

K E R I N G



2020
Integrated Report

REPORT ID CARD

CHANGES

This fourth edition – 2020 Integrated Report – includes the following developments to account for reporting expectations from investors and the International Integrated Reporting Council (IIRC):

- Outline of the avenues for interaction with stakeholders (p. 26) and Kering’s sustainability governance for sustainable development (p. 27);
- Presentation of the Group’s new materiality

matrix to factor in the impact of COVID-19 on Kering’s activities and stakeholders (p. 38-39);

- Focus on Climate (p. 40-41) and Biodiversity (p. 42-43) risks;
- 2020 highlights (p. 48) and specifically the Group’s COVID-19 crisis management (p. 50-51);
- Integration of financial priorities in Kering’s dashboard (p. 60-61);
- Internal and external stakeholder involvement throughout this report.

Balancing our capitals

Luxury goods owe their enduring appeal to the insistence on the highest standards of quality – to their unfailing excellence, to the way they are created, and to the materials that go into them as well as to the systematic consideration given to environmental, social, and societal issues along the entire value chain. In addition, by protecting traditions

and craftsmanship, Kering preserves human and economic resources essential to its activities and strengthens its capacity to create value long into the future.

This exemplary approach, on which Kering’s modern Luxury is founded, is central to the Group’s ongoing success and contributes to preserving the image of our Houses.

While all these types of capital come into play at some point in the five-basic links of our value chain, three of them – financial capital, human capital, and natural capital – span the entire chain and highlight the global value creation on issues essential to the Group.

OBJECTIVES OF THE KERING INTEGRATED REPORT

To craft tomorrow’s Luxury, at Kering, we are convinced that we must continually exceed our limits, support our Houses and engage with the entire industry and our stakeholders. Inspired by the guidelines of the International Integrated Reporting Council (IIRC), this publication is aligned with extending this strategic initiative. It presents our investors and stakeholders with an overall picture of the Group and its history, our strategic vision and perspective, as well as our integrated business model designed to create value in every aspect of our activities – creative, financial, environmental, ethical, and social.

By leveraging exceptional quality resources, optimized by Kering, the Group is crafting tomorrow’s Luxury and creating value that it shares with its stakeholders.

This highlights Kering’s value creation model, presented in this report’s concluding section. It also lets you to discover its main components in the digital version of this Integrated Report.

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Embracing creativity for a modern,
bold vision of Luxury

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A sustainable and balanced governance
that meets new challenges and ensures
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& STRATEGY

Harnessing the full potential of Luxury
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After posting solid results in 2020, the
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“We emerge from this crisis stronger and confident in the relevance of our multi-brand model. Our brands are more desirable than ever.”



**3 QUESTIONS FOR
FRANÇOIS-HENRI PINAULT
— CHAIRMAN AND CHIEF
EXECUTIVE OFFICER**

What are your main takeaways from 2020?

2020 was a year like no other for Kering. We have faced an unprecedented health and economic crisis. This sparked an extraordinary reaction, spurred on by acts of courage, solidarity, and creativity. Kering contributed to this collective endeavor by protecting our employees across the globe and offering our support to healthcare professionals and establishments.

Against a difficult economic background, Kering demonstrated remarkable resilience and agility. We delivered a solid performance, achieving revenue of €13.1 billion and recurring operating income of €3.1 billion. Our cash flow generation remained high and we further strengthened the Group's financial structure. Four of our Houses increased their annual sales in a worldwide market that was still affected by store

closures and a collapse in global tourist numbers.

Are you confident about the future?

First and foremost, the solidity demonstrated by Kering in 2020 is a testament to the men and women who work for the Group. They have stood out for the commitment, agility, boldness and rigor they have shown. I would like to express my sincere gratitude to them. Our performance also results from many years of strategic work. In 2020, we continued to invest in our growth platforms as we prepare to bounce back.

In 2020, we fully capitalized on the spectacular acceleration in online sales following the transition started in 2019 to bring our brands' e-commerce platforms back in-house. As such and despite the circumstances, we remained in close contact with our brand customers. Equally, our redefined logistics operations ensured faster responsiveness during the most severe phases of the crisis and lockdown. This

redefinition also served to optimize our inventory allocation between regions and distribution channels.

We emerge from this crisis stronger and confident in the relevance of our multi-brand model. Our brands are more desirable than ever. We are well positioned to leverage the rebound.

What are the highlights of this fourth Integrated Report which is being published today?

This crisis has not altered our vision of Luxury. At Kering, we believe in Luxury that is modern, creative and responsible. In fact, the pandemic has accelerated trends that were already in motion within our industry. We have already identified and incorporated them in our strategy.

COVID-19 also confirms that our ambitions and commitments towards sustainability are as relevant as ever. The Group's transformation, which has a long history, has been strengthened and accelerated. In this context,

we have developed an ambitious biodiversity strategy and raised our climate strategy targets in line with a 1.5°C pathway. Early 2021, we also published our Human Rights Policy.

The examples and testimonies presented throughout this report illustrate the ability of Kering and its Houses to create value while rising to the major challenges of our times, particularly as they relate to the environment.

We are confident in the future, thanks to the alignment between our values, our strategy, and our investments as well as the trends which craft today's luxury market.

A handwritten signature in black ink, appearing to read 'F. Pinault'. The signature is stylized and fluid.

François-Henri Pinault
chairman and chief executive officer

A GROUP GUIDED BY AN ENTREPRENEURIAL SPIRIT

ORIGINS

GROWTH OF
A LEADER IN
RETAIL DISTRIBUTION

THE MOVE
INTO LUXURY

AN INTEGRATED
LUXURY GROUP

KERING,
A LUXURY
PURE PLAYER

1963 — François Pinault establishes the Pinault group, specializing in lumber trading

1988 — Listing of Pinault SA on the Paris Stock Exchange

1990 — Acquisition of Cfao

1991 — Acquisition of Conforama

1992 — Takeover of Au Printemps SA (majority shareholder of La Redoute and Finaref)

1994 — Takeover of Fnac; the Group's name is changed to Pinault - Printemps-Redoute

1999 — Acquisition of a 42% stake in Gucci Group, then incremental increase until 99.4% stake in 2004

2000 - 2004 — Acquisition of Yves Saint Laurent, Boucheron, Bottega Veneta, and Balenciaga; partnership agreements with Stella McCartney and Alexander McQueen

2007 — Equity interest in PUMA is increased to 62.1%

2008 - 2014 — Acquisitions in the Jewelry and Watchmaking sectors

2003 - 2014 — Divestment of retail distribution activities

2013 — PPR becomes Kering
Acquisition of strategic tanneries

2015 — Launch of Kering Eyewear

2018 — Distribution in kind of PUMA shares to Kering's shareholders (70% out of a total interest of 86% owned)

2019 — Completion of the sale of Volcom

Fashion Pact, carbon neutrality and global parental policy...

2020 — Sale of 5.83% of the share capital of PUMA. Following the transaction, Kering retains a 9.87% stake in PUMA
Kering publishes a biodiversity strategy with a series of targets to achieve a net positive impact by 2025¹

Group profile and market

A global Luxury group, Kering manages the development of a series of renowned Houses in Fashion, Leather Goods, Jewelry and Watches.

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, A GLOBAL LUXURY GROUP WITH EXCEPTIONAL HOUSES

KEY FIGURES

€13,100m
in revenue

€2,150m
Net income attributable to owners of the parent

€8
Dividend per share¹

€3,135m
in recurring operating income

€2,105m
Free cash-flow from operations

38 553
Employees

A global luxury group, Kering manages the development of a series of renowned Houses in Fashion, Leather Goods, Jewelry and Watches: Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Brioni, Boucheron, Pomellato, DoDo, Qeelin, Ulysse Nardin, Girard-Perregaux, as well as Kering Eyewear. By placing creativity at the heart of its strategy, Kering enables its Houses to set new limits in terms of their creative expression while

crafting tomorrow's Luxury in a sustainable and responsible way. We capture these beliefs in our signature: *Empowering Imagination.*

In 2020, Kering had over 38,000 employees and revenue of €13.1 billion. Kering stock is listed on Euronext Paris (ISIN: FR 0000121485, Reuters: PRTP.PA, Bloomberg: KER.FP). It is notably listed on the CAC 40 and EURO STOXX 50 indexes.

GUCCI
SAINT LAURENT
BOTTEGA VENETA
BALENCIAGA
ALEXANDER MCQUEEN
BRIONI
BOUCHERON
POMELLATO
DODO
QEELIN
ULYSSE NARDIN
GIRARD-PERREGAUX
KERING EYEWEAR

KERING'S VISION: EMBRACING CREATIVITY FOR A MODERN, BOLD VISION OF LUXURY

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

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

A new world order is forming. Against a backdrop of ever-faster change, new economies are taking shape as cultures evolve, disruptive technologies emerge and young "always-on" consumers seek meaningful connections. Today's change generation is remaking the rules.

A new generation of consumers means new customer expectations. Tradition and expertise, which many luxury brands have relied on for decades, are no longer 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 capable of expressing each consumer's distinctive personality.

What Kering and its Houses propose is an experience. Our values are closely tied to a powerful, creative content imbued with modernity. They 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 Luxury.

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.

Pronounced "caring," Kering is much more than a simple idea – it gives meaning to everything we do.

ACCELERATED TRANSFORMATION IN THE PERSONAL LUXURY GOODS MARKET

In 2020, the personal luxury goods market was hard hit by the COVID-19 crisis but its medium- to long-term growth fundamentals are not affected. The crisis has intensified a certain number of previously observed trends, thereby accelerating the market transformation already taking place.

Impacts of the COVID-19 pandemic

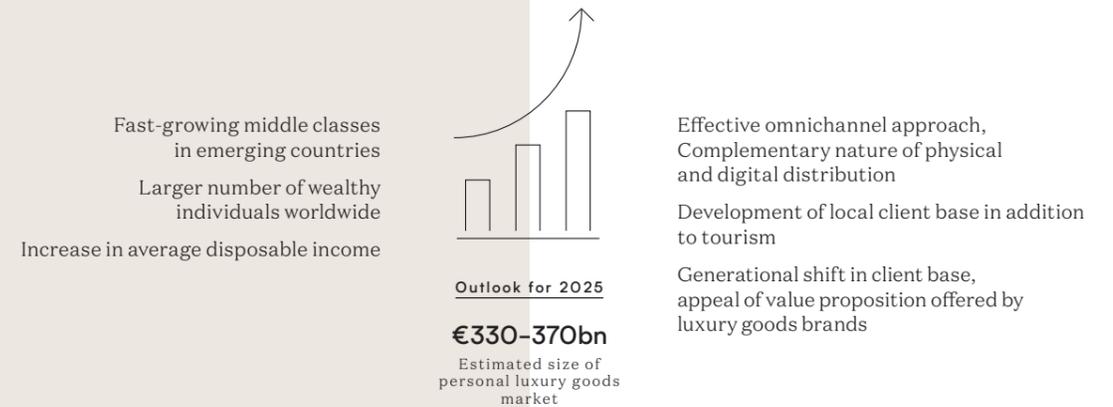
The personal luxury goods market was adversely affected by the pandemic. In particular, it resulted in the following: extended store closures, drastic reductions in tourist numbers, relocated spending, sharp increases in online sales, reduced consumer spending and contracted global GDP. The market is projected to have declined by 22% in 2020, totaling €217 billion. Bolstered by the return to global economic growth, the normalization of consumer footfall across the physical distribution network and the gradual recovery in tourism, the luxury market is expected to resume an annual growth rate of nearly 10% from 2021, reaching €330 to €370 billion by 2025.

Structural trends

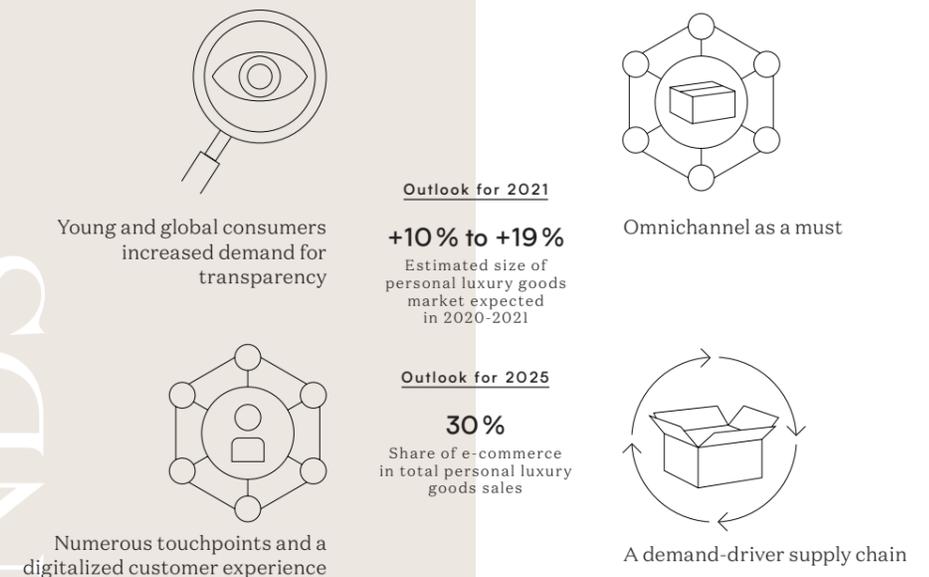
Although fragmented, the worldwide personal luxury goods market is nonetheless characterized by the presence of a few large global players. A phenomenon known as polarization has been observed over the past three to four year with above-market performances by certain players, usually of significant size or belonging to a multi-brand group, such as Kering. In an environment marked by strong uncertainties, coupled with increasing geopolitical and socioeconomic tensions, currency volatility and a slowdown in global GDP growth, the health crisis ramped up transformation in the market, thereby intensifying the trends already observed in a sector which growth is driven by solid drivers.

MARKET TRENDS

SOLID GROWTH DRIVERS



ACCELERATED TRANSFORMATION



Source: unless otherwise indicated, all historical and forecast information comes from the Bain Luxury Study — Altgamma Worldwide Market Monitor, published in November 2020, rounded out with data from the full report published in December 2020.

INTERVIEW WITH SOPHIE L'HELIAS

LEAD INDEPENDENT DIRECTOR



Tell us about your role as Lead Independent Director on Kering's Board of Directors.

Independent directors represent the interests of all shareholders with a view to creating long-term, sustainable value. As Lead Independent Director, I am also the Board's liaison with investors on environmental, social and governance (ESG) matters.

In this capacity, I took part in Kering's recent ESG roadshows. At such events, my job is to talk with investors, answering their questions, particularly about

“The Board's commitment was unstinting as we maintained strong and regular dialogue with the Executive Committee. We made bold and responsible decisions from the onset of the pandemic.”

Sophie L'Hélias

governance and how the Board works, but also asking them about what they view as long-term issues. These events are important and hugely rewarding for the company and its stakeholders.

How do you ensure full consideration of various stakeholder interests?

I am also involved in organizing the work of the Board. For example, I coordinate the assessment of the Board to make sure that key competencies for the Group are represented and various stakeholder interests are recognized. This is a key issue when appointing new Board members, for instance.

How did the pandemic affect the work of the Board?

As was the case for all companies, 2020 was a year unlike any other for Kering. We faced a series of

unimagined challenges, which forced us to repurpose our ways of working and interacting. Throughout the year, the Board's commitment was unstinting as they maintained strong and regular dialogue with all its members as well as the Executive Committee.

What priorities did the Board set in an effort to manage the pandemic?

Essentially, COVID-19 completely disrupted the Board's schedule. Each meeting provided an opportunity to discuss the impact of the crisis at length. More specifically, our discussions ranged from the remuneration policy for directors and executive corporate officers and the payout of dividends. We made bold and responsible decisions from the onset of the pandemic. As expected, the Board also focused on reviewing the Group's financial and cash positions in addition to

business continuity. Discussions were fueled by feedback on crisis management.

What's your key takeaway from this crisis?

Unfortunately, this crisis is far from over. Naturally, in early 2021, the Board's discussions continue to center on the monitoring of COVID's impacts and all related issues. This will remain the case for some time. The same can be said for ESG matters, some of which have been stepped up during the pandemic.

SUSTAINABLE GROWTH SUPPORTED BY A STABLE SHAREHOLDER STRUCTURE

Supported by its strategy, Kering creates value for its shareholders.

Established and internationalized shareholder structure

Having grown out of a family business, Kering is 41% owned by Artémis, controlled by the Pinault family. With the support of institutional shareholders, individual shareholders and employees, this shareholder structure enables the Group to ensure effective decision-making, aligning with its long-term strategy vision. The solidity of this structure is combined with internationalized capital over 10 years, which reflects the Group's worldwide growth and its transformation.

Loyal shareholders

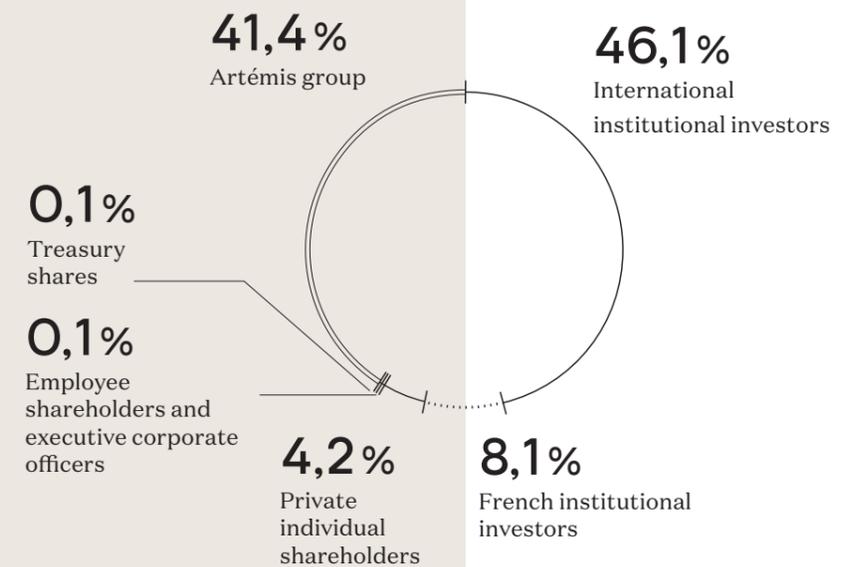
Against the background of a market penalized by the COVID-19 pandemic, shareholders' trust in Kering's resilience was rewarded

in 2020 through the share's performance on financial markets, up 1.5% and outperforming the CAC 40 Index (-7.14%).

In 2020, the dividend per share was €8, stable in 2019 and in line with the Group's balanced and attractive payout policy.

Lastly, Kering is committed to developing a relationship of trust and regular discussions with all its investors and shareholders, using formats tailored to each audience: participation in industry conferences, one-to-one meetings, roadshows, site visits and letters to shareholders. In light of the ongoing health crisis, the Group prioritized the digital format in 2020.

