
(3) Not material.

5.2 Annual Financial Report

Cross-reference table for the Annual Financial Report – Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-3 of the AMF General Regulations	Page(s)
Kering SA parent company financial statements	404-420
Kering group consolidated financial statements	338-399
Management Report	447-448
Statement by the person responsible for the Annual Financial Report	442
Statutory Auditors' report on the financial statements	421-424
Statutory Auditors' report on the consolidated financial statements	400-403
Board of Directors' report on corporate governance	91-163

5.3 Management Report

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