

K E R I N G



Integrated report
2019

REPORT ID CARD

KERING INTEGRATED REPORT OBJECTIVE

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 an overall picture of the Group and its history, our strategic vision and perspective, and our 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 expression outlines Kering's value creation model, presented in this report's concluding section. Using a system of keywords, it also allows you to discover its main components in the digital version of this Integrated Report.

ABOUT THIS REPORT

The start of 2020 was marked by the emergence of the Covid-19 pandemic. Though initially restricted to China the pandemic subsequently spread to many regions across the globe. The spread eventually affected activity in the Group's stores in its main markets. Production in Italy was also impacted following measures taken by the Italian government in March. To date, the Group's visibility in terms of the health crisis' impact on performance remains limited. Should you require additional information, please refer to the Group's regulated information published on its website (in the Finance section, under "Regulated Information"). Specifically, you may consult the information published between March 20 and April 21 and the amendment to Kering's 2019 Universal Registration Document, issued on April 30, 2020.

Change

For the first time, our 2019 Integrated Report provides:

- A presentation of the Group's main risks. On this basis, we have identified related context elements at each stage of value creation (p. 14-15);
- A joint interview with Marie-Claire Daveu, Chief Sustainability Officer and Head of International Institutional Affairs, and Jean-Marc Duplaix, Chief Financial Officer (p. 30-33);
- A dashboard outlining Kering's progress in achieving its 2025 Sustainability Strategy targets (p. 36-43).

Kering's integrated reporting framework is also enhanced by a dedicated website that allows you to open the value creation thread while accessing important content using a system of keywords. You may also access additional content that includes information on sustainability milestones achieved in 2019. Learn more at kering.com.

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“At Kering, we’re embracing a vision of Luxury that is modern, creative, responsible and inspiring.”



This integrated report tells the story of our value creation journey, and how we have continued in 2019 to create and share value with all of our stakeholders. As we release this report, the Covid-19 pandemic crisis that we are enduring since the beginning of 2020 is a reminder of our absolute shared priority to consider the health of each and every person above anything else. From this perspective, Kering has of course worked to protect the health and

safety of its teams worldwide. The Group has readily played its part in the global effort against the pandemic in China, Italy and France particularly, rolling out several initiatives tailored to each country’s circumstances. In these complicated times we know how important it is to stay true to our values and ethical principles. We also know it is essential to continue to report on the responsible way we intend to conduct our business.

Kering’s 2019 results once again illustrate the strength of our business model, the talent and dedication of our 38,000 people around the world and our disciplined financial stewardship. Our revenue, which reached €15.9 billion combined with a record recurring operating margin that topped 30% for the first time ever, reflects another year of sustained and profitable growth.

Gucci generated an additional €1.3 billion in sales compared with 2018 and Saint Laurent delivered a sales performance exceeding the €2 billion mark. Meanwhile, Bottega Veneta’s new Creative Direction is showing signs of success, as demonstrated by its accelerated sales growth. The same can be said of the Group’s other Houses that achieved sustained growth momentum throughout the year. This excellent performance was led by Balenciaga and Alexander McQueen. Together, these performances testify to our mid-term and long-term growth potential, thereby confirming our confidence in our business model.

We want our value creation to be integrated and shared. This is part of our vision for a bold and modern Luxury that supports

all what we undertake. We do not separate economic imperatives from the vision that drives us and that goes beyond financial performance. We work towards a responsible business approach which is our daily focus as we look to the future. At Kering, our ambition is to be the world’s most influential Luxury group in terms of creativity, sustainability and long-term economic performance. Complying with the ethical values and culture of integrity that form the cornerstone of our business practices, we are crafting tomorrow’s Luxury as we establish an ongoing dialogue and continuously interact with our stakeholders. We repeatedly reaffirm our determination to play our part as a responsible corporate citizen and as a committed player in all our locations to meet the social, environmental and economic challenges facing the world.