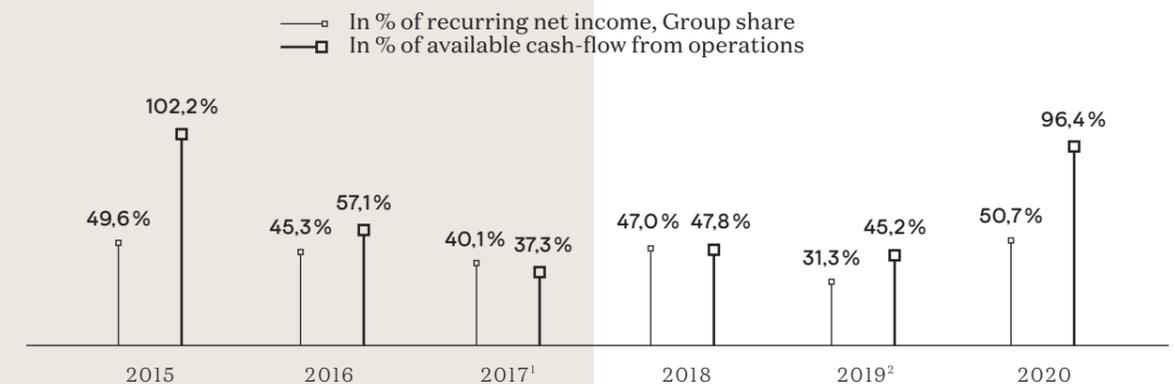
BREAKDOWN OF SHARE CAPITAL AS OF 12/31/2020



KERING SHARE PRICE EVOLUTION



DIVIDEND PAYOUT EVOLUTION 2015—2020



1. 2017 data restated for IFRS 5.
2. 2019 available cash flow from operations excluding one-off tax settlement.

ENGAGED GOVERNANCE TO FULFILL A LONG-TERM VISION

Our governance, which follows best practices, ensures efficient strategic decision making and execution and strives for an effective balance of power.

Unified governance in tune with Kering's specific characteristics

Kering has elected to combine the roles of Chairman of the Board and Chief Executive Officer (CEO), considering that this arrangement was more in tune with Kering's specific characteristics. It takes into account François-Henri Pinault's particular position as controlling shareholder and his close involvement in conducting the Group's business, of which he has in-depth operational knowledge. The CEO role also responds to the Group's shareholder structure, which includes individual shareholders, a controlling shareholder and institutional shareholders, all of whom have a stake in Kering's long-term development. Lastly, this governance approach allows for strong Group representation and more free-flowing discussions between the Board of Directors and the Executive Committee. The decision to combine

management roles benefits Kering's transformation drive. It guarantees an effective strategic decision-making process as well as optimizing the Group's economic and financial performance and ensuring strong, consistent communication.

The Chairman and Chief Executive Officer is supported by Group Managing Director, Jean-François Palus, who participates in defining Kering's strategy, manages its implementation and focuses on enhancing the Group's operational efficiency.

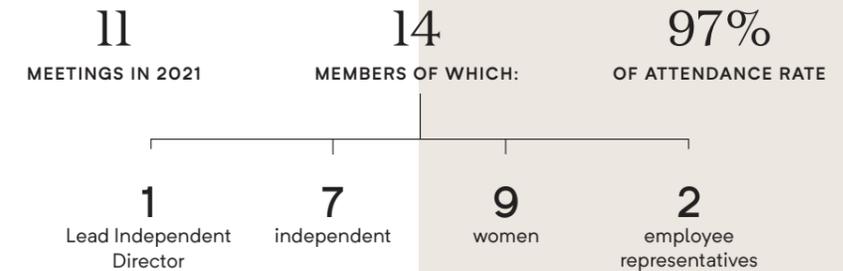
Lead Independent Director, providing assurances with regard to the balance of power and the Board's smooth operation

To provide additional assurance with regard to the Board's smooth operation and balance of power, the Board of Directors decided, on the recommendation of the Appointments and

Governance Committee, to create the role of Lead Independent Director in 2019. As regards the organization of the Board's work, the Lead Independent Director is consulted on the agenda of Board meetings. They also act as a liaison between the independent Directors, other Board members and Executive Management and prevent conflicts of interest involving executive corporate officers. In addition, they ensure compliance with internal rules and participate in the evaluation process of the Board of Directors. In terms of shareholder relationships, the Lead Independent Director represents the Board in its dealings with investors concerning environmental, social and governance (ESG) matters, in coordination with the Chairman of the Board. They stay informed about shareholders' requests in relation to corporate governance, ensuring that responses are provided.

BOARD OF DIRECTORS AS OF DEC 31, 2020

Determines and specifically assesses the Company's strategic direction, objectives and performance and ensures their implementation



AUDIT COMMITTEE

Reviews the annual and half-year financial statements and ensures the implementation of internal control and risk management procedures

Examines the work of the Statutory Auditors and their independence as well as their selection or renewal procedure

Reviews sustainability and environmental policies

APPOINTMENTS AND GOVERNANCE COMMITTEE

Examines proposals for the appointment of Directors and their independence, the composition of specialized committees and succession plans for the Group's executives

REMUNERATION COMMITTEE

Reviews and specifically makes proposals regarding executive corporate officers' remuneration

Examines executive officers' remuneration policy

SUSTAINABILITY COMMITTEE

Specifically assesses the Group's commitment to ethics, social, environmental and societal responsibility

Reviews ethical measures, performance and CSR ratings

EXECUTIVE COMMITTEE

Implements the Group's strategy

Provides the heads of Kering's activities and major brands an opportunity to participate alongside the senior corporate executives in setting the key strategic direction of the Group

12
MEMBERS

MISSIONS OF
THE GOVERNANCE
BODIES

A BALANCED GOVERNANCE STRUCTURE, IN TUNE WITH KERING'S STRATEGY

Kering's governance is based on governance bodies composed of individuals chosen for their rich and varied backgrounds, for determining the business orientation of the Group. These are then implemented by Kering's executive management.

Board of Directors

The Group ensures that the membership of the Board of Directors is balanced, diverse, and well suited to the trends and developments facing the luxury industry. The Board is composed of Directors with extensive and varied experience, relating in particular to corporate strategy, finance, governance, insurance, economics, corporate social responsibility, the retail sector, industry, accounting, management and supervision of commercial and financial corporations, technology/digital. The Board of Directors regularly reflects upon the desirable balance of its membership and that of the Board Committees, especially in terms of diversity. The Board includes members from France, Italy, the United Kingdom, China and Ivory Coast.

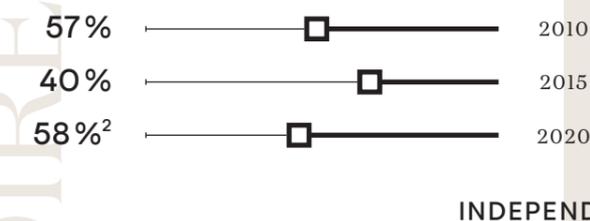
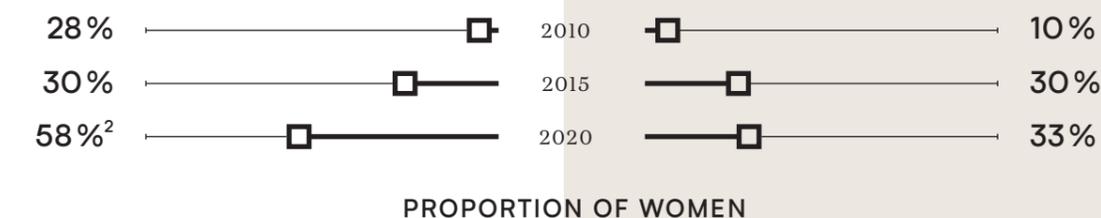
Executive Committee

The Executive Committee, the Group's operational management body, reflects Kering's transformation into an integrated group as well as its increasingly internationalized activities. The Committee, which has 12 members, is headed by François-Henri Pinault, Chairman and Chief Executive Officer, and Jean-François Palus, Group Managing Director and gathers the Group's activities and House Top executives.

Gender-balanced leadership

Kering has identified and rolled out an action plan to set targets with a view to establishing gender-balanced leadership. With 58% of the Board of Directors, 33% of the Executive Committee and 55.4% of managers being women as

of December 31st, 2020, the Group is proud to be one of the most gender-balanced companies in the CAC 40. Kering is also the only luxury group to appear in the Bloomberg Gender-Equality Index. The Group aims to reach gender balance and end the gender pay gap – at every level of our Group. Kering published its France 2020 Gender Equality Index for its Corporate entities and Houses in France, with a score of 95 points out of 100 for Kering Corporate. The Leadership and Mixity program promotes women's access to the highest levels of management and contributes to the dissemination of a culture of equality.



1. Ages are determined on Dec. 31 of the financial year in question.
2. In accordance with the recommendations of the AFEP-MEDEF Code, these percentages do not include the Directors representing employees.
3. Executives with international experience are non-French nationals and executives who are French nationals with significant work experience outside of France.

EXTENSIVE BOARD INVOLVEMENT IN 2020

The Board of Directors provides a platform for reflection and is an invaluable source of support for Executive Management, while ensuring that it protects the interests of all stakeholders.

Unwavering Board commitment in the fight against COVID-19

Throughout 2020, Directors pulled together in an effort to closely monitor the impact of the pandemic, both from the health standpoint of Kering's employees and stakeholders and the Group's activities. The Board prepared the 2020 budget, analyzed in the specific context of the COVID-19 crisis, changed the remuneration policy for executive corporate officers and provided feedback on the management of the health crisis.

An active Board

In 2020, the Board met eleven times (compared with nine in 2019). The average attendance rate was 97%. Further to its recurring tasks related to Kering's strategy and governance (review of business operations, review and approval of financial statements, assessment of work of specialized committees, preparation and notice of the Annual General Meeting, etc.) and in addition to its response to the health crisis, in 2020, the Board of Directors analyzed the

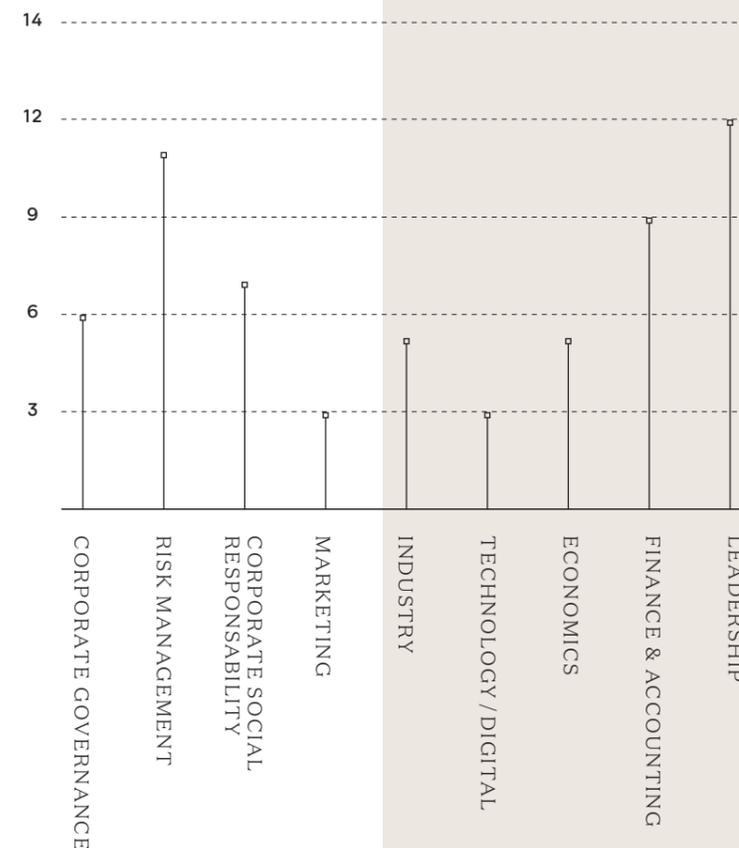
results of a cross-functional and multi-disciplinary study between Houses with a focus on digital transformation, customer behavior, supply chain, distribution strategy and organization. The Board also reviewed 2021-2025 financial forecasts.

A Board that cares about investor dialogue

At the initiative of its Board of Directors, the Company has strengthened dialogue with investors since 2018, particularly on governance issues. Given that the approach was unanimously applauded by the investors involved, this approach was pursued in the subsequent years, broadening the scope to include environmental, social and governance (ESG) issues. As such, Kering once again held an ESG roadshow for its key investors in 2020. The event involved the Lead Independent Director with support from the Board Secretary and Group's Chief Sustainability and International Affairs Officer to present the Group's approach.

A DIVERSE MIX OF SKILLS AND EXPERIENCES THAT SUPPORT LONG-TERM VALUE CREATION

NUMBER OF BOARD MEMBERS



COMMITTEE ENGAGEMENT IN 2020

AUDIT COMMITTEE

4 meetings
96% of attendance rate
6 members
of which 4 independents

REMUNERATION COMMITTEE

3 meetings
89% of attendance rate
6 members
of which 3 independents
and 1 Director representing employees

APPOINTMENTS AND GOVERNANCE COMMITTEE

3 meetings
93% of attendance rate
5 members
of which 3 independents

SUSTAINABILITY COMMITTEE

1 meeting
100% attendance rate
6 members
of which 3 independents

REMUNERATION IN LINE WITH VALUE CREATION AND STAKEHOLDER INTERESTS

The remuneration of executive corporate officers includes a fixed and a variable portion, determined and approved by the Board of Directors each year, on the basis of the recommendations issued by the Remuneration Committee and in accordance with the recommendations of the AFEP-MEDEF Code.

Prioritizing long-term profitability

The variable portion of remuneration is subject to performance conditions relating to financial criteria as well as corporate social responsibility, reflecting the Group's ambitious objectives in these areas. A large proportion of remuneration is subject to performance conditions (77% for the Chairman and Chief Executive Officer and 72% for the Group Managing Director), reflecting their obligation to create medium- and long-term value.

2020 remuneration

In light of the COVID-19 pandemic and its impact on business activity, and at the request of the Chairman and Chief Executive Officer and the Group Managing Director, the Board of Directors

decided to amend the remuneration policy for fiscal 2020 during its meeting held on April 21, 2020. On the one hand, total fixed remuneration for the Chairman and Chief Executive Officer has been reduced. On the other, annual variable remuneration for the Chairman and Chief Executive Officer and Group Managing Director has been eliminated. The shareholders approved the 2020 remuneration policy at the Annual General Meeting of June 16, 2020.

2021 remuneration policy

For 2021, the remuneration structure for executive corporate officers will comprise three components: fixed remuneration, annual variable remuneration and multi-annual variable remuneration. Approved changes to the performance conditions

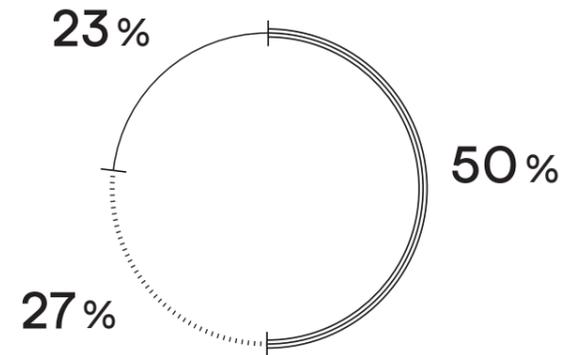
governing the multi-annual remuneration of the two executive corporate officers aim to:

- make the number of shares actually obtained following the three-year vesting period conditional upon an overall performance not limited to the achievement of financial targets, with an additional focus on the Group's strategic commitment to ESG issues;
- introduce stricter requirements for the financial criteria;
- maintain the significant impact of the performance of the Kering share relative to that of a reference index of luxury goods companies.

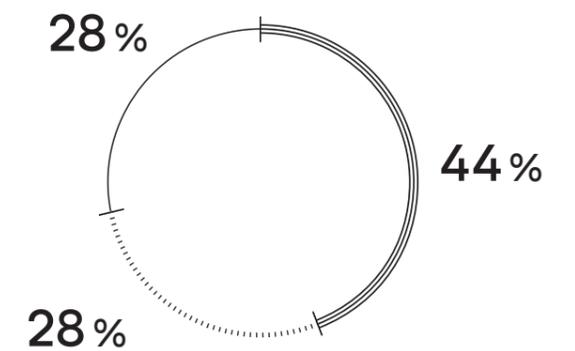
The shareholders approved the 2021 remuneration policy at the Annual General Meeting of June 16, 2020.

REMUNERATION STRUCTURE

CHAIRMAN AND CHIEF EXECUTIVE OFFICER



GROUP MANAGING DIRECTOR



———— Fixed remuneration Annual variable remuneration¹ ===== Multi-annual variable remuneration (LTI)²

REMUNERATION COMPONENTS

REMUNERATION COMPONENTS DEPENDENT ON PERFORMANCE CRITERIA

- Consideration of hierarchical position and complexity of responsibilities and experience
- Alignment with market practices

PERFORMANCE CONDITIONS OF THE ANNUAL VARIABLE COMPENSATION

Sustainability	10%
Corporate social responsibility	10%
Organization and Talent management	10%
Consolidated recurring operating income	35%
Free cash flow from operations	35%
TOTAL	100%

PERFORMANCE CONDITIONS OF THE MULTI-ANNUAL VARIABLE COMPENSATION (3 YEARS)

Proportion of women in executive management roles	10%
Biodiversity	10%
Consolidated recurring operating income	40%
Free cash flow from operations	40%
SUB-TOTAL	100%
KERING SHARE PERFORMANCE	+/-50% impact
TOTAL	50% to 150%

PAYMENT CONDITIONS

Cash

Cash

Performance shares

1. Annual variable remuneration: 120% of fixed remuneration for the Chairman and Chief Executive Officer and 100% for the Group Managing Director (can reach respectively 162% and 135% when targets of performance are exceeded).
2. LTI: 100% of fixed remuneration for year Y + annual variable remuneration for year Y -1.

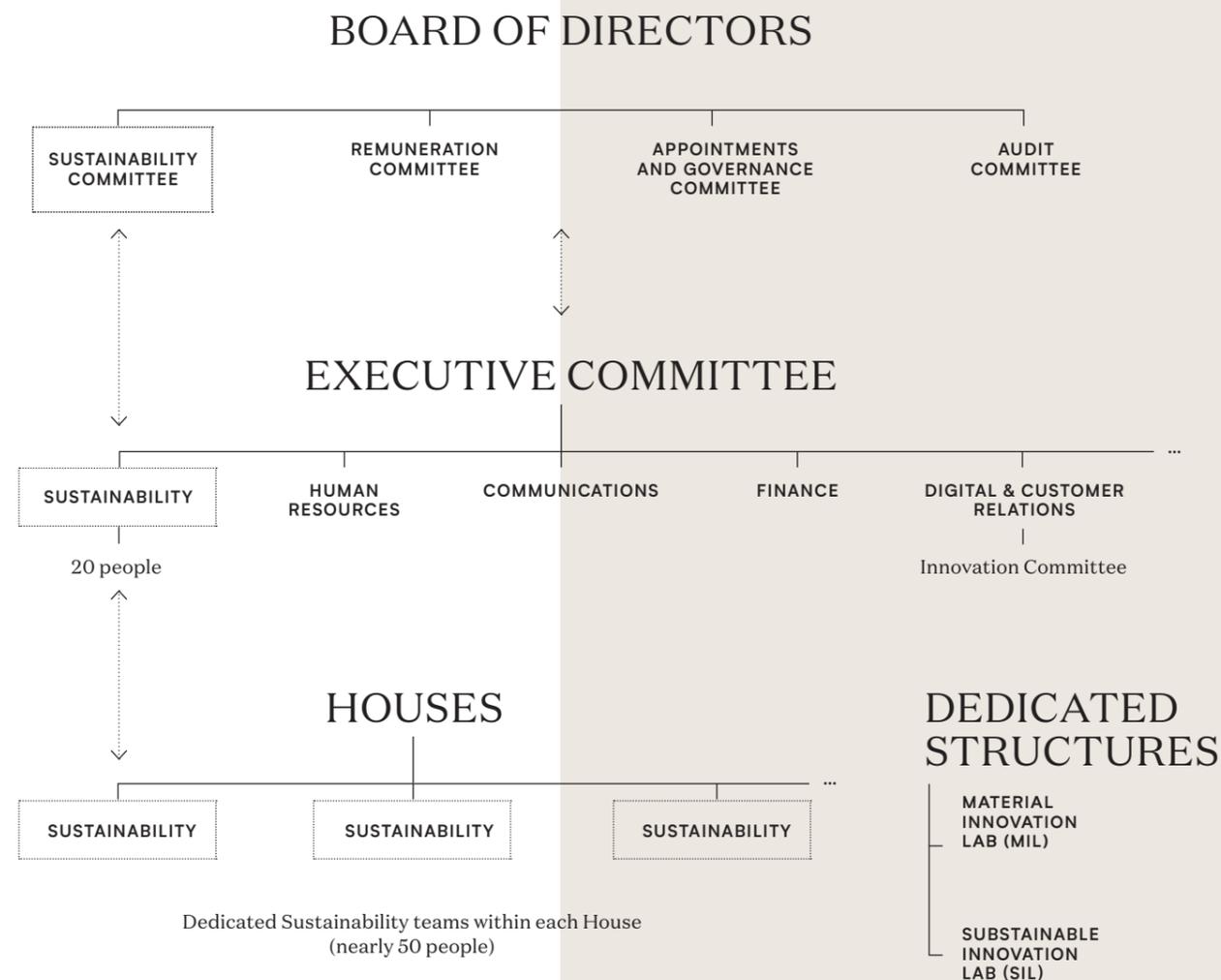
SUSTAINED INTERACTION WITH ALL STAKEHOLDERS

To stay closely attuned to its stakeholders' priority challenges and contribute to the movement toward more sustainable Luxury, Kering takes action at the local, national and international levels and participates in many initiatives in association with its stakeholders or as part of multi-party coalitions.

STAKEHOLDER CATEGORY	EXAMPLES OF MEASURES TAKEN
○ Employees and their representative bodies	Kering European Works Council and French Works Council Gucci Changemakers Scholarship programs and Gucci Changemakers X CFDA Scholars by Design Award program Diversity & Inclusion (D&I) Committees at House and Group level House training platforms: Gucci Retail Academy, Saint Laurent e-University
●●●● Shareholders and financial community	Roadshows (finance, ESG), sector-specific conferences, ongoing engagement with financial community and information and dialogue through various documents
◇◇◇◇ Customers, consumers and distributors	Customer satisfaction surveys, CRM approaches, clienteling Fashion show webcasts Gucci <i>Equilibrium</i>
//// Suppliers and business partners	Clean by Design program Kering Ethical Gold platform for responsible gold sourcing Gucci Supply Chain Academy Study on the role of women in the supply chain in Italy with the <i>Camera Nazionale della Moda</i>
== Creative talents and excellence in craftsmanship	Brioni's <i>Scuola di Alta Sartoria</i> training center, for training then recruiting exceptional tailors Bottega Veneta's <i>Scuola dei Maestri Pellettieri</i> IFM - Kering Sustainability Chair at IFM: creation of a training course in 2020
Civil society, local communities and NGOs	Kering Foundation and its initiatives in combating violence against women South Gobi Cashmere Project with nomadic shepherds Gucci: Chime for Change, Charity: water, etc. International Solidarity Leave volunteer program
=== Peers and professional associations	Founding member of the Fashion Pact Member of the Sustainable Apparel Coalition (SAC), the One Planet for Biodiversity Business (OP2B) coalition, the global Natural Capital Impact Group (NCIG) network, the Paris Good Fashion initiative
== Innovation drivers	Materials Innovation Lab (MIL) and Sustainable Innovation Lab (SIL) Fashion For Good accelerator Gucci ArtLab <i>Institut de Couture Saint Laurent</i> x IFM x <i>École de la Chambre Syndicale de la Couture Parisienne</i> (ECSCP) partnership Call for projects via the Kering Regenerative Fund for Nature
— Public authorities and regulators	Task Force on Climate-related Financial Disclosures (TCFD) supporter since 2017 Involvement in the United Nations Economic Commission for Europe (UNECE) project "Enhancing Traceability and Transparency for Sustainable Value Chains in the Garment and Footwear Sector"

SUSTAINABILITY AT THE HEART OF OUR ORGANIZATION

Kering's Sustainability Department defines the Group's sustainability strategy and policies and supports its Houses. In addition, each House has at least one Sustainability Lead or even entire Sustainability teams. As a result, Kering's Sustainability team numbers more than 60 experts. A Sustainability Committee was established at Board level in 2012. Comprising six Directors, it provides advice on and guides the Group's sustainability strategy.



A MULTI-BRAND MODEL BUILT ON A LONG-TERM APPROACH AND CREATIVE AUTONOMY FOR OUR HOUSES

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, creating the space for them to thrive while becoming resilient in the COVID-19 pandemic.

AGILITY

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

Consistency

Kering began as a family owned company more than 50 years ago. With a strong and stable controlling 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.

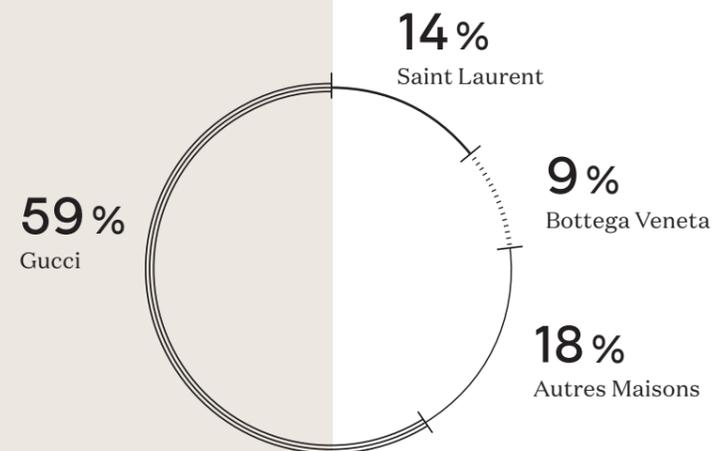
Clarity

Kering helps its Houses realize their full growth potential. At each stage of their development, they benefit from the Group's solid innovative platforms

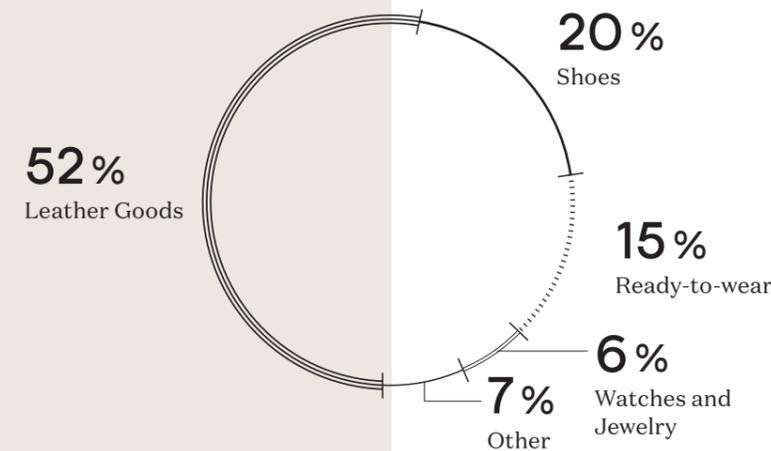
in logistics, digital and technological infrastructure and pooled support functions. By encouraging imagination in all its forms, our organization fosters strict management while enabling our Houses to unleash the best of their talent and creativity.

The Group ensures that the brands' performance is aligned with their long-term visions and objectives. Thanks to our 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.

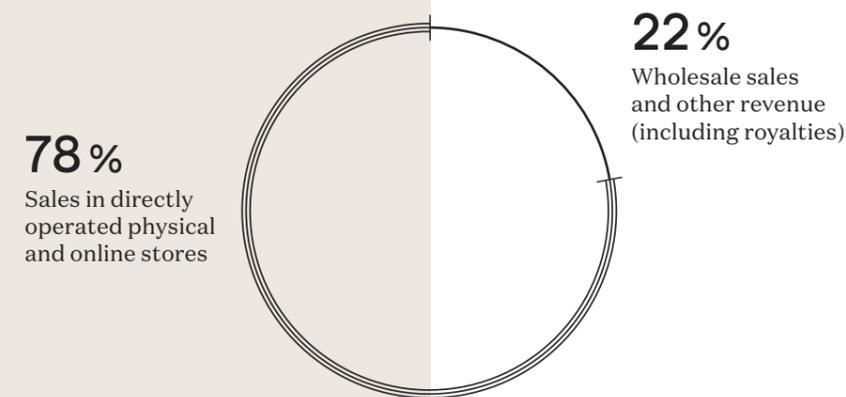
BREAKDOWN OF REVENUE BY LUXURY HOUSE IN 2020



BY LUXURY HOUSE



BY PRODUCT CATEGORY



BY DISTRIBUTION CHANNEL

BALANCE

Kering’s multi-brand model is reaching optimal efficiency.

An ensemble of exceptional Houses

Each of our brands evokes a unique blend of emotions and creations. With distinctive positionings, they play complementary roles in a coherent ensemble.

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 – leatherwork and ready-to-wear for some, jewelry or traditional watchmaking for others. The Group supports the brands by providing its expertise, improving supply chain reliability and opening up access to distribution networks, as well as enhancing customer experience, especially in digital channels. It also encourages its Houses to share best practices with a view to driving innovation.

Growth prospects

Benefiting from industry-wide structural growth potential, Kering adds its own momentum, which is further amplified by placing creative boldness at the heart of its model. So, while our

most firmly established Houses are reinventing themselves, our emerging brands are focused on realizing their full potential and gaining new customers.

Resilient in weathering adverse market conditions

With both well established and still emerging brands in various specialties, segments and markets, Kering has an extensive footprint in diverse regions. Kering’s global reach proved crucial during the 2020 pandemic, alleviating the impacts of store closures in certain regions while enabling the brands to benefit from the rapid market recovery in Mainland China.

RESPONSIBILITY

All our operations are founded on Kering’s responsible business model. Our comprehensive, sustainable approach is a structural competitive advantage.

Towards a 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, but this situation can also be viewed as an opportunity to grow, as well as a source of inspiration and innovation.

Methods, materials, resources and products are being reinvented and customer usages

and expectations are changing. Kering is changing the way it designs luxury products by incorporating the criterion of sustainable value, for customers as well as for society.

An inclusive approach

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

Creative potential

Responsibility brings about short and long-term competitive gains

and promotes growth through ever more innovative and attractive products, it rewards best business practices such as good cost control and process upgrading. In a context of limited natural resources, new high-quality materials are being fashioned and more sustainable processes devised. For our Houses, this represents a vast swathe of creative territory yet to be explored.

Governance and ethics

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.

ETHICS, THE CORNERSTONE OF OUR BUSINESS PRACTICES

Ethics and sustainability are central to our activities and the way we do business. No company is truly sustainable if it does not earn the trust of its

stakeholders. We earn this trust by demonstrating every day our commitment to responsible business practices.



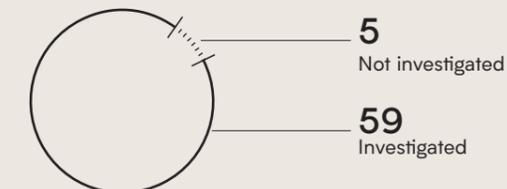
64 COMPLAINTS RECEIVED IN 2020. 50 CLOSED BY 12/31/2020

FIND OUT MORE
2020 URD:
1. Kering at a glance
3. Sustainability
Code of Ethics

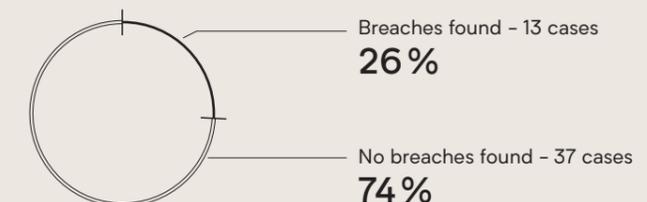
REASONS BEHIND THE ALLEGATIONS IN THE 64 COMPLAINTS RECEIVED IN 2020



INVESTIGATIONS INTO THE 64 COMPLAINTS RECEIVED IN 2020



CODE OF ETHICS BREACHES IN THE 50 CASES CLOSED IN 2020



HARNESSING THE FULL POTENTIAL OF LUXURY TO OUTPACE OUR MARKETS

Over the past decade, Kering has undergone a profound strategic shift and is now a global leader in the luxury sector. The COVID-19 pandemic has fully validated the pertinence of Kering’s strategy, enabling the Group to emerge stronger from the crisis.

PROMOTING ORGANIC GROWTH

Above-market performance in a growth industry

The future of the Luxury Goods market is structurally bright and offers Kering major sources of value creation. The challenge for each of our Houses is to outperform its respective market in all segments and categories.

Product innovation

Energized by new creative teams, our Houses are setting trends. Backed by the Group, they are moving into new product categories and coming up with ever more fresh ideas. Their offerings meet their customers’ expectations and aspirations by arousing desire, inspiring dreams, and tapping into emotions.

Sales efficiency

In their networks of directly operated stores, our brands

deploy initiatives boost sales performance through an increasingly effective merchandising and in-store operational excellence, supported by the Group and its dedicated teams.

Customer experience

Improving the quality of in-store customer experience is central to driving sales performance. Personalization, support for customers before, during and after the purchase must enable us to create and sustain lasting connections with our customers. The decision to bring customer relations and e-commerce platforms back in-house and the acceleration of the development of distance selling tools were guided by the same aim.

Omni-channel approach

Our customer relations strategy is epitomized by continuity on all communication and distribution channels. This holistic omni-channel approach is supported

by targeted directly operated store extensions and strategies for distribution agreements, travel retail, e-commerce, social media and digital communication in a strategy to control the entire value chain. In 2020, we began to migrate some of our Houses onto the e-commerce platform developed and managed internally, which serves to provide customers with a truly exceptional experience on all channels.

Digital expertise, CRM and innovation

A number of projects have been set up under the leadership of the Group’s Chief Client and Digital Officer. These projects are rolled out to instill an internal culture of innovation, support Kering’s digital transformation and drive e-commerce, CRM, data science and innovation activities whilst considering future scenarios in sales and sustainability.

COLLECTIONS & PRODUCTS

New calendars and Fashion Show expressions

Adaptation of collections, phasing & merchandising structure

ASSET DIGITALIZATION

Design, prototypes, content

Virtual showrooms

DEPLOYING INNOVATIVE MARKET APPROACHES

CLIENT EXPERIENCE

Immersive experiences: virtual fitting, Augmented Reality, gaming

Pop up & pop in stores

Clienteling actions & events

Distant selling

Personalized & localized CRM & Artificial Intelligence

BRAND ENGAGEMENT

Increase brand visibility, nurture desirability on relevant platforms & networks

Adapted marketing & comms strategy, social commerce, livestreaming

OUR SUSTAINABILITY ROADMAP FOR 2025

Being a responsible Luxury group means crafting tomorrow's Luxury. Kering perceives changes as an opportunity and a growth lever. With this in mind, the Group has set itself ambitious targets for 2025.

ENHANCING SYNERGIES AND DEVELOPING GROWTH PLATFORMS

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

Shared Services

To enable our Houses to focus on the essentials – creation, production quality, product range development and renewal, customer relations, etc., the Group combines resources and streamlines certain strategic functions (logistics, purchasing, legal affairs, property, advertising space buying, IT systems, etc.).

Cross-business expertise

To enrich its brands' offerings, the Group draws on cross-business expertise. Kering Eyewear is a notable example. Our Houses benefit from a

dedicated specialist that ensures full control over the value chain of their frame and sunglasses businesses. This innovative management model enables Kering to harness the full growth potential of its brands in this category and generate significant value creation opportunities.

Growth platforms and operating efficiency

Kering is constantly improving and adapting its operating model to ensure its structures are always more up-to-date and flexible. The Group has launched an ambitious transformation project focusing on its information systems, supply chain and logistics in an effort to adapt to its new scope as well as changing consumer trends and customer expectations. With shared, state-of-the-art IT, as well as redefined logistics operations, the Group's brands will be in a better position to anticipate demand, respond more quickly and adapt inventory management to optimize costs.

Talent excellence

Thanks to an ambitious worldwide human resources framework based on ever-greater mobility, Kering facilitates the growth of its 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. Particular attention is paid to promoting diversity, gender parity and inclusiveness.

CARE FOR THE PLANET

- Reducing our environmental footprint
- Choosing responsible and well-managed supply sources
- Protecting and restoring biodiversity

COLLABORATE WITH PEOPLE

- Preserving our rich heritage
- Promoting diversity and achieving gender parity in all positions and business lines and at all hierarchical levels of the Group
- Guaranteeing equal pay across all positions
- Being the preferred employer in the Luxury sector and developing progressive policies in employment

CREATE NEW BUSINESS MODELS

- Imagining disruptive innovations that can transform conventional processes in Luxury
- Exploring new solutions and technologies to promote the circular economy
- Supporting future generations within the Luxury industry

RISK MANAGEMENT AT ALL LEVELS OF THE GROUP

To ensure long-term value creation, Kering must seize growth opportunities in today's fast-changing world and anticipate adverse risks. The risk matrix maps the Group's main risks. In 2020, six of the 14 main risk factors were social and environmental responsibility risks.

An integrated and continuous risk management policy

Kering's risk management is a key management tool, covering financial, operational, labor-related, environmental and compliance risks, it helps to:

- create and preserve the value, assets and reputation of the Company;
- render the Company's decision-making and other processes secure in order 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.

Stakeholders with clearly identified roles and responsibilities

The Group's risk management is

based on an organizational framework that sets out: the roles and responsibilities of the various involved stakeholders, procedures with consistent and clear standards for the system. An IT system that makes it possible to share information about risks internally. In 2011, Kering set up a "Kering group Risk Committee", comprising the Group Managing Director, the Chief Financial Officer, the Chief Information Security Officer, the Head of the Legal Department, the Chief Audit Executive, the Head of the Security Department and the Risk Manager. The Risk Committee reviews:

- the validation and monitoring process for the Group's risk management policy;
- the monitoring of the topicality and relevance of risk analyses;
- the analysis summaries of general and specific risks;
- and the validation and

monitoring of action plans. It reports to the Board of Directors' Audit Committee.