This past year has once again demonstrated the vitality of our commitment through initiatives such as the launch of the Fashion Pact, of which we are a founding member, or the carbon neutrality we have achieved across all our operations and supply chains. This milestone was achieved as a response to the critical challenge of climate change,

which is impacting our livelihoods and those of future generations. Such efforts were boosted by our commitment to promoting ever-greater diversity, gender equality and inclusiveness, as well as our fair and forward-thinking parental and work policies, such as Baby Leave, effective at the beginning of 2020. Lastly, our longstanding commitment to prevent violence against women, led with great determination by the Kering Foundation for more than 10 years, reminds us how the role of women remains a constant concern for Kering and its Houses, requiring all our vigilance.

Each and every one of our decisions is entirely aligned with our strategic choices. And all our results contribute to the fulfilment of our vision for tomorrow’s Luxury, as exemplified by this report.

François-Henri Pinault
Chairman and
Chief Executive Officer

A GROUP GUIDED BY ENTREPRENEURIAL SPIRIT

1963

ORIGINS

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

1988 — Listing of Pinault SA on the Paris Stock Exchange

1988

GROWTH OF A LEADER IN RETAIL DISTRIBUTION

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

THE MOVE INTO LUXURY

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

AN INTEGRATED LUXURY GROUP

2013 — PPR becomes Kering

Acquisition of strategic tanneries

2015 — Launch of Kering Eyewear

2016 — Integration within Supply chain

2018

KERING, A LUXURY PURE PLAYER

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

Launch of an offering of bonds exchangeable into existing ordinary shares of PUMA maturing in 2022

Fashion Pact, carbon neutrality and global parental policy

Group profile and vision

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

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AN ENSEMBLE OF HOUSES WITH DISTINCTIVE IDENTITIES AND A TRADITION OF EXCELLENCE

KERING, A GLOBAL LUXURY GROUP WITH EXCEPTIONAL HOUSES

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

KEY FIGURES

€15,884 m
in revenue

38,068
employees

€4,778 m
in recurring operating
income

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 2019, Kering had almost 38,000 employees and revenue of €15.9 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.

SUSTAINABLE GROWTH SUPPORTED BY A STABLE SHAREHOLDER STRUCTURE

Having grown out of a family business, Kering is 41.0% owned by Artémis, controlled by the Pinault family. With the support of institutional shareholders, individual shareholders and employees, this strong and long-lasting 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.