Identifying, analyzing and controlling risks

Kering's risk management policy uses a three-step process (identifying, analyzing and dealing with risks), a continuous monitoring and is reviewed on a regular basis to help continuously improve the system. The objective is to identify, analyze and map out the main risks for the Group and its houses during dedicated work sessions with the main identified contacts. The sessions also help identify potential consequences of the main risks (for example, financial, human, legal, labor-related, environmental or reputation-related consequences) and assessing their impact, the probability of occurrence, as well as the level of control.

OPERATIONAL

- COVID-19*
- Customer experience*
- Production management*
- Real estate management*
- Kering's luxury paradigm and business model*
- Macro-economy and geopolitics*
- Distribution network*
- Brand strategies*
- Cybersecurity
- Distressed suppliers
- Information Systems
- Image and branding
- Kering's major initiatives

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY RISKS

- Human rights and fundamental freedoms*
- Climate change, other natural or man-made risks*
- Talent management*
- Raw materials scarcity, quality and biodiversity*
- Product quality and safety, consumer health*
- Employment standards*
- Ethics and global governance

RISKS

COMPLIANCE

- Legal compliance and litigation
- Contract management
- Intellectual property protection
- Fraud and corruption
- Intellectual property infringement
- Compliance with national tax laws and international standards

FINANCIAL

- Foreign exchange risk
- Equity risk
- Interest rate risk
- Liquidity risk

This table outlines the main risk factors at Kering ranked by type. The main 14 are highlighted with the following sign *.

UPDATED MATERIALITY ASSESSMENT

The materiality principle is at the heart of Kering’s sustainability approach. This approach has allowed Kering to identify the key challenges matching its activities (based on their economic, environmental and social impacts), and also to grasp the assessment made by the Group’s key stakeholders. Against the backdrop of the COVID-19 pandemic, Kering consulted its stakeholder in 2020 in order to update its materiality assessment, first published in 2014.

Materiality assessment methodology

The mapping of issues was updated on the basis of an in-depth review. A comprehensive list of issues was then refined, resulting in a shortlist of 28 issues on which nearly 70 internal and external stakeholders were consulted. To this end, the Group conducted a quantitative study and strategic interviews involving members of the executive management of Kering and its Houses. The last stage was focused on consolidating, analyzing and sharing the results. The data gleaned from the strategic discussions was used

to supplement the quantitative results and confirmed the preponderance of certain challenges – and in particular their importance for Kering.

Materiality matrix results

The results of the materiality matrix confirm that Kering’s strategic pillars are consistent with the expectations of external stakeholders. According to the stakeholder consultation, the pandemic has been an accelerating factor, bringing issues such as climate change to the forefront. Employee well-being also stands out as a strong focus for businesses in the context of the pandemic and the

development of new ways of working. In a longer-term perspective, stakeholders identified four issues that are gaining ground: biodiversity, sustainable procurement and responsible supplier relations, employee well-being, and cybersecurity. The results are also closely linked to structural trends impacting the luxury goods market: demand for innovative products and heightened awareness of social and environmental issues are driving the Group to accelerate its transformation and increase transparency.

STAKEHOLDER EXPECTATIONS

	<ul style="list-style-type: none"> – Living wage in the supply chain – Health and safety in the supply chain – Transparency 	<ul style="list-style-type: none"> – Climate change – Biodiversity – Diversity and inclusion – Respect of human rights & fundamental freedoms in the supply chain 	
	<ul style="list-style-type: none"> – Water stewardship – Community engagement – Social dialogue – Stakeholder dialogue 	<ul style="list-style-type: none"> – Manufacturing processes – Animal welfare – Sustainable packaging and waste management – Employee well-being – Responsible advertising and consumer awareness – Sustainable procurement & responsible supplier relationships – Business practices – Responsible governance 	<ul style="list-style-type: none"> – Sustainable business model and financial performance – Circular economy and regeneration – Sustainable sourcing of raw materials and alternative materials
	<ul style="list-style-type: none"> – Data privacy and data protection 	<ul style="list-style-type: none"> – Craftmanship – Talent attraction and retention – Cybersecurity 	<ul style="list-style-type: none"> – Customer satisfaction and experience – Omni-channel approach and digitalization

IMPORTANCE FOR KERING

..... Core issues
—— Major issues
—— Crucial issues



FULLY INTEGRATED CLIMATE-RELATED RISKS

Given the consensus among scientists about the urgency and criticality of climate change on the one hand, and the link between climate protection and the long-term viability of its business on the other hand, Kering firmly believes that businesses have a decisive role to play in the fight against climate change and has therefore made it a key component of its corporate strategy.

Kering factors in material climate-related risks (physical risks and transition risks) for greater resilience. To address these risks, Kering has developed a climate strategy based on four main areas:

Mitigation of climate-related risks through emissions reduction

In line with the goals of the Paris Agreement and the Fashion Pact, Kering is targeting a “Net Zero” trajectory by 2030. Kering updated its emission reduction targets, which were approved by the Science Based Targets initiative (SBTi) with a 1.5°C trajectory. To this end, the Group has committed to a 90%

reduction in absolute greenhouse gas emissions from Kering operations (Scopes 1 and 2) and a 70% reduction in supply chain-related greenhouse gas emissions (Scope 3) consistent with the EP&L objectives.

Adaptation and resilience thanks to nature-based solutions

Kering verifies that its supplies are not associated with any form of deforestation and gives priority to suppliers with regenerative agriculture certificates. To achieve this, Kering requires a high level of traceability and includes specific clauses in its contracts with suppliers of key raw materials.

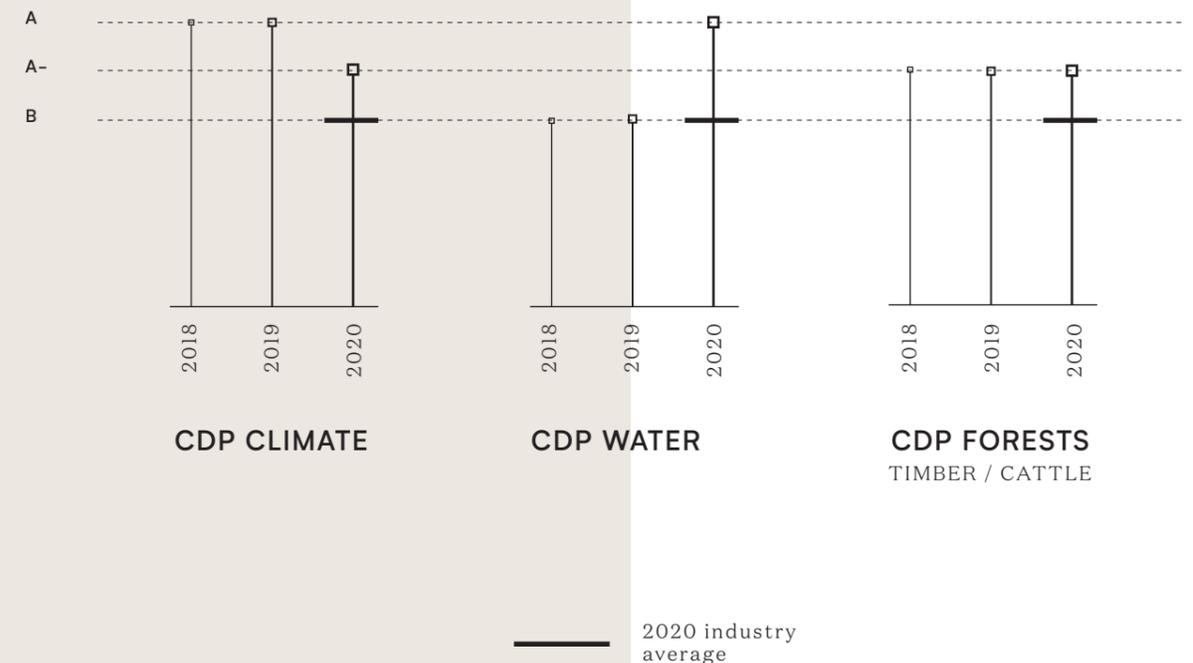
Offsetting and achieving “Net Zero”

Kering is committed to offsetting all residual carbon emissions generated by the Group’s activities (Scopes 1 and 2) and supply chain (Scope 3) via certified REDD+ projects that help protect critical forests and safeguard biodiversity.

Industry transformation

Through partnerships and coalitions such as OP2B and the Fashion Pact, Kering aims to drive a new, holistic approach to managing climate-related risks, mitigating their impact and contributing to global climate-related objectives.

A CLIMATE STRATEGY RECOGNIZED BY CDP



A transparent climate reporting

The Group’s climate strategy is also described in Kering’s Climate Change 2020 CDP response, which is publicly accessible via the website www.cdp.net. This includes recommendations issued by the Task Force on Climate-related Financial Disclosures (TCFD) such as an analysis of impacts on the Group’s businesses and the climate-related scenarios used for the analysis,

based on the RCP 2.6 scenario from the Fifth Assessment Report of the UN Intergovernmental Panel on Climate Change (IPCC) or the 2°C scenario. A TCFD cross-reference table, which indicates progress achieved, is available at the kering.com website and in the 2020 Universal Registration Document.

KERING UNVEILS ITS BIODIVERSITY STRATEGY

The nature of its products and the quality standards required of a luxury goods company mean that the Group is heavily dependent on raw materials from natural sources and thus on the associated ecosystems, whose protection is essential to the production of quality raw materials.

A material risk

Kering’s activities depend on nature and its resources. Their protection is paramount to the Group’s continued sustainable growth. The risks to biodiversity are compounded by climate change, and the rate of biodiversity loss is expected to accelerate if we pass critical climate thresholds. To respond to such material risks, Kering officially unveiled its Biodiversity Strategy in 2020. It has three aims: stem the loss of biodiversity, re-build ecosystems and rehabilitate species, and drive systemic change throughout the supply chain and beyond.

A four-phase strategy

Kering has structured its approach around four phases as recommended by the Science

Based Targets Network (SBTN):

- PHASE 1: AVOID – Make decisions that do not have or prevent negative impact on areas with high conservation value;
- PHASE 2: REDUCE – Reduce biodiversity impact through alignment with the science and certification;
- PHASE 3: RESTORE & REGENERATE – Restore ecosystems where impact is unavoidable;
- PHASE 4: TRANSFORM – Develop game-changing solutions to revolutionize the fashion and luxury industry through actions outside of our direct supply chains.

Our commitments

As part of this strategy, Kering is committed to having a net positive impact on biodiversity by 2025.

As such, the Group will regenerate and protect a surface equivalent to six times the global footprint of Kering’s direct and indirect operations.

- Kering will protect one million hectares of essential and irreplaceable habitats outside of its supply chain;
- Kering will facilitate the transition to regenerative agricultural practices on an additional one million hectares in areas where raw materials entering Kering’s supply chain, such as leather, cotton, wool or cashmere, are extracted.

LAUNCH OF THE KERING REGENERATIVE FUND FOR NATURE



“Kering’s commitment to protect the nature is a massive step forward for the fashion industry. It represents a huge opportunity to influence billions of people and help to redefine what we value as consumers of fashion and luxury goods. We are very pleased with this partnership with Kering, which will allow us to assist promising regenerative agriculture projects around the world and drive a shift towards farming practices that operate in ever-deeper harmony with natural ecosystems.”

DR. SANJAYAN

Chief Executive Officer – Conservation International

1M hectares

Kering will facilitate the transition to regenerative agricultural practices in areas where raw materials entering Kering’s supply chain are extracted

+ 1M hectares

Kering will protect one million hectares of habitats outside of its supply chain by 2025

Agriculture is currently one of the major drivers of biodiversity loss and climate change. It can, however, be transformed from a “problem” to a powerful nature-based solution. In an effort to help farmers in the rollout of regenerative practices for soils and biodiversity, Kering partnered up with Conservation International to launch the Regenerative Fund for

Nature, worth €5 million. The Fund is aimed at transitioning 1,000,000 hectares of current crop and rangelands into regenerative farming practices over the next five years. This target, which is in line with our Biodiversity Strategy, will scale the quantity and quality of natural, regenerative raw materials for the fashion sector.

JOINT INTERVIEW WITH MARIE-CLAIRE DAVEU AND JEAN-MARC DUPLAIX



Marie-Claire Daveu, Chief Sustainability and Institutional Affairs Officer

2020 was a remarkable year. How has it influenced discussions regarding capital allocation and value sharing?

Jean-Marc Duplaix – In 2020, we delivered a solid performance. We clearly identified our priorities from the beginning of the crisis and the introduction of lockdown measures in Europe. Our first task was to ensure business continuity followed by a phase to launch the production of our Spring/Summer collections. We prioritized essential activities. Specifically, we prepared our ateliers to ensure collection prototyping. Another setback was the closure of stores. In this respect, we needed to guarantee the safety of our employees while

minimizing the economic impact on our Houses. This also involved ensuring that our sales staff were able to maintain communication with their customers. As such, we developed adapted solutions which resulted in highly accelerated online sales growth.

Marie-Claire Daveu – Our business model is both solid and robust. Moreover, our decisions are focused on a long-term strategy. Against the backdrop of 2020, we were further forced to make strategic decisions that not only meet essential business needs but also positively impact our stakeholders.

What's the key to Kering's resilience?

JMD – The resilience demonstrated by Kering in 2020 results from the rollout of strategic projects in recent years. These include internalizing our e-commerce and omni-channel



Jean-Marc Duplaix, Chief Financial Officer

platforms, investing heavily in our logistics capabilities and accelerating the digitalization of our operations. Kering has continued to invest selectively and proactively to develop cross-business growth platforms while taking all necessary measures to adapt its cost base. This endeavor has helped to protect our Houses' market positions and ensure their potential to bounce back.

MCD – All necessary measures have also translated into initiatives to support all our stakeholders. This particularly applies to our business partners, following the example of Gucci which has renewed its partnership with Intesa Sanpaolo. Another case in point is our stake in Vestiaire Collective in a drive to provide our customers with new opportunities while contributing to the circular economy.

“The resilience demonstrated by Kering in 2020 results from the rollout of strategic projects in recent years.”

Jean-Marc Duplaix

Examples aside, what are the main takeaways of 2020 in terms of sustainability?

MCD – Most of all, 2020 was a stark reminder of the link between conservation, human health and economic development. Kering has rounded out its climate strategy with the adoption of a biodiversity strategy to define and structure the Group’s approach to conservation. The Group has also created the Kering Regenerative Fund for Nature to steer its action programs and achieve a net positive impact by 2025.

So, there is no contradiction between profitability and ESG performance?

JMD – It is not true that investors only think about very short-term returns or profitability at any price. Today, investors know all

too well that a company investing in ESG will reap the benefits by attracting the most talented people, by winning the loyalty of customers who understand these issues, by improving their efficiency... and by protecting themselves from a certain number of risks.

MCD – We are fortunate to have a CEO who is absolutely convinced about the importance of placing sustainability at the heart of our strategy – for two reasons: ethical ones, but also because it makes business sense. And the same arguments hold for issues of diversity and inclusion, working conditions at our suppliers and governance.

JMD – Of course, sustainability projects need to be part of a strategy that creates synergies with the company’s business performance. I would add that it

is also our role to explain to investors and our stakeholders that our actions on ESG criteria have an overall benefit, beyond the occasional impact on profitability. Naturally, we cannot quantify every benefit yet, but the financial community is changing very fast and is successfully integrating the reasons and issues behind ESG in terms of value creation.

What changes are taking place in financial communication and reporting to address these new issues?

JMD – Already since last year, we have observed fast growing concern as regards ESG expressed by investors. 2020 brought these issues to the forefront. We are also fully aware – and have been for some time – of the interrelationship between the three strategic pillars made

up of the economy, social responsibility and our environment.

MCD – Going forward, we can see that growing investor interest in non-financial performances has bridged the gap between two areas that businesses have long dealt with separately or even kept apart. Now more than ever, in-house collaboration is key to setting the rules for a shared language and ramping up its use.

Where do we stand in terms of shared language?

JMD – Discussions with investors have confirmed the need for Kering to be increasingly transparent when it comes to its performance and the various KPIs, such as the EP&L. Such a set of standards that allows for shared language has already

existed for some time in finance. The lack of common indicators for measuring companies’ ESG performance is a problem. Every country has its own regulations, and there’s a multitude of initiatives, rankings, indices, etc. But without a standard that is shared by everyone, on what basis can a company report its performance? And therefore, how can you compare performances across different organizations?

MCD – We are also focused on developing benchmarks with a view to facilitating understanding and comparative performance. As evidenced by ongoing efforts in Europe and America, non-financial reporting is increasingly standardized. For instance, this year, our reporting included the Task Force on Climate-related Financial Disclosures (TCFD)

and Sustainability Accounting Standards Board (SASB) benchmarks.

JMD – Today this shift is vital. In order to make informed decisions regarding capital allocation, companies must absolutely develop and introduce these types of indicators and tools which fully account for a long-term outlook. The crisis, which we have navigated since last year, provides a further argument for transparency and communication with respect to overall company performance.

“Against the backdrop of 2020, we were further encouraged to make strategic decisions that not only meet essential business needs but also positively impact our stakeholders.”

Marie-Claire Daveu

2020 HIGHLIGHTS

While 2020 was marked by the COVID-19 pandemic, Kering resolutely pursued its strategy and further stepped up its commitment to responsible Luxury by forging partnerships with multiple stakeholders.

STRATEGY, ACTIVITIES AND FINANCE

Kering's worldwide efforts in the fight against the COVID-19 pandemic since January 28

Proactive management of the Group's liquidity – a new bond issue and extension of syndicated loan facilities

Kering's disposal of 5.83% of PUMA

GOVERNANCE

Reduction in remuneration for 2020 for Kering's executive corporate officers

Appointment of Jean Liu, Tidjane Thiam and Emma Watson to Kering's Board of Directors

Creation of Diversity & Inclusion Committees within each House

CSR

Publication of a Progress Report outlining the Group's sustainability roadmap for 2025

Publication of Kering's biodiversity strategy, launch of the Kering Regenerative Fund for Nature in partnership with Conservation International

Creation of a training course specializing in sustainable fashion within the French *Institut Français de la Mode* (IFM) – Kering Sustainability Chair

	2020	2019	CHANGE
Revenue (€m)	13,100	15,884	-17,5%
EBITDA (€m)	4,574	6,024	-24,1%
Recurring Operating Income (€m)	3,135	4,778	-34,4%
Recurring operating margin (as a % of revenue)	23,9%	30,1%	-6,2 pts
Net income attributable to owners of the parent (in €m)	2,150	2,309	-6,9%
Net income attributable to owners of the parent o/w continuing operations excluding non-recurring items (in €m)	1,972	3,212	-38,6%
Gross operating investments (in €m) ¹	787	956	-17,7%
Free cash-flow from operations (in €m) ²	2,105	1,521	+38,4 %
Net debt (in €m) ³	2,149	2,812	-23,6 %

	2020	2019	CHANGE
Percentage of employees	95,3%	93,0%	+2,3 pts
on permanent contracts o/w full-time employees	93,3%	93,0%	+0,3 pt
Percentage of employees trained	96,7%	82,5%	+14,2 pts
Percentage of women managers	55,4%	55,1%	+0,3 pt
DJSI World score	85/100 Silver Class ⁴	81/100 Silver Class	+4 pts
Global 100 ranking – Corporate Knights	7 ^o /100 #1 Apparel	23 ^o /100 #1 Apparel	+ 16 upgrade in ranking

	2019	2018	CHANGE
EP&L intensity (€EP&L/€K revenue)	33€	38€	-14%

1. Purchases of property, plant and equipment and intangible assets.

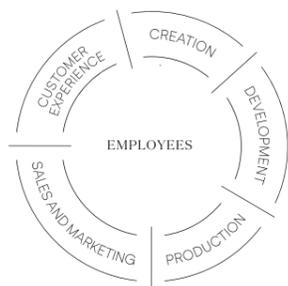
2. Net cash-flow from operating activities less net acquisitions of property, plant and equipment and intangible assets.

3. See definition on page 335 of the 2020 Universal Registration Document.

4. Kering is a member of the DJSI World and DJSI Europe indices.

STEADFAST COMMITMENT TO TACKLE COVID-19

From the onset of the pandemic, Kering introduced a series of measures to ensure the safety and protect the health of its employees and customers around the world and to support its suppliers. The Group and its Houses rapidly introduced action plans aimed at ensuring business continuity and enabling their activities to quickly resume, with a view to minimizing the impact of the pandemic on the Group's financial results and securing its robust financial position to the extent possible.



Creation, development and production

- Accelerated digitalization of product design and marketing, with virtual sales campaigns;
- Adaptation of the calendar and format of fashion shows;
- Adjustments to collections and merchandising: in-store presentation of Spring/Summer collections extended and adjustments to the depth and structure of the Fall/Winter collections;
- Production adjustments (calendar and volumes) for the Fall/Winter collections;
- Resumption of logistics activities: adjustments to delivery flows based on store reopenings and the postponement of collections.

Sales and marketing and customer experience

- Growth in distance selling capacities (customer service, customer advisors);
- Sharp growth in online sales during the lockdown, a trend that has continued since stores reopened;
- Planned internalization of online capacities for Alexander McQueen and then Saint Laurent. Growth in new omni-channel services;
- Spring/Summer collection: optimization of sales and inventory management, leading to a slight dilution in gross margin;
- Clienteling initiatives;
- Roll-out of the strategy to enhance the exclusivity of the distribution network and streamline sales to wholesale accounts.

ACTIONS AND INITIATIVES TO SUPPORT STAKEHOLDERS

CUSTOMERS, CONSUMERS AND DISTRIBUTORS

Introduction of strict measures to ensure the health and safety of employees, suppliers and customers

SUPPLIERS AND BUSINESS PARTNERS

Introduction of strict measures to ensure the health and safety of employees, suppliers and customers

Initiatives to support suppliers (Gucci-San Paolo Intesa agreement)

OPERATIONAL AND FINANCIAL DECISIONS

Revenue optimization measures

Adjustments to the cost base

Investments prioritized, with strategic programs continued

No significant escalation of the credit risk and sufficient liquidity

Revised dividend paid for 2019

Reduction in remuneration of executive corporate officers

EMPLOYEES AND THEIR REPRESENTATIVE BODIES

Introduction of strict measures to ensure the health and safety of employees, suppliers and customers

Homeworking across the board, with employees returning on-site gradually in line with the applicable health restrictions

Jobs protected and salary levels maintained

CIVIL SOCIETY, LOCAL COMMUNITIES AND NGOS

Numerous initiatives to support local communities and organizations in their fight against the pandemic

Masks produced by the Houses

A GROUP READY TO LEVERAGE THE REBOUND

The Group's Houses will be in a position to leverage top-performing information systems, an optimized supply chain and a strengthened digital presence through omni-channel distribution that provides customers with a truly exceptional experience across all sales channels.

Solid performances, demonstrating resilience

Amid a particularly challenging environment in 2020, marked by the numerous impacts of an unprecedented health and economic crisis, Kering demonstrated strong resilience. Kering continues to resolutely pursue its strategy and will continue to manage and allocate its resources in order to support its operating performance, maintain high cash flow generation and optimize return on capital employed.

Total revenue generated by Kering's Houses in 2020 amounted to €12,677 million, down 17.6% as reported and 16.5% on a comparable basis¹. While the health crisis and lockdown measures took a heavy toll on the Houses' first-half sales (down 30.2%), the situation improved significantly in the second half (down 3.3%), despite

new restrictions towards the end of the year. *E-commerce* sales further accelerated (up 67.5%), accounting for 13% of total sales generated by the retail network in the year.

The Group's profitability proved resilient with recurring operating income of €3,135.2 million, yielding a solid recurring operating margin of 23.9%.

Outlook

Thanks to its strong business model and structure, along with its robust financial position, Kering remains confident in its growth potential for the medium and long term. The crisis has not called into question the structural growth drivers of the worldwide luxury market, fully validating the pertinence of Kering's strategy and enabling the Group to emerge stronger from the crisis.

BREAKDOWN OF 2020 REVENUE

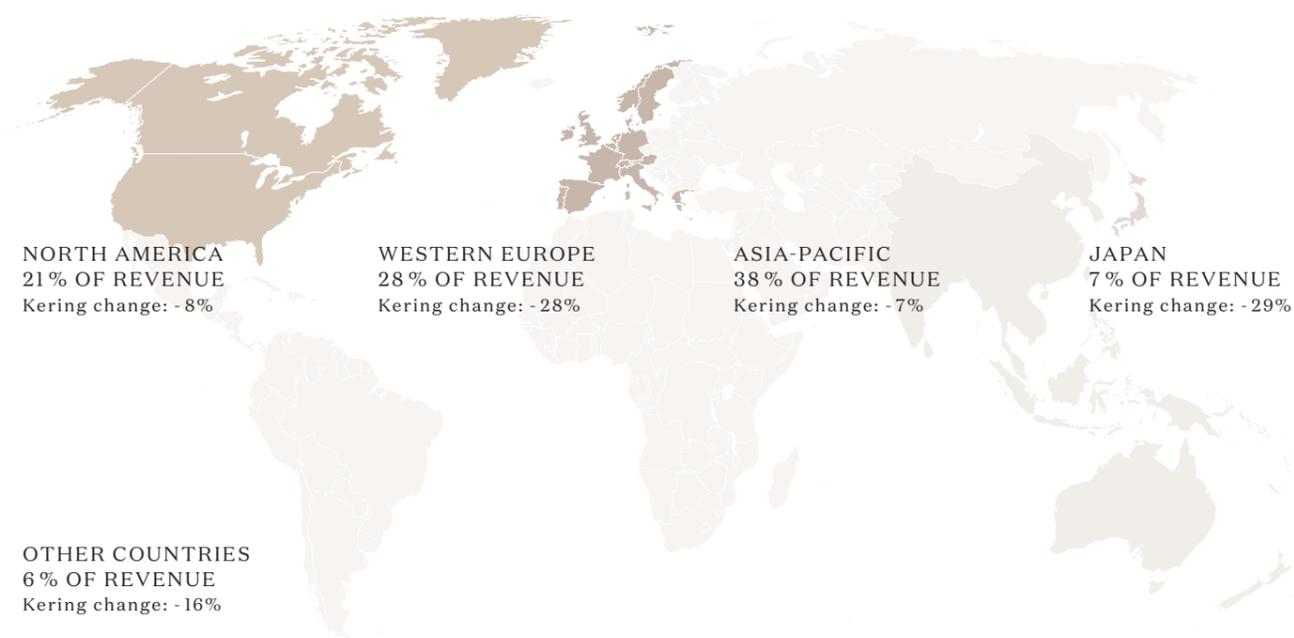


CHANGE IN REPORTED REVENUE (AND CHANGE IN COMPARABLE¹ REVENUE 2020 VS 2019, IN %)



1. Comparable revenue is defined on page 335 of URD 2020.
2. The "Corporate and other" segment is defined on page 328 of URD 2020.

REVENUE BREAKDOWN AND COMPARABLE CHANGE BY REGION 2020 VS 2019



CARE FOR THE PLANET



[How to read our performance](#)

- ↗ Results above expected performance to date
- Results at expected performance to date
- ↘ Results at expected performance to date

Definitions of the indicators presented and their method of calculation are provided in the social and environmental methodological notes, available on the Group's website.

FIND OUT MORE

2020 URD:
2. Group activities
Communication on Progress (COP) of Kering to the Global Compact: <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/449430>

2025 TARGETS¹

-50% reduction in CO₂ emissions and planetary boundaries

-40% EP&L

Implementation of the Kering Standards

Sustainable design and traceability

Materials Innovation Labs

Carbon offsetting

SDGs²

- 13
- 14
- 17

- 6
- 12
- 13
- 15

- 6
- 12
- 13
- 15
- 16

- 12
- 15

- 12

- 13
- 15

2020 RESULTS

Our carbon intensity reached 17.05tCO₂/€m in gross margin

90.6% of our electricity is green, contributing to the decrease by 74.7% of our CO₂ emissions linked to energy consumption since 2015

Our EP&L intensity reached 33€EP&L/€k in revenue

74% of our key raw materials⁴ are aligned with our Kering Standards

200+ suppliers trained in 2020

Traceability is achieved for 91% of our key raw materials⁴

3,800+ sustainable materials in our Materials Innovation Library (MIL)

More than 800+ conventional raw materials switched to sustainable alternatives

64% of CO₂ emissions offset in 2020 for 2019

Carbon neutrality for Gucci in 2020

PER-FOR-MANCE³



MAIN ACHIEVEMENTS SINCE 2015

-58.1% carbon intensity
+65 pts of green electricity
-145 kWh/sq.m (-35%) in stores since 2015

SBT 1.5°C trajectory approved

Definition of the biodiversity strategy and of the climate strategy

Launch of the Fashion Pact in 2019, first progress report published in October 2020

-29% since 2015

Extension of the EP&L scope to include the product use and end-of-life phases

Data results in open source since 2018

+7 pt alignment with the Kering Standards since 2017

Publication of Kering Animal Welfare Standards in 2019

Launch in 2020 of a new supplier portal

6,400+ employees trained on the Kering Standards via e-learning

+5 pts in traceability since 2017

Kering Standards for packaging and visual tools

Verification of the *Green Fashion Shows guidelines*

Sustainable Innovation Lab (SIL) dedicated to Watches and Jewelry launched in 2020

120+ projects implemented for our products since 2015 thanks to the MIL and 11 collaborative projects launched via the SIL

More than 360 suppliers listed in the MIL database, including 40 additions in 2020

Carbon neutrality for the Group in 2019 for 2018 – 2.4 million tCO₂ offset

Launch of the CEO Carbon Neutral Challenge by Gucci CEO Marco Bizzarri in 2019

Partnership with low-carbon labels on regenerative agriculture

1. Objectives defined against a 2015 baseline.
2. The Group's objectives and actions are also aligned with the United Nations' Sustainable Development Goals (SDGs), especially 12 of them.
3. How to read our performance presented on page 54.
4. Key raw materials are those which are defined and covered in our Kering Standards.

COLLABORATE WITH PEOPLE

2025 TARGETS ¹	SDGs ²	2020 RESULTS	PER-FOR-MANCE ³	MAIN ACHIEVEMENTS SINCE 2015
Preserving our know-how	 4  8	Nearly 400 experts trained through 15+ craftsmanship excellence programs in haute couture and Watches & Jewelry running in 2020	→	Gucci <i>École de l'Amour</i> , Institut Saint Laurent Couture, Pomellato Virtuosi with Galdus University, and more
Local communities	 1  8	10+ active international programs focusing on our key raw materials	→	Reforestation of gold mining sites in French Guiana, The Golden Line in Ghana, South Gobi Cashmere, and more
Assessment and SDGs	 8  17	2,399 supplier audits performed, representing 41% of our suppliers	→	88% of suppliers audited over the 2015–2020 period Update of materiality assessment in 2020 UN SDG mapping against the pillars of our 2025 strategy and our value chain
Partnerships with schools and universities	 4  17	Launch of a training course as part of the IFM – Kering “Sustainability” Chair	↗	Key partnerships with leading universities: IFM, Parsons, Tsinghua, LCF, etc. Nearly 70,000 participants in 191 countries since the launch of the Sustainability and Luxury Fashion MOOC in 2018
Forward-thinking employment practices	 3  5	Baby Leave policy effective since January 1, 2020 Adoption in all countries of measures to mitigate the impact of the COVID-19 pandemic to protect all employees	↗	Extension to all new parents of 14 weeks of paid leave since January 1, 2020 Global Health and Safety policy launched in 2019 Global policy on domestic violence
Gender equality, diversity & inclusion	 5	63.1% women employees 55.4% women managers 58% women on the Board 95.1% of Group employees worldwide have completed the annual Ethics and Compliance training	↗	Board-level parity up from 28% to 58% in 10 years Establishment in 2020 of D&I Committees within the Houses
Career paths	 4	96.7% of the Group’s employees benefited from training: 541,565 hours of training provided to 37,278 employees, an average of 14.5 hours per employee	↗	Overhaul in 2020 with the Kering Learning digital platform Numerous HR innovations in 2020: Kering Influence Online, Kering Vision, introduction of “career conversations”
Preferred employer	 4  5  8	Gucci named best employer for women in luxury in Italy (<i>La Repubblica Affari</i> & ITQF) Score of 100% in the Corporate Equality Index for Kering Americas (Human Rights Campaign) Kering ranked 9th in the 2021 Equileap Top 100 companies for gender equality globally and included in the 2021 Bloomberg GEI for the 4th consecutive year	↗	82% participation rate in the employee survey, with an 83% engagement rate in 2019; new global survey in 2021 Use of Workplace as the preferred channel for communication between Kering Teams and their managers during the COVID-19 pandemic Since 2019, regular publication on the Group’s digital platform of positions open for internal mobility

1. Objectives defined against a 2015 baseline.
2. The Group’s objectives and actions are also aligned with the United Nations’ Sustainable Development Goals (SDGs), especially 12 of them.
3. How to read our performance presented on page 54.

CREATE NEW BUSINESS MODELS

2025 TARGETS ¹	SDGs ²	2020 RESULTS	PER-FOR-MANCE ³	MAIN ACHIEVEMENTS SINCE 2015
Disruptive innovations	 12	29% of our purchased leather is metal-free The Impact Space, internal workshops on innovation (e-commerce, eco-design for improved recyclability, traceability, biomaterials)	→	Dialogue engaged with 61% of the top potential start-ups selected among the 2,000+ identified via the Fashion for Good accelerator Growing number of responsible products and collections, including Gucci's Off The Grid capsule collection and the Balenciaga Pre-Summer 2021 collection
Circular economy	 12	Kering Materials Circularity Index : 40% of our raw materials with potential for circularity are already circular	→	Kering supports the Ellen McArthur Foundation's Make Fashion Circular and Circular Fibres initiatives
Purchasing and coordination platforms	 12	100% of Watches and Jewelry Houses' gold purchased through the Kering Ethical Gold Platform	→	Dedicated internal sourcing platforms and coordination for gold, cotton, cashmere, silk, and more Reduction of EP&L impact by more than €EP&L 2.5m through the purchase of certified or regenerated wool, silk and cashmere via internal coordination platforms
Transforming through strong governance	 12	100+ sustainability and business experts gathered for the Group's annual Sustainability Network Conference, "Regeneration", in 2020	↗	Dedicated Group-level Innovation Department led by an ExCom member since 2016, and creation of an Innovation Committee in 2018 Internal workshops on innovation (e-commerce, eco-design for improved recyclability, traceability, biomaterials) Kering is a co-founder of the Fashion for Good accelerator
Young Leaders Advisory Group	 17	In development	↘	Pilot within a House

1. Objectives defined against a 2015 baseline.
2. The Group's objectives and actions are also aligned with the United Nations' Sustainable Development Goals (SDGs), especially 12 of them.
3. How to read our performance presented on page 54.

FINANCIAL PRIORITIES

PRIORITY	STRATEGIC FOCUS	MAIN ACHIEVEMENTS AND 2020 RESULTS
Sustain organic growth	<p>Creative brands resonating with customers</p> <p>Market share gains</p> <p>Unleash potential of our Houses according to their maturity level</p>	<p>Kering revenue trended downwards -16% vs -22% for the market on a comparable basis</p> <p>Luxury Houses' directly operated retail network activity declined -15.9% on a comparable basis over the year due to store closures and with tourism at a standstill. Solid second-half upturn in business (-1.5%), propelled by North America and Asia-Pacific</p> <p>Further sharp acceleration in online sales, up 67.5% over the year, with planned internalization of online capacity. Online sales accounted for 13% of total sales generated by the retail network. Continued trend following store reopenings</p> <p>Roll-out of the strategy to enhance the exclusivity of the distribution network and streamline sales to wholesale accounts</p>
Solid profitability level	<p>Invest for growth: products, stores, customer experience and engagement, talents, communications, digital and omni-channel capabilities</p> <p>Operating leverage thanks to optimization of cost base relative to scale</p>	<p>Use of innovative market approaches, clienteling initiatives</p> <p>Accelerated digitalization of product design and marketing, with virtual sales campaigns</p> <p>Optimization of sales and inventory management, leading to a slight dilution in gross margin</p> <p>Adjustments to the cost base, renegotiation of lease payments, reduction in stores' running costs, cuts to communication and marketing, etc.</p> <p>Recurring operating margin of 23.9% in 2020</p>
Balanced capital allocation	<p>Consistent dividend policy</p> <p>Ability to seize M&A opportunities</p> <p>Agile in returning additional cash to shareholders</p>	<p>Stable dividend of €8 per share approved by the AGM of April 22, 2021</p> <p>A robust financial situation, Net Debt/EBITDA ratio of 0,5x as of Dec. 31, 2020</p>
Solid cash flow generation	<p>Optimize working capital</p> <p>Pursue Group investments with Capex to sales ratio at c. 6%-7%</p> <p>Continued optimization of return on capital employed</p>	<p>Operating working capital of €3,004 million, representing 22.9% of the Group 2020 revenue in the context of the COVID-19 crisis (vs. 19.8% in 2019)</p> <p>€787 million in gross operating investments (c. 6% of Group's revenues) to support the growth of the Houses and continue Group's strategic programs: logistics, internalization of e-commerce, information systems, creation and manufacture.</p> <p>Free cash flow from operations of €2,105 million</p>

FINANCIAL CAPITAL

Kering's capacity to generate sound, resilient, balanced, and profitable growth affords tremendous leverage for optimizing investment in the organic growth of all its Houses. Through consideration of the vitality of each House and their respective degrees of maturity as well as the needs of the entire Group, Kering optimizes investment, thereby creating value for its shareholders.

Mindful of its responsibilities as manager of the capital entrusted to it, Kering implements strict financial discipline aimed at generating strong cash flow, improving return on capital employed, optimizing its balance sheet structure, and remunerating its shareholders, while safeguarding the interests of all its other stakeholders.

In 2020, Kering took all necessary measures to adapt its cost base, limit the decline in its profitability and preserve its cash flow generation, while maintaining the expenditure and investments required to protect its Houses' market positions and ensure their potential to bounce back.