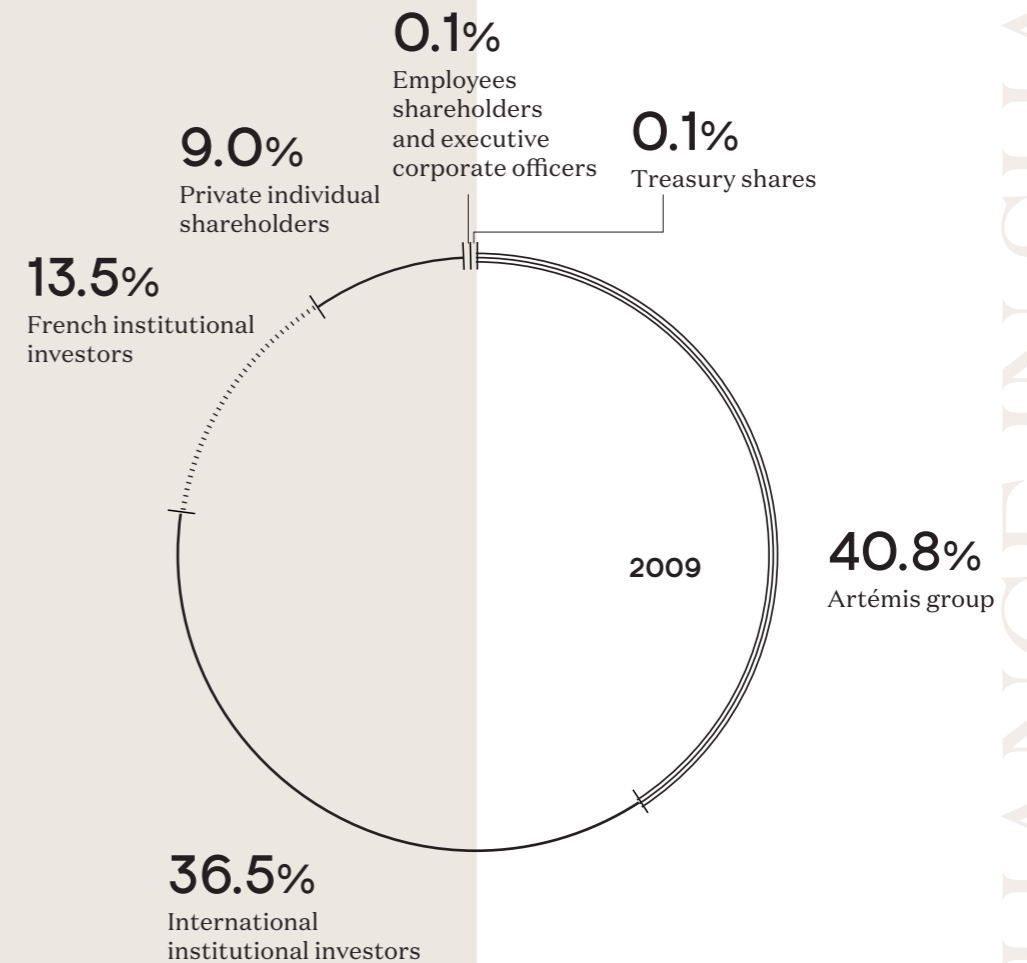
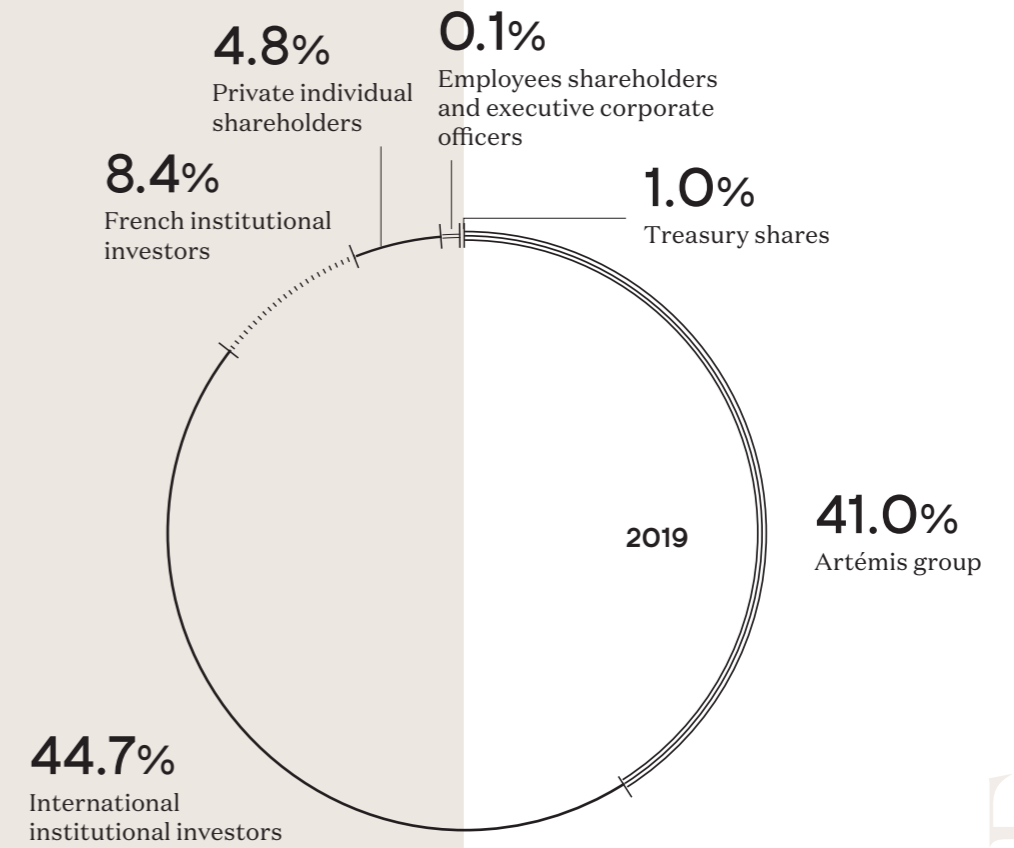
LOYAL SHAREHOLDERS REWARDED FOR THEIR SUPPORT

Shareholders' trust is rewarded through the share's performance on financial markets, confirmed again this year, up 42% on 2019, clearly outperforming the entire CAC 40 (+26%). Kering gives priority to a balanced and attractive payout policy. In 2019, the dividend per share was €8¹.