Kering's investment policy is designed to support and enhance the Group's growth potential on its markets and is focused on financial investments (acquisitions and disposals of assets) and investments related to operations (organic growth). 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 perfectly 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.

SHARP GROWTH IN 2015-2019

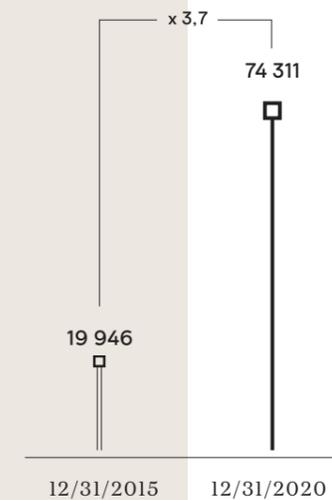
	2015 ¹	2019	CHANGE
Revenue (in € millions)	7,660	15,884	+20 % CAGR ² x2.1
Operating income (in € millions)	1,528	4,778	+33 % CAGR x3.1
Operating margin	19,9%	30,1%	> +10 pts

STRONG RESILIENCE IN 2020

	Market ³	Kering
Revenue	-22 % on a comparable basis	-16 % on a comparable basis ⁴
Operating income (EBIT)	-60 %	-34 % ⁵
Operating margin (EBIT margin)	c. 12 %	24 % ⁵

GROUP'S MARKET CAPITALIZATION

In million euros



1. 2015 data adjusted for 2019 scope.
 2. Compound annual growth rate (CAGR).
 3. Source: Bain Luxury Study — Altgamma Worldwide Market Monitor, published in November 2020, rounded out with data from the full report published in December 2020.
 4. Comparable revenue is defined on page 335 of the 2020 URD.
 5. Recurring operating income and margin.

HUMAN CAPITAL

Imagination, boldness, and exceptional expertise are the keys to Kering’s success. It is with its employees and its partners – artisans, suppliers, and others – that the Group and its Houses are redefining Luxury to make it modern, sustainable, and influential. Encouraging creativity, developing its employees’ talents and skills, promoting diversity and seeing that human rights are respected through an inclusive approach are priorities set by the Group to preserve the wealth of its human capital.

Quality of life in the workplace

To become an employer of choice, Kering continues to roll out forward-thinking employment practices. Such practices include its Parental Policy and Baby Leave initiative, which as of early 2020, provides 14 weeks of paid Baby Leave to all parents of a new child the world over.

Talent excellence

Kering’s human resources strategy facilitates the growth of the Houses through a shared pool of talented individuals, expertise and excellence.

The long-standing success of the Group’s Houses draws upon key know-how specific to the luxury

business, which must be preserved. To this end, they support various craft guilds and have established a number of professional organizations that help to ensure the survival of some very demanding and unique skills and support long-term employment in the regions where these crafts originated.

Human rights

Central to Kering’s concerns is respect for the human rights and fundamental freedoms of its entire staff and all those persons who work in its supply chains. Spearheaded by its Code of Ethics, the cornerstone of its business, the Group draws on a set of principles, values and

standards enforced through a supplier social audit system. The Kering Human Rights Policy was published in 2021.

Kering’s commitment to human rights is also expressed through the Kering Foundation’s initiatives to combat violence against women. In 2020, the Kering Foundation published a *Global Policy on Domestic Violence* in coordination with the Group’s Human Resources Department. The policy guarantees appropriate and confidential support to victims of domestic violence within the Group.

DIVERSITY & INCLUSION



“Diverse voices engaging in an inclusive culture is vital to creativity and innovation – the heartbeat of luxury. This sits at the core of our global approach, developed in collaboration with our Houses, to equally address diversity and inclusion. The first step in the journey is to increase awareness and understanding of diversity – both visible and non-visible dimensions – and inclusion, where everyone is valued and respected for who they are. We are fully committed to Francois-Henri Pinault’s vision to establish Kering as the D&I leader in the luxury industry.”

KALPANA BAGAMANE
Chief Diversity, Inclusion and Talent Journey

Included in the 2021
Bloomberg GEI for the

4th
consecutive year

55%
women managers

Kering sees all forms of diversity – including gender, culture and origin, sexual orientation, abilities/disabilities, social background – as a source of collective intelligence. Diversity enriches us all. Equally important is building an inclusive culture where these diverse perspectives are embraced. Formed in late 2019, the Diversity, Inclusion and Talent (DI&T) team leads and

implements Kering’s Global D&I strategy, partnering closely with each House D&I Committee. Together, they ensure that diversity and inclusion are embedded throughout everything we do at Kering – including the entire talent journey – leading to an open, diverse, inclusive and stimulating work environment which will contribute to the Group’s success.

NATURAL CAPITAL

The products developed by Kering’s Houses and the standard of perfection applied to them mean the Group depends on natural raw materials whose quality and availability can be jeopardized by climate change or a loss of biodiversity. By making sustainability the central focus of its corporate strategy and business model, Kering is being more attentive than ever to its impact on the planet and taking care to preserve its natural capital.

EP&L

The cornerstone of its environmental policy, the Environmental Profit & Loss (EP&L) account enables the Group to assess the impact of its own operations on natural capital by assigning a monetary value to each impact. The predominant role played by the Group’s supply chains, with 92% of impacts, of which 76% attributable to the production and transformation of raw materials, confirms the relevance of Kering’s roadmap for its environmental policy. It also drives research into disruptive innovations for raw materials and manufacturing processes.

The 2025 objective to reduce its EP&L intensity by 40% has been especially reflected in the Kering Standards, which provide essential guidelines to the Group and all its Houses geared

towards reducing the Group’s environmental footprint. In 2020, true to its commitment of transparency, Kering published the results of its 2019 EP&L. The environmental impact of €524 million recorded a steep decline of nearly 14% on a pro forma basis on 2018. The intensity of environmental impacts has been declining steadily since 2015, in line with the Group’s reduction target, with a 29% reduction between 2015 and 2019.

Kering also works actively to communicate widely about issues related to natural capital. For this reason, the Group publicly discloses its results, methodology and research work.

Carbon offsetting

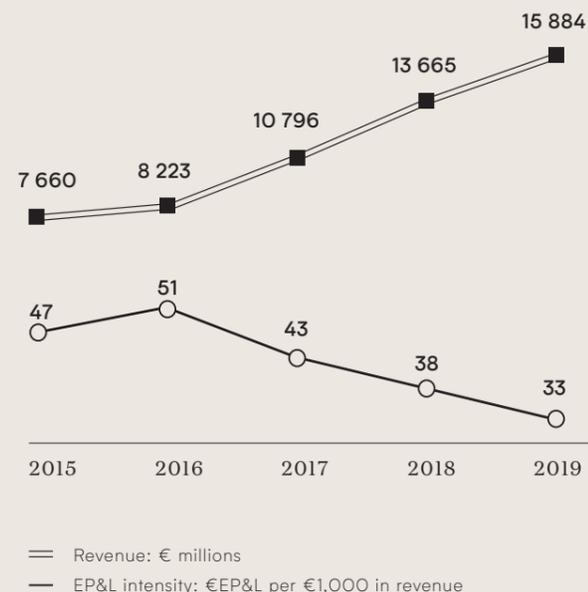
In 2019, Kering achieved carbon neutrality. In light of the extraordinary circumstances of

2020, Kering has offset 64% of its annual residual greenhouse gas (GHG) emissions, representing 100% of emissions from Scopes 1 and 2 and most Scope 3 emissions.

Biodiversity strategy

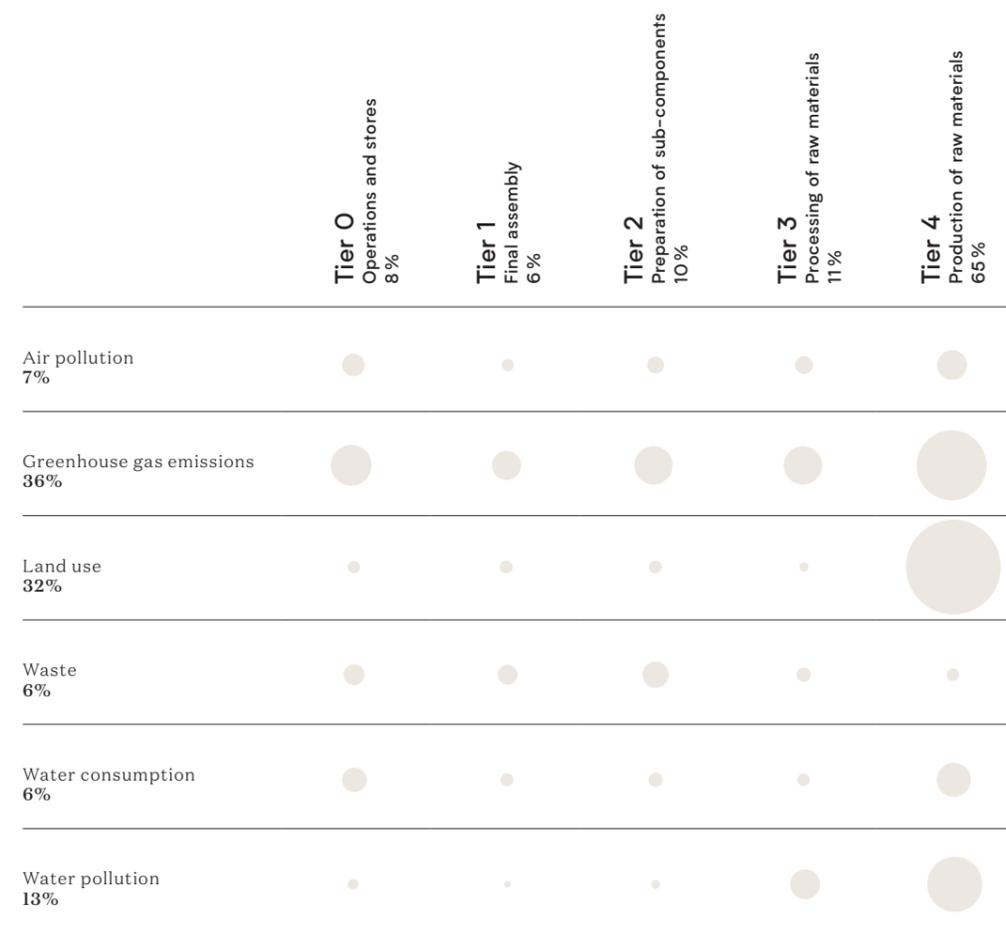
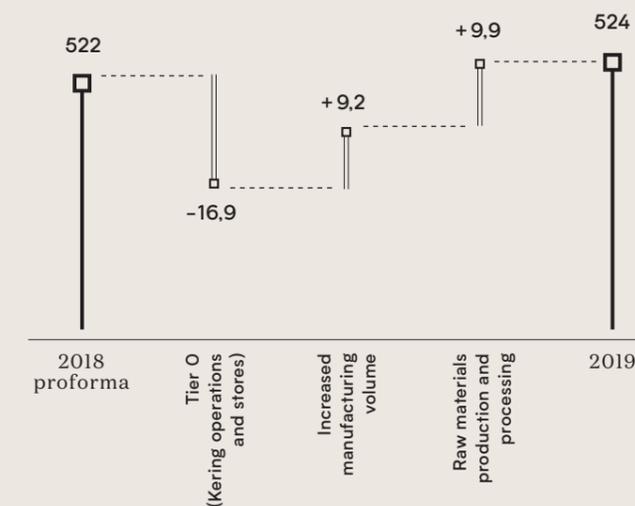
In 2020, Kering published its biodiversity strategy with a series of new targets to achieve a “net positive impact” on biodiversity by 2025. This approach has three goals: stem the loss of biodiversity, rebuild ecosystems and drive systemic change along the supply chain.

REVENUE AND EP&L INTENSITY



MAIN CHANGES BETWEEN 2018 AND 2019

in € millions



MAPPING OF 2019 IMPACTS

ENVIRONMENTAL
PROFIT & LOSS
ACCOUNT

A CHAIN OF ACTORS CRAFTING TOMORROW'S LUXURY

Through the diversity of its businesses, Kering brings its Houses together, focusing on five key stages: from creation to customer experience. At every stage of the value chain, the Group gathers an extensive network of stakeholders: customers, creative talents, innovators, business partners, NGOs and actors of civil society. The diversity of this network is a source of distinctive creativity for the Group and its Houses.

A value chain bringing key advantages

The integration and sharing of support activities throughout this value chain enables the Group to support the rapid growth of its brands, particularly in sourcing raw materials and in terms of logistics and innovation – and its centralized expertise, such as Kering Eyewear. The Houses focus on what is key: creating and developing exceptional products for a unique customer experience. If it fosters innovation and cost synergies, this value chain is also conducive to driving an ambitious and shared sustainability approach within the Group and its Houses, strengthened by the mobilization of a team of 20 specialists and a dedicated network. Each of Kering

group's Houses includes the demands and the need for quality and sustainability in its DNA.

Bringing together all stakeholders

Convinced that only mobilization and the mutual enhancement of these actors enable disruptive innovations to promote a more sustainable Luxury, Kering is committed to fostering dialogue and interactions with and between its stakeholders. Through partnerships and coalitions such as OP2B and the Fashion Pact, Kering aims to drive a new, holistic approach to contributing to global climate and sustainability-related objectives.

In addition, Kering unites an ecosystem of partners and start-

ups at each stage of its value chain, including the Fashion for Good accelerator and the Full Circle Textile Project.

Kering seeks to share its breakthroughs and pioneering tools with companies in the luxury sector and beyond. As of 2013, the Group has been partnering up with leading experts and published its EP&L (Environmental Profit & Loss Account) methodology in opensource, a major breakthrough for implementing a sustainable business model.

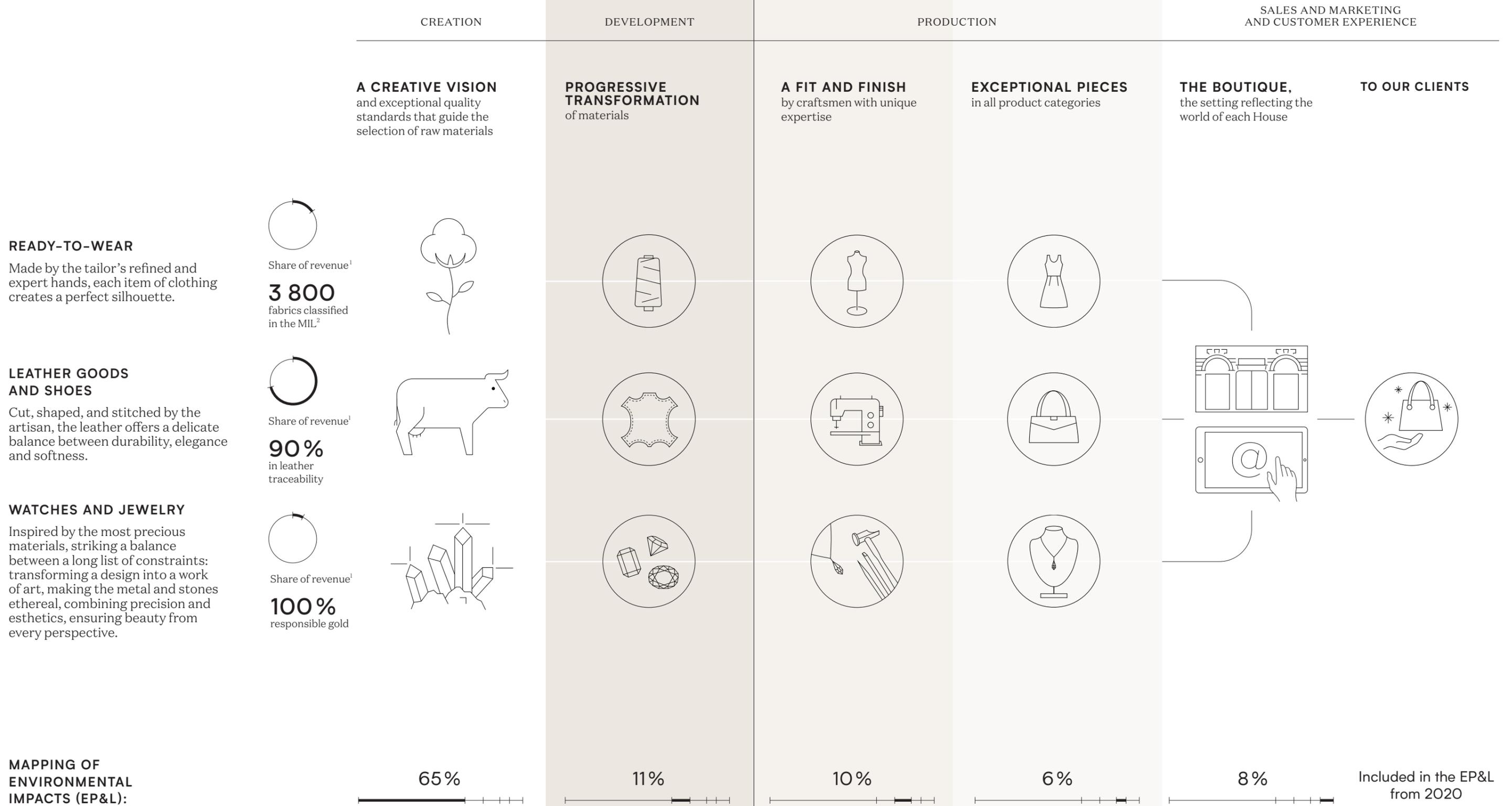
These exchanges fully contribute to a global and shared value creation, outlined in the following pages, by stages in the value chain.

- Investors and financial community
- //// Suppliers and business partners
- ||||| Civil society, local communities and NGOs
- ==== Creative talent and excellence in craftsmanship, schools and universities
- ===== Businesses and professional organizations
- ◇◇◇◇◇ Customers, consumers and distributors
- ===== Innovation players
- ==== Public authorities and regulators
- Employees and their representative bodies



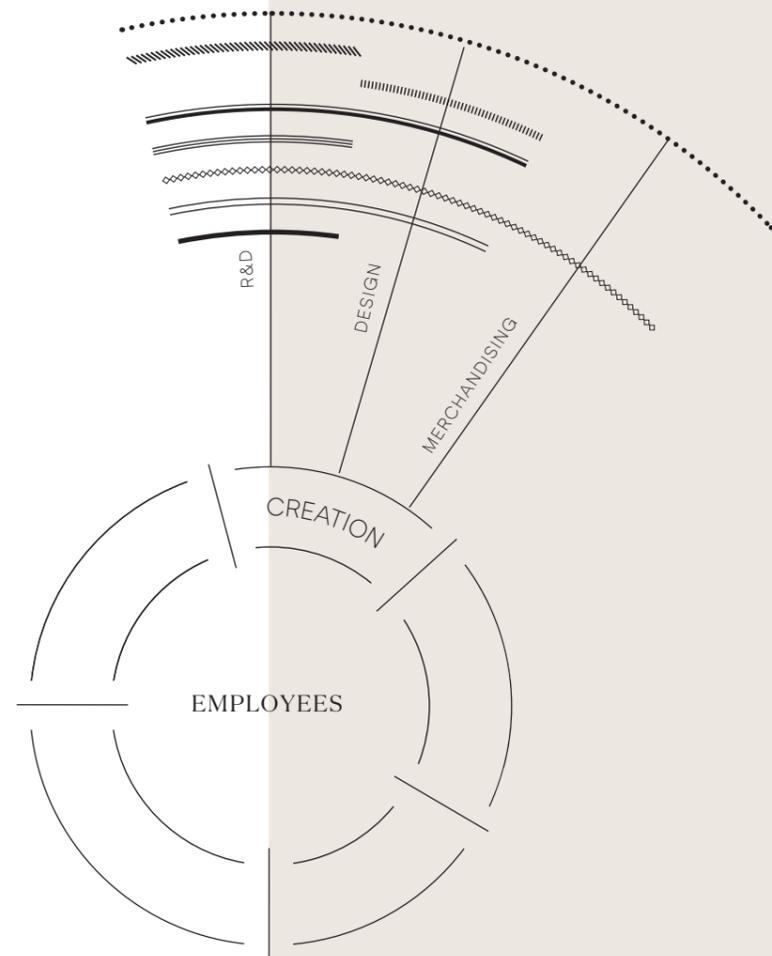
THE STAKEHOLDERS WITH WHOM WE INTERACT

EXCEPTIONAL CRAFTSMANSHIP TO GIVE LIFE TO THE CREATIVE VISION



1. Materials Innovation Lab

- Investors and financial community
- //// Suppliers and business partners
- ||||| Civil society, local communities and NGOs
- ==== Creative talent and excellence in craftsmanship, schools and universities
- ===== Businesses and professional organizations
- ◇◇◇◇◇ Customers, consumers and distributors
- ===== Innovation players
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OUR CONTRIBUTION TO THE SDGs



SDG 12



SDG 13

STAGE 1 — CREATION, AT THE CENTER OF OUR VISION AND OUR PRODUCTS

Inspiration, audacity, the search for new, high-quality, sustainable materials, risk-taking, responses to the aspirations of customers who are increasingly connected: these are the drivers of the creative process at Kering, a process which, through its stages of R&D, design, and merchandising, brings the brands' creative vision to stores and crafts tomorrow's Luxury.

CONTEXT

Kering's luxury paradigm and business model

Kering is able to rely on its strong creative teams and well-known Artistic Directors to adapt its creativity-based business model to its strategic objectives and to market expectations. Kering continuously consolidates its organizational structure and encourages the development of its talent to ensure that the Creative Directors are supported and stimulated in their work and their quest for new inspiration.

Climate change, other natural or man-made risks

Aware of the impact of climate change on the availability and quality of crucial raw materials, Kering is tackling this challenge

by reducing the impact of its activities, starting with the design of its products. Kering's commitments are formalized through its Climate Strategy and SBT 1.5°C targets.

Talent management

Among the keys to the Group's success are the talent and creativity of its employees and in particular the members of the creative teams, instrumental in Houses' identity, and the craftspeople and manufacturers within the supply chain. It is therefore essential to identify talented individuals, to attract and retain them in a work environment that collaborative and inclusive, to develop and preserve their skills and know-how.

FIND OUT MORE

2020 URD:
2 Group Activities,
Our Houses

Website: Bottega Veneta

OUR PRIORITIES AND ACHIEVEMENTS IN 2020

Spearheading skills management
CEO-Designer-Merchandiser, a three-member team that guarantees excellent management along with bold creativity and an always-balanced and innovative product range. It relies on teams of employees with exceptional strategic skills and know-how, backed by the establishment of special partnerships with leading schools, training initiatives and the use of the most effective tools to recruit the best profiles.

Expressing each house's identity
A space of expression and creative codes specific to each House defining a unique esthetic implemented across all the supports, thereby affirming their distinctive positioning.

Materials selection
Kering allows its Houses' design teams to reflect on the raw materials used beginning at the product design stage thanks to the Environmental Profit and Loss (EP&L) account. The Group offers the teams a pool of sustainable and innovative materials with the establishment of structures dedicated to sustainable innovation: Materials Innovation Lab (MIL) and Sustainable Innovation Lab (SIL) focused on Watches and Jewelry.

- Introduced Group-wide training program on inclusive recruitment in 2020;
- **40 experts** trained through 15+ craftsmanship excellence programs in haute couture and Watches & Jewelry running in 2020;
- Created a training course as part of the *Institut Français de la Mode*
- Kering "Sustainability" Chair for Master's degree students.

- Review conducted by some Houses into the launch schedule for collection, with regular new product drops, capsules and collaborations;
- Upheld the high-end appeal of the Gucci brand, as illustrated in Interbrand's 2020 Best Global Brands Report: Gucci was confirmed as the most valuable Italian brand across all sectors, for the twenty-first consecutive year.

- **3,800** ecological fabrics and fibers identified by the Materials Innovation Lab (MIL) to support the Group's Houses in their sustainable creations;
- **800+** conventional raw materials switched to sustainable alternatives;
- New collections made from recycled and sustainable materials: Gucci Off the Grid, Balenciaga Archetypes.



BOTTEGA VENETA. A NEW CREATIVE DIRECTION

“We have worked alongside our creative director, Daniel Lee, in an effort to reinvent Bottega Veneta from an esthetic and business standpoint. We are convinced that subtlety is the key to our success. It involves striking the perfect balance between heritage and modernity, putting creativity at the heart of everything we do. This is our vision and it guides all of our business decisions.”

LEO RONGONE
Chief Executive Officer, Bottega Veneta

+4,8%
in comparable revenue
in the context of the
COVID-19 pandemic

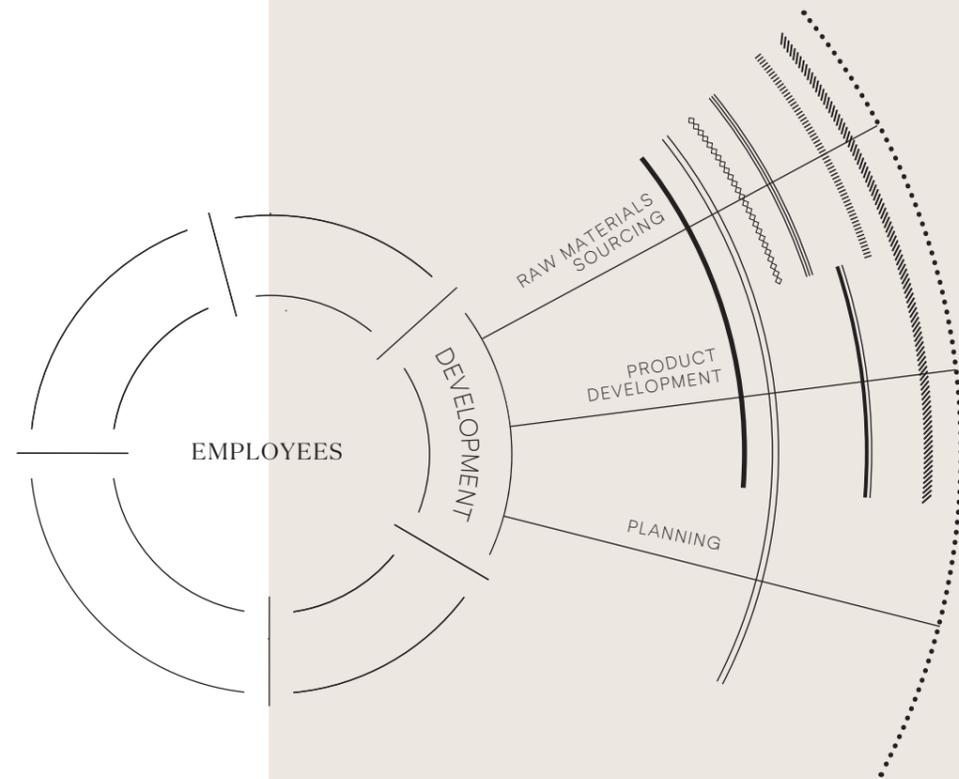
23%
of brand sales recorded
in footwear and ready-to-
wear (14% in 2019)

Presentation
Founded in 1966 in the Veneto region of Italy, Bottega Veneta began its journey as a leather goods House. The brand quickly rose to fame with its signature *Intrecciato* code, inspiring individuality with innovative new modes of craftsmanship. Bottega Veneta has set a new standard for Luxury since its creation.

Value creation and performance

- Positive reception of its renewed creativity under Daniel Lee;
- Release of Wardrobe 01, a new naming convention for pre-collections;
- Environmentally-focused product launch with Puddle boots in biodegradable material;
- Development of powerful cultural momentum through Bottega Residency, a platform celebrating all forms of art.

- Investors and financial community
- //// Suppliers and business partners
- ||||| Civil society, local communities and NGOs
- ==== Creative talent and excellence in craftsmanship, schools and universities
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- ===== Public authorities and regulators
- Employees and their representative bodies



OUR CONTRIBUTION TO THE SDGs



SDG 13



SDG 15

STAGE 2 — DEVELOPMENT: AT THE SOURCE OF OUR OPERATIONAL EXCELLENCE AND OUR ENVIRONMENTAL LEADERSHIP

From dream to reality, from the catwalk to stores, from prototyping to production. The multiple tasks here are to prepare the collection and get everything ready to integrate the technical requirements and deadlines in product development, to ensure that we meet the Group’s high standards of excellence and sustainability in our sourcing, and to plan production.

CONTEXT

Climate change, other natural or man-made risks

Near 90% of Kering’s carbon footprint is found in its supply chain. That is why the Group has committed to reducing its impact at the level of the production and transformation of raw materials. The Group invests in disruptive innovations that can transform conventional processes in Luxury

Product quality and safety, consumer health

Ensuring the quality of goods and compliance with stringent safety standards are among the Group’s main priorities. Luxury products must offer distinctive appeal and flawless quality, undergoing quality control processes that cover all stages in the product lifecycle.

Ethics and global governance

The Group seeks to ensure that no incident arises due to unethical

conduct on the part of entities or individuals under its control, or those with whom or which it has business dealings.

Human rights and fundamental freedoms

Kering identifies and manages human rights-related risks in its sphere of influence (operations and supply chain) as quickly as possible. To that end, the Group works in partnership with its suppliers and stakeholders.

Raw materials scarcity, quality and biodiversity

To meet its customers’ expectations, the Group requires unhindered availability of raw materials that comply with its quality criteria. Such requirements run parallel against the background of price volatility and scarcity of resources, owing to climate change and a loss of biodiversity.

FIND OUT MORE

Website:
Fashion For Good

OUR PRIORITIES AND ACHIEVEMENTS IN 2020

Product development

Kering has introduced initiatives to ensure the quality of its Houses' products and develop more sustainable ones: classification using quality and safety standards, supplier referencing based on technical audits, adherence to the Code of Ethics' Suppliers' Charter, "product" crisis management units, support by the Product Compliance Advisory Department and a module to visualize the environmental impact of product development.

- **25 training** sessions delivered by the Product Compliance Advisory Department, aimed at more than 1,500 employees;
- Continuation of "The Impact Space," internal workshops on innovation (eco-design for improved recyclability, traceability, biomaterials, etc.);
- Launch of #McQueenCreators, a series of free tutorials available on the Alexander McQueen website to share its creation and design techniques with its followers.

Supply chains

Kering has adopted a number of policies and measures to ensure sustainable and responsible sourcing for its Houses while protecting their margins and guaranteeing the highest standards in material quality. Kering Standards focus on key raw materials and supply chain modernization as well as pilot projects to ensure traceability from the farm to the end consumer using techniques such as blockchain technology and forensic science.

- Kering Standards e-learning course completed by more than 6,400 employees and posted online on the Kering supplier portal;
- Reduction of EP&L impact by more than €EP&L 2.5m through the purchase of certified or regenerated wool, silk and cashmere via internal coordination platforms ;
- **100%** of purchases include CSR selection specifications and/or criteria;
- **74%** of our key raw materials are aligned with our Kering Standards;
- **91%** Traceability rate achieved for our key raw materials;
- **40%** of our raw materials with potential for circularity are already circular.

BOOSTING INNOVATION WITH FASHION FOR GOOD



"Joining Fashion for Good in 2017 as one of the first Corporate Partners, Kering is a key player in working towards a sustainable, circular fashion industry. Through partnering with large corporate actors and suppliers, and engaging with NGOs and experts, we're able to identify innovation priorities, orchestrate pilots and drive implementation of those solutions that will create the best return on investment and impact. It is thanks to partners like Kering – contributing time, expertise, and financial commitment – that we are able to move the needle toward a more sustainable fashion future."

KATRIN LEY

Managing Director, Fashion For Good

Presentation

The Fashion For Good accelerator aims to fast-track sustainable innovation within the luxury industry. To this end, Fashion For Good supports the development of start-ups through an intensive accelerator program. The selected start-ups focus on the supply of raw materials, the manufacture of fabrics and garments and product end-of-life. The start-ups create innovative projects and technologies that help industry players to reduce their environmental impact and improve their working methods.

Value creation and performance

- Participation in the "Full Circle Textiles Project" in the production of new artificial cellulosic viscose fibers;
- Continued elimination of single-use plastics in ready-to-wear packaging;
- Partnership with Kering Eyewear to find alternatives to the polybags used to protect eyewear during storage and shipping.

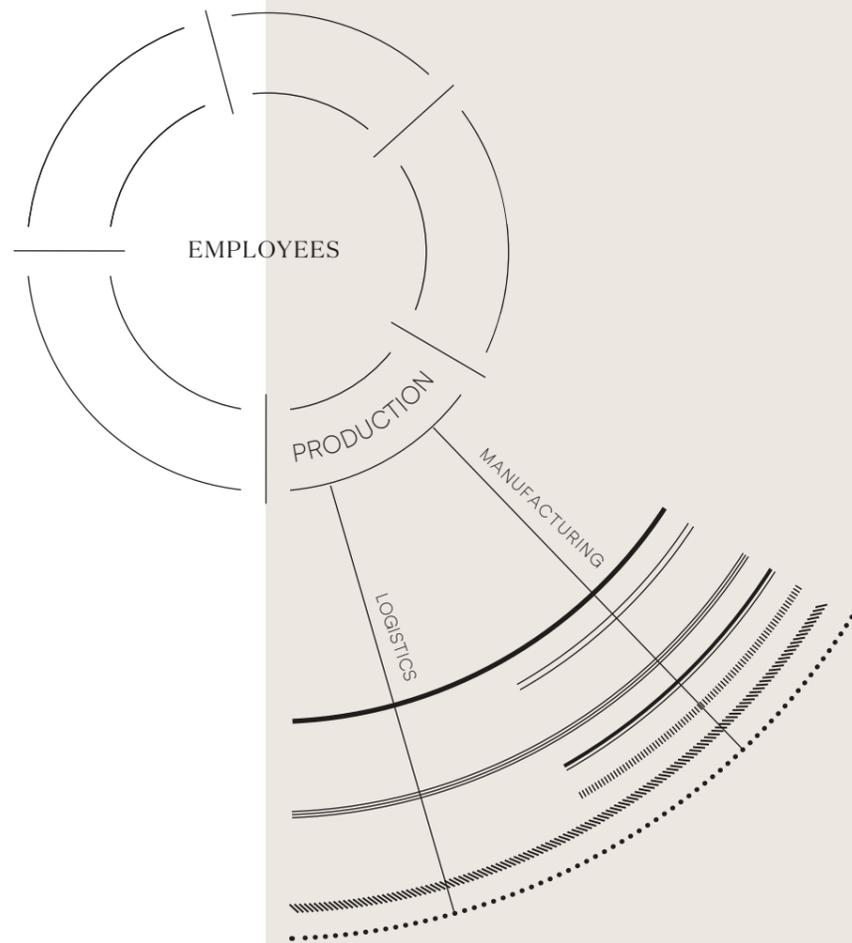
115 promising start-ups

included in Fashion For Good – the Group has engaged in dialogue with 61% of them

18 pilots

launched by Houses with start-ups included in Fashion For Good

- Investors and financial community
- //// Suppliers and business partners
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OUR CONTRIBUTION TO THE SDGs



SDG 13



SDG 15

STAGE 3 — PRODUCTION: QUALITY OF EXECUTION GUARANTEEING EXCEPTIONAL PRODUCTS

This is the stage at which dedicated craftspeople fully express the know-how that endows the Houses with their strong identities and unique heritage. Every day, the Group and its brands combine the purest traditions of artisanal manufacturing with exceptional methods of modern production using the most innovative and efficient tools.

CONTEXT

Talent management

Kering is able to rely not only on talented creators, but also on exceptional know-how. The Houses' capacity to satisfy their customers' expectations depends on maintaining the production teams' know-how at the highest level.

Product quality and safety, consumer health

The quality of the products sold and their compliance with high safety standards are a priority for Kering. As part of its quality approach, controls are carried out throughout the production process by engineers and accredited laboratories.

Human rights and fundamental freedoms

Working with several thousand suppliers to manufacture the products of its Houses, Kering takes on extended responsibility and acts to detect and address ethical and human rights risks in order to preserve its reputation and that of its brands.

Production management

Kering makes every effort to coordinate purchasing, manufacturing and marketing activities so as to establish an efficient production schedule and maximize the use of production capacity. In addition, forecasting systems ensure purchasing scheduling and production launches according to the needs of various collections.

Intellectual property enforcement

The Group possesses a very large portfolio of famous brands and domain names along with know-how and production methods that belong to it. Kering works hard to protect its rights and is active in the campaign against counterfeiting, copying of designs on the market, as well as parallel trading and copyright breaches in an endeavor to maintain demand for genuine products created by the Group's Houses.

Championing a culture of integrity

At Kering, ethics and integrity are central to our business, at all levels of our organization including our Houses. The Group has adopted a stringent control strategy in the area of human rights, which includes the social audits conducted each year across thousands of Group suppliers and service providers.

Quality and durability

The Group specifically focuses on the quality and durability of production, strengthened by modernized logistics equipment and a constant focus on operating efficiency.

Preservation of know-how

Kering's Houses require the excellence and tradition of the extraordinary craftsmanship which provides the Group's customers with products that meet the highest quality standards. As such, the Group works tirelessly to preserve and sustain its expertise through targeted investments, a growing number of internalized ateliers and training for top-qualified young craftspeople.

- OHSAS 18001 and ISO 45001 certification for relevant sites (Gucci headquarters, LGI, logistics platforms, tanneries, etc.), SA8000 certification for internal and outsourced production processes (Gucci, Bottega Veneta, etc.);
- **95.1%** of Group employees worldwide have completed the annual Ethics and Compliance training;
- **94.5%** of suppliers audited are wholly or partially compliant
- **176,000+** third-party due diligence procedures conducted since 2017 as part of the Group's Anti-Corruption Policy;
- Introduction of strict measures to ensure the health and safety of employees and suppliers in the context of the COVID-19 pandemic.

- Adapted collection production (schedule and volumes) and merchandising and review of logistics activities following the COVID-19 pandemic;
- Continued investment in the transformation project related to information systems, supply chain and logistics;
- Introduced Clean by Design, a program to work with suppliers to reduce their environmental footprint;
- Became a member of the RE100 global initiative, with target to use 100% renewable electricity by 2022.