The Group also rewards its shareholders' loyalty through double voting rights granted to each share held in registered form for at least two years.

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.

1.As decided by the Board of Directors on April 21, 2020 and given the context of the Covid-19 pandemic and its impact on economic activity, the 2019 dividend, which is subject to the approval of the June 16, 2020 Annual General Meeting, has been lowered by 30% compared to the amount initially proposed.



CHANGE IN SHARE OWNERSHIP (AS OF DECEMBER 31)

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

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 shaking up the rules.

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

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 is to be the world’s most influential Luxury group in terms of creativity, sustainability and long-term economic performance.

A new generation of consumers means new client 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 and 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 allusion – it gives meaning to everything we do.

RISK MANAGEMENT AT ALL GROUP LEVELS

To ensure long-term value creation, Kering must seize growth opportunities in today’s fast-changing world and anticipate adverse risks.

An integrated and continuous risk management policy

Risk management covers areas that are much wider than just financial risks: for example, operational, labor-related, environmental and compliance risks. Kering’s risk management is a key management tool that 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.

The Group’s risk management is based on an organizational framework that sets out: the roles and responsibilities of the various persons involved, procedures as well as consistent and clear standards, for the system. An IT system makes it possible to share information about risks internally. In 2011, Kering created a “Kering group Risk Committee”, comprising the Group Managing Director, the Chief Financial 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 uses a three-step process: identifying, analyzing and dealing with risks. The risk management system is monitored and 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 group 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. Lastly, the objective is to learn from risks that have materialized.

OPERATIONAL

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

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

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

RISKS

COMPLIANCE

- Intellectual property protection*
- Fraud and corruption*
- Contract management*
- Legal compliance and litigation
- 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 15 are highlighted with the following sign: *.

LUXURY: A DYNAMIC MARKET WITH NEW CHALLENGES

Guided by a strong and bold vision, Kering has become a leader in the continually evolving luxury industry. In pursuit of sustainable growth, the Group has adopted a business model and a strategy perfectly aligned with the challenges of tomorrow's Luxury, while establishing itself as an industry trendsetter. Every day, Kering seeks to combine our rich heritage of exceptional know-how with the expectations of new generations of customers.

Although fragmented, the luxury industry is characterized by a few major global players such as Kering, and it is currently undergoing significant structural changes. In an environment shaped by strong uncertainty – geopolitical tensions, volatile exchange rates, a slowdown in global GDP growth – in 2019, the market confirms more normalized growth, up 7% at comparable exchange rates, reaching €281 billion.

Chinese and American consumers were the main contributors to this growth: in 2019, they account for more than half of the market in value. Online

sales also contributed to the industry's robustness since they were up 22%, representing nearly 12% of sales in Luxury.

More connected, Luxury consumers are also more diverse. Core luxury consumers are extending their spending from personal luxury goods to experiences (hotels, cruises, restaurants, etc.), while new luxury consumers are entering the market. Coming from a middle class background, emerging countries, millennials, and notably generations Y and Z, they are seeking a strong creative and differentiated product offering together with a client

experience that is both personalized and integrated across physical and digital distribution channels.

To tap into the full potential of this revitalized market, Kering has identified four major trends from the multiple changes that impact the industry:

- New growth drivers;
- Increasing environmental and technological challenges;
- New consumption habits;
- Demand for transparency.