- Development of training schools (Gucci with *École de l'Amour*, Brioni with *Scuola di Alta Sartoria* and Bottega Veneta with *Scuola dei Maestri Pellettieri*);
- Partnerships and support for apprenticeships by the Houses (*Institut de Couture Saint Laurent* in partnership with the *Institut français de la mode* (IFM), Balenciaga with PRATT Institute, Boucheron with the *Haute École de Joaillerie*, Pomellato with the Galdus Goldsmith Academy).

SUPPORTING OUR BUSINESS PARTNERS



“More than ever, in 2020, we worked closely with our suppliers to help them negotiate the emergency COVID-19 pandemic. Our efforts were led by Marco Bizzarri and Alessandro Michele. As an example, we wanted to renew our partnership with Intesa Sanpaolo bank, extending it to Italian SMEs within our supply chain. The loan system with favorable conditions was critical in ensuring a return to work on production sites, which is the lifeblood of their activity and our own.”

ANTONELLA CENTRA
EVP General Counsel, Corporate Affairs & Sustainability, Gucci

Presentation

The Kering group believes that sustainability can only exist within an ethical framework. The Group is aware that its social and environmental responsibility goes beyond its own operations and extends throughout its supply chains. The result is a need for transparency and traceability within the essential raw materials industries. Kering strives to identify, understand and map those industries with a view to developing synergies and priority programs wherever significant impacts are found.

Value creation and performance

- Ongoing oversight by the Houses of suppliers' financials using performance indicators with a focus on identifying key suppliers;
- Information and communication campaign aimed at the employees of the Group's Houses' direct suppliers covering the Group's key ethical principles and whistleblowing system, which is at their disposal;
- Rollout of a collaborative supplier portal, an assessment tool that shares information and sustainability best practices.

93% of the Group's suppliers located in Europe, predominantly in Italy (85%)

2 399 conducted with Group suppliers and service providers in 2020

- Investors and financial community
- //// Suppliers and business partners
- ||||| Civil society, local communities and NGOs
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OUR CONTRIBUTION TO THE SDGs



SDG 5



SDG 13

STAGE 4 — SALES AND MARKETING: THE POWER OF AN OMNICHANNEL APPROACH

Kering distributes its products worldwide using an agile and complementary omnichannel approach combining directly operated store networks, e-commerce, and wholesale that is designed to fulfill the aspirations of customers and new generations. Our distribution methods are coherent and complementary, making it easy for customers to access our Houses' collections and keep alive the dreams and emotions inspired by their exceptional products.

CONTEXT

Distribution network

Kering manages a top-performing distribution network by deploying well-positioned distribution channels. This ensures full access for its customers, sales associates and partners, whether current or potential. The Houses track their sales volumes closely and regularly to anticipate major fluctuations and increase staffing levels in stores accordingly. Lastly, the Group prevents sales of its products by parallel distribution networks.

Real estate management

Owing to the Group's significant activity in the property market and the intense competition in the luxury sector, Kering is especially careful when leasing properties to obtain the best conditions and strategic locations, as well as supervising construction/renovation projects.

Image and branding

The stores are also important points of communication between Kering and civil society. The same degree of excellence must therefore be attained in marketing and selling the Group's products as in developing and producing them.

Macro-economy and geopolitics

Kering's international scope means its activities are exposed to major events and changes in the economic, regulatory, social, health hazards or political environment that are likely to affect consumer demand and impact the Group's operations.

Distribution network

Kering has pursued its selective approach to expand the directly operated store network of its Houses. Through this strategy, the Group has maintained a geographically balanced distribution network to enable organic growth through targeted store openings in growth markets despite any macroeconomic instabilities. Kering draws on this approach to strengthen control of its product distribution, which is also consistent with the Group's decision to streamline on and offline wholesale distribution.

- In the wholesale channel, the Group's Houses continued to streamline their footprints to improve control over brand distribution;
- Adjusted stores' cost base by renegotiating lease payments against the background of COVID-19;
- Ulysse Nardin pursued its retail expansion strategy, opening new stores in Dubai, Shanghai and Chengdu, all with the same architectural design;
- **78%** of revenue generated by the Houses' direct distribution network, both online and through 1,433 stores.

Sales channel management

Kering makes targeted investments to transform and optimize its points of sale, in terms of quality of the reception, improvement of operational execution (use of artificial intelligence (AI) technologies, improvement of the criteria used to effectively allocate products by region and type, redefinition of the ranges, etc.) and the store's environmental footprint. The Group's Houses have launched their e-commerce websites, providing customers with a high level of service that delivers rich and personalized experiences from transaction to after-sales.

- Approximately 50% of the Group's gross operational investments focused on the store network (development, renovation);
- **13%** of direct distribution sales achieved online in 2020, vs. 7% in 2019;
- Robust growth in distance selling capacities, clienteling initiatives ramped up during the pandemic;
- Continued Group-wide sustainable strategy, including stores with their improved environmental profile and energy efficiency;
- **56.9%** of Kering employees work in sales (in-store and e-commerce);
- **-61.2%** in CO₂ emissions by point-of-sale surface area between 2018 and 2020.

ACCELERATING DIGITAL TRANSFORMATION



“In 2020, the Group's online sales surged 67%. This performance confirms our strategy to internalize our Houses' e-commerce sites, not to mention their sophisticated CRM approach. Our customer relations strategy is epitomized by continuity on all communication and distribution channels. Kering adopts a holistic omni-channel approach. Our focus shifts beyond strategy so as to provide customers with a truly exceptional experience while strengthening the control of our value chain.”

GRÉGORY BOUTTÉ
Chief Client & Digital Officer, Kering

Presentation

Digital is at the very heart of Kering's Houses strategies. Customers draw inspiration from today's hyper-connected world. The success of Luxury Houses depends upon their ability to offer bold creative propositions, an exceptional customer experience that is consistent across all distribution channels, and a unique customer relationship on all devices.

Value creation and performance

- E-commerce sites operated completely internally at Gucci, Alexander McQueen, Balenciaga and Saint Laurent, ongoing internalization of e-commerce on the Group's platforms for Bottega Veneta;
- Creation of an e-commerce center of excellence at Group level;
- Key partnerships with innovative companies and emerging platforms such as the opening of the Gucci flagship on Alibaba's Tmall Luxury Pavilion, dedicated to the world's leading luxury and fashion brands.

+70%
e-commerce at Gucci
in 2020

+80%
e-commerce at
Saint Laurent in 2020

- Investors and financial community
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OUR CONTRIBUTION TO THE SDGs



SDG 3

STAGE 5 — CUSTOMER EXPERIENCE: AN EXCLUSIVE CUSTOMER EXPERIENCE

Today, Luxury is experienced not only as the embodiment of heritage and craftsmanship, but also as a recognized vehicle of self-expression and a statement of a refined and unique personality. Beyond the product, it is the experience that arouses emotion and represents for the customer what makes him or her unique. Digital communication and dialogue on social networks enrich the relationship between the brand and its customer.

CONTEXT

Customer experience

Our customers' expectations are constantly changing. This encourages our Houses to anticipate consumer trends and respond to cultural changes and new behaviors. In a drive to attract and retain a younger clientele who are connected 24/7 and continually searching for meaning, Kering's Houses offer an incomparable experience that fulfills their aspirations.

Information systems

The digital transformation has led to an increasing need to improve the security of information systems, which now play a vital role in the operational and support processes.

Cybersecurity (Data protection)

The management analysis and protection of data are key challenges particularly regarding theft or loss of data, cyber-attacks, phishing, etc., and the rise of new compliance requirements to regulation such as the EU's General Data Protection Regulation (GDPR).

Image and branding

Houses interact more directly with their customers and society on social networks. Negative discussions or controversies and unfavorable or inaccurate media coverage of the Group's and its Houses' practices could not only damage their image and reputation but also lead to a misperception of their products.

FIND OUT MORE

2020 URD:
2 Group Activities,
Our Houses

Website:
Saint Laurent

OUR PRIORITIES AND ACHIEVEMENTS IN 2020

Developing personalized customer relations

Kering continuously improves the customer experience through its use of tools (CRM, AI, clienteling, etc.) and optimized day-to-day activities (in-house customer relations, repurposed information systems, Sustainable Retail Guide, customer data security, Kering Retail Academy sales representative training in customer retention and experience, etc.). All such efforts are geared towards delivering an immersive customer experience (virtual try-ons, augmented reality, etc.).

Keeping the customer experience unique

Kering's Houses offer customers collections with unsurpassed quality, attention to detail and distinctive craftsmanship. The presentation of such collections is based on rich archives of icons, which are always reinterpreted in a creative way. In 2020, despite the COVID-19 pandemic, the Houses modernized the presentation of their collections using immersive digital strategies. The latter was complemented by regular new product drops, capsules and collaborations to continuously pique customers' curiosity and whet their appetite for novelty.

- Increased visibility and appeal for Kering's Houses on social networks. For instance, as of December 2020, Balenciaga had more than 1.9 million fans on Facebook. It saw strong take-up on TikTok and is increasingly popular on Instagram with over 11.5 million followers;
- Dedicated in-store clienteling activities organized by Gucci. Specifically, private appointments and institutional events involving a broader audience to showcase collections and emphasize strategic product launches;
- **6,500 salespeople** with an app that allows them to access inventory levels in real-time, order an out-of-stock product for delivery to the customer's home or provide personalized style recommendations.

- Some of the Group's Houses reviewed the timing and the pace of their main collections, including Gucci;
- Bottega Veneta organized exclusive events for the launch of its Spring/Summer collection;
- Balenciaga unveiled its Fall/Winter 2021/2022 collection in the form of a video game – "Afterworld: the age of tomorrow".

SAINT LAURENT: RETHINKING THE CUSTOMER EXPERIENCE



“Saint Laurent’s clear positioning and creative dynamism fueled the brand success during this unprecedented 2020 year. The identity consistency and the agility in the execution proven to be crucial strengths to further affirm Saint Laurent’s long-term strategy, propelled by the creative direction of Anthony Vaccarello and the expansion of the brand digital presence, the enhanced local client relationships and the elevated distribution around the world. Saint Laurent keeps on leading the trend of the industry, maintaining its focus with perseverance on the fundamentals and confirming a robust and reinforced positioning of the Maison in the market.”

FRANCESCA BELLETTINI
Chief Executive Officer, Saint Laurent

Presentation

Founded in 1961, Yves Saint Laurent is one of the most prominent fashion houses of the 20th century. Originally a House of Haute Couture, Yves Saint Laurent revolutionized the way fashion and society merge and interact in 1966 with the introduction of high-end made clothes produced on a larger scale than the exclusive collections.

Value creation and performance

- New collection release schedule, according to Anthony Vaccarello's own creative sensibility;
- 69% of the brand's 2020 revenue generated by directly operated distribution (239 boutiques + e-commerce);
- SELF project, a multifaceted art project, which underscores the importance of art and artistry to Saint Laurent.

More than
120 million
views for its Women's
collections released
in 2020

More than
44 million
views for its Men's
collections released
in 2020

LEVERAGING EXCEPTIONAL QUALITY RESOURCES

STRONG ETHICAL RESPONSIBILITY
founded on solid convictions inspiring the Group's actions and business practices

38,553 EMPLOYEES
with exceptional know-how and creativity

RESPONSIBLE USE OF NATURAL RESOURCES
and raw materials, guided by our 2025 roadmap

PRODUCT AND CUSTOMER EXPERIENCE INNOVATIONS
key levers for differentiation

A network of **SEVERAL THOUSAND SUPPLIERS**
mainly located in Italy

REINFORCED CONTROL
increasing share of direct distribution with a network of 1,433 stores and a growing number of internalized ateliers

€787 MILLION IN CAPEX
to support the growth of the Houses

A STABLE SHAREHOLDER STRUCTURE
combined with international capital and a committed governance to support the Group's long-term development

OPTIMIZED BY KERING, THE GROUP IS CRAFTING TOMORROW'S LUXURY

A VISION

Embracing creativity for a modern, bold vision of Luxury



A MULTI-BRAND MODEL

built on a long-term approach and creative autonomy for the Houses



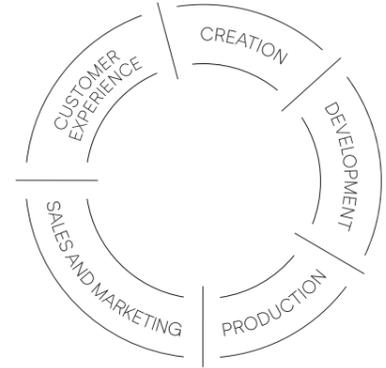
A VALUE CHAIN

bringing key advantages

Upstream positioning and integration in the value chain, combined with flexibility of production capacities

Shared support functions

Kering Standards, the common foundation for implementing the 2025 Sustainability strategy



A STRATEGY

that aims to harness the full potential of Luxury to grow faster than our markets

PROMOTING ORGANIC GROWTH

ENHANCING SYNERGIES AND DEVELOPING GROWTH PLATFORMS



TO SUPPORT OUR AMBITION

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

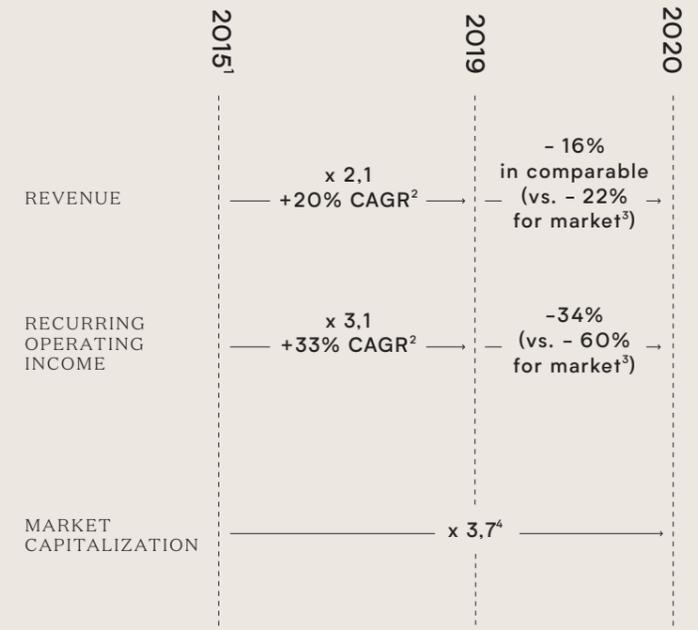
AND OUR PRIORITIES

- Sustain organic growth
- Solid profitability level
- Balanced capital allocation
- Solid cash-flow generation

AND CREATING VALUE

€ 13,100m

Revenue in 2020



CLIENTS

- Several prizes and awards acknowledging the Houses' creativity
- A highly desirable product offering
- Direct distribution channels guaranteeing service quality and respect for the image of the Houses, representing 78% of revenue
- An increasingly digital experience with growth of more than 67% in online sales

1. 2015 data adjusted for 2019 scope.
2. Compound annual growth rate (CAGR).
3. Source: Bain Luxury Study — Altagamma Worldwide Market Monitor, published in November 2020, rounded out with data from the full report published in December 2020.
4. Between 12/31/2015 and 12/31/2020.

THAT THE GROUP SHARES WITH ITS STAKEHOLDERS.

EMPLOYEES

€2 billion paid in salaries and employer contributions

96,6% of employees trained

Kering's entire staff covered by progressive employment practices, including 14 weeks of paid Baby Leave

SUPPLIERS AND SUBCONTRACTORS

Launch of an online platform to share sustainability-related information

2,399 audits conducted with suppliers on social, environmental and sourcing issues. 88% of our suppliers were audited in 2015-2020

CREATIVE TALENTS AND EXCELLENCE IN CRAFTSMANSHIP

Nearly 1,200 experts trained at Kering's Houses since 2015 via around 20 programs to support excellence in craftsmanship

Launch of a training course as part of the French *Institut Français de la Mode* (IFM) — Kering "Sustainability" Chair

ACTORS OF INNOVATION

More than 3,800 materials referenced in the Materials Innovation Lab (MIL) and Sustainable Innovation Lab (SIL) focused on Watches and Jewelry

Partnership with the Fashion for Good accelerator working with 115 promising start-ups

CIVIL SOCIETY, LOCAL COMMUNITIES AND NGOS

More than 752,000 people reached via social media and 152,000,000 via the "16 Days 16 Films" campaign (Kering Foundation)

€15 million contributed by Kering's Houses in the fight against the COVID-19 pandemic

ENVIRONMENT

29% reduction in EP&L intensity between 2015 and 2020

91% of key materials traced back to their country of origin

Publication of the first Fashion Pact progress report. Kering has been a founding member since 2019

Carbon neutrality achieved in 2019 and exceptional measures undertaken in 2020: (combined 64% of all residual emissions offset)

SHAREHOLDERS AND FINANCIAL COMMUNITY

Balanced and attractive dividend payout policy with a dividend per share of €8 in 2020

NOS PUBLICATIONS

Methodology

This report covers the 2020 fiscal year and relies on data from the 2020 Universal Registration Document and all of the Group's communications. It was elaborated in a collaborative manner between Group's divisions and involved members of the Executive Committee.

The integrated reporting process is enriched by a dedicated website, which allows to discover the value creation process while granting access to key contents thanks to a landmarks system and complementary media contents. It is available at the following address :

integrated-report-2020.kering.com

Data presented in this document

The data presented in this document are for the entire Kering group for 2020. The definition of "comparable" for the data presented in this report as such is detailed in the Universal Registration Document.

Other Kering publications

- Sustainability Progress Report 2017-2020
- Financial publications and letters to shareholders
- 2025 Sustainability Strategy: Crafting Tomorrow's Luxury
- EP&L 2019
- Kering SASB Content Index
- TCFD cross-reference table



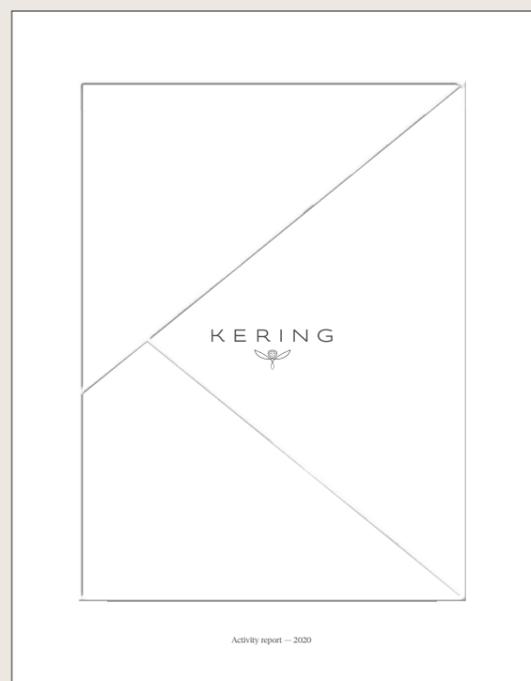
Société anonyme (a French corporation)
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ACTIVITY REPORT
2020



2020 UNIVERSAL
REGISTRATION
DOCUMENT

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Empowering Imagination