IMPACTS

NEW GROWTH DRIVERS

Fast-growing middle classes in emerging countries
Larger number of wealthy individuals worldwide
Increase in average disposable income
Increased global mobility



Outlook for 2025

€335-375bn

estimation for personal luxury goods market

Relevance of the omni-channel approach and development of travel retail
Development of local and tourist customers

INCREASING ENVIRONMENTAL AND TECHNOLOGICAL CHALLENGES

Growing consumer awareness of environmental issues
Development of artificial intelligence (AI), a new, extra performance driver



Outlook for 2025

25%

share of e-commerce in total personal luxury goods sales

Reserves of creativity and innovation for products and processes
Acceleration of digital transformation and sophistication of the CRM approach
Personalization of customer service and stronger relations with our audiences

NEW CONSUMPTION HABITS

Young customers, more connected, searching for quality, innovation, and a sense of purpose (millennials)
Globalization and digitization of consumption habits
New consumer experiences explored (rental, subscription, second-hand, etc.)



Outlook for 2025

55%

of the sales made to generations Y and Z

Development of the brand universe through directly operated store network
An omni-channel experience supported by global communication

DEMAND FOR TRANSPARENCY

New stakeholders' expectations as regards the environment, society and ethics
Greater transparency in supplier relations



Ambition for 2025

100%

of Group raw materials traced back to their origin

Attraction and retention of talents by becoming the preferred employer
Improved standards throughout the entire value chain
Exemplarity of Kering and recognition by all stakeholders

Source: Unless otherwise indicated, all historical and forecast information comes from the Bain Luxury Study — Altgamma Worldwide Market Monitor, published in November 2019, rounded out with data from the full report published in December 2019. Bain and Altgamma's forecasts through 2025 were published before the Coronavirus (Covid-19) crisis. While the same structural aspects will continue to drive growth in the industry in the medium term, the scale and the scope of the epidemic indicate it will have a significant impact on the development and momentum of the personal luxury goods market in 2020.



Business model and strategy

Our vision leverages our multi-brand business model, guiding our strategy. Their coherence and alignment lay solid foundations in order to achieve our ambition.

Business model – p. 20
Strategy – p. 24

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. Our multi-brand model is based on a long-term vision and combines agility, balance, and responsibility.

AGILITY

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

Constancy

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.

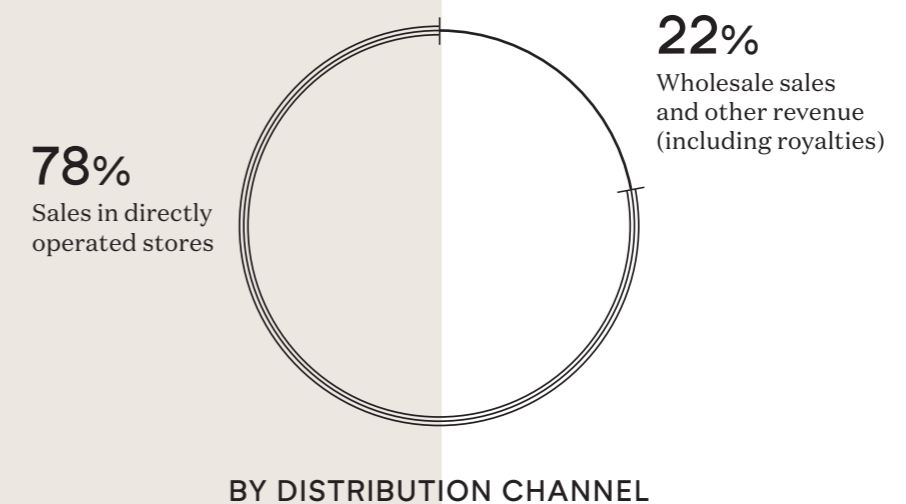
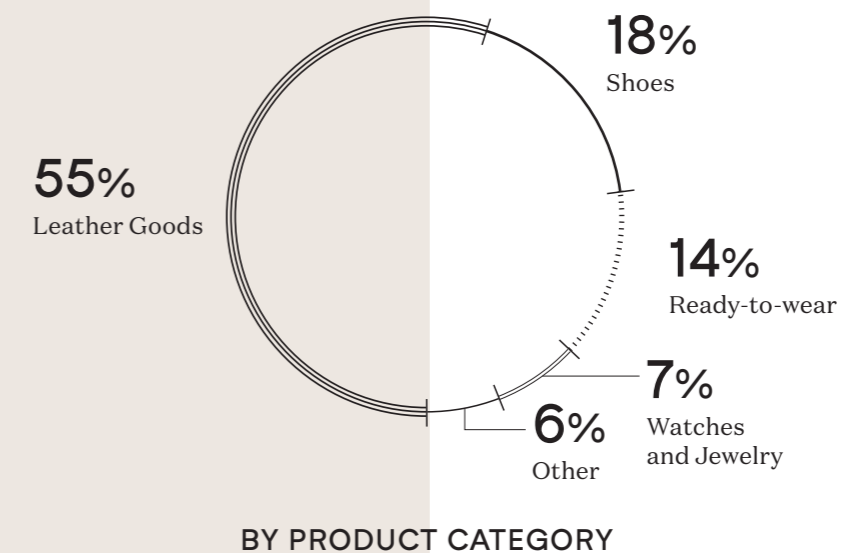
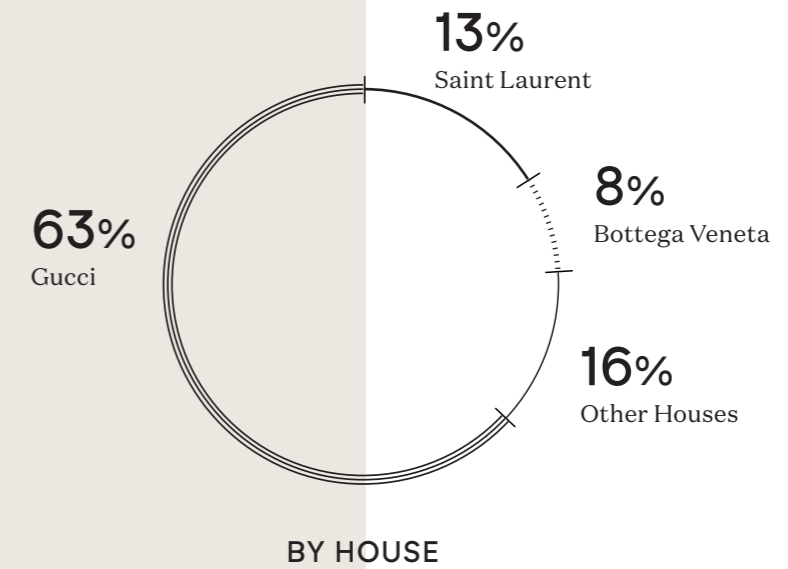
Clarity

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

solid integrated value chain and pooled support functions. By encouraging imagination in all its forms, our organization fosters performance while enabling our Houses to unleash the best of their talent and creativity.

The Group ensures that performance is aligned with the brands' long-term visions and objectives. Thanks to our capacity for self-reflection and big-picture thinking, we can achieve the clarity necessary to secure the performance of the Group and its Houses.

BREAKDOWN OF REVENUE BY LUXURY HOUSE IN 2019¹



¹ Luxury Houses' revenue makes up 97% of the Group's total revenue. The remaining 3% is made up by "Corporate and other."

BALANCE

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

An ensemble of exceptional Houses

Each of our Houses 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 – couture

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

Growth prospects

Benefiting from growth drivers intrinsic to the luxury industry, Kering reinforces its growth potential by placing creative boldness at the heart of its model. So, while our most firmly established Houses are reinventing themselves and re-engaging with their audiences, our emerging brands

are focused on realizing their full potential and gaining new clients.

Ready to weather 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. Due to the variety of its clients, products, brands and locations, the Group is well placed to weather market changes in market conditions and seize growth opportunities.

RESPONSIBILITY

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

Towards 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, and a source of inspiration and innovation. Methods, materials, resources and products are being reinvented and client usages and expectations are changing. Kering is changing the way it designs luxury products by

incorporating the criterion of sustainable value, for clients 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 eco-system, from the Group’s strategy and the Houses’ creative decisions to operational production, processing and distribution choices, the model aims to reduce the social and environmental impacts of the Group’s operations. decisions to operational production, processing and distribution choices. 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 control and process improvement. 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.

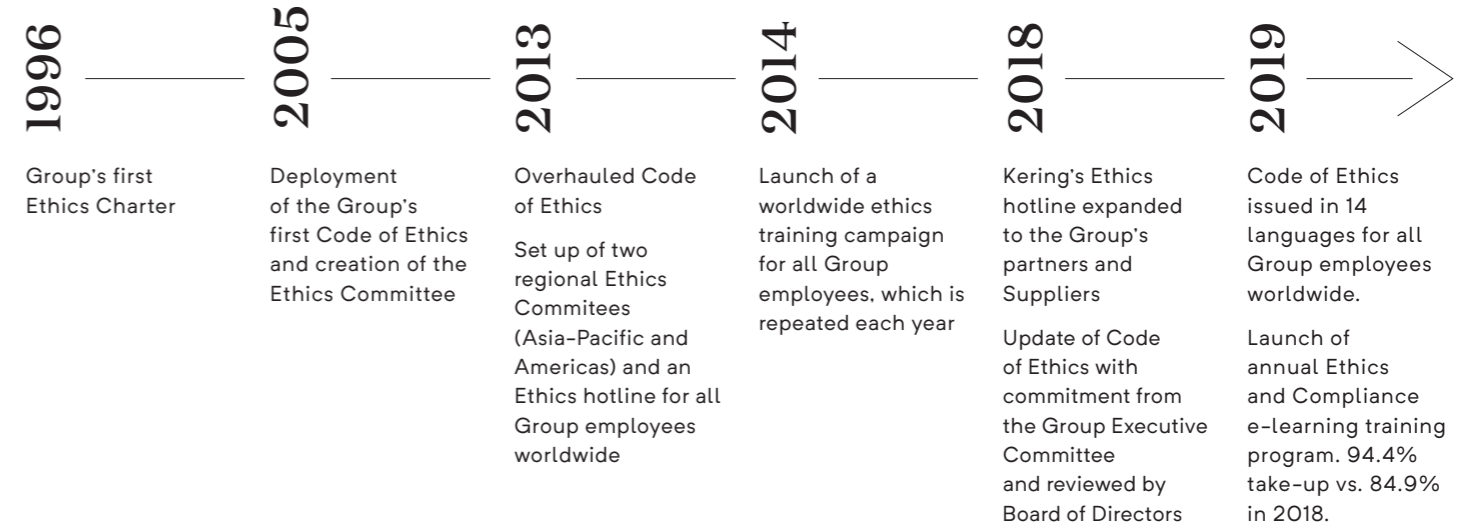
Governance and ethics

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 sustainable

if it is not trustworthy. We earn trust by demonstrating every day our commitment to responsible business practices.

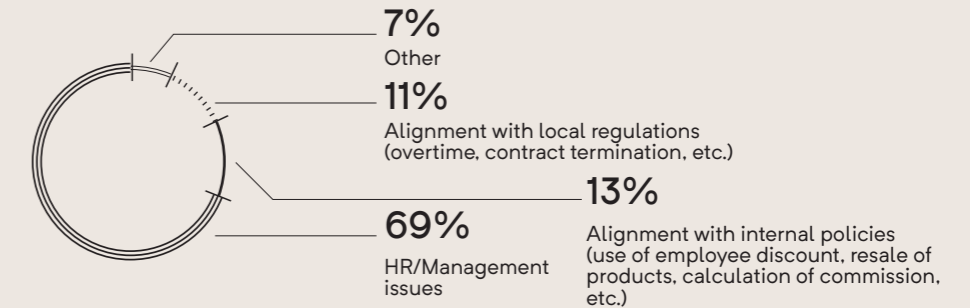


55 COMPLAINTS RECEIVED IN 2019. 40 CLOSED BY DECEMBER 31, 2019.

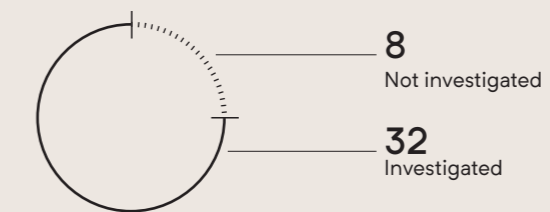
FIND OUT MORE

2019 Universal Registration Document:
Chapter 1. Kering at a glance;
Chapter 3. Sustainability
Code of ethics
Website: 2025 strategy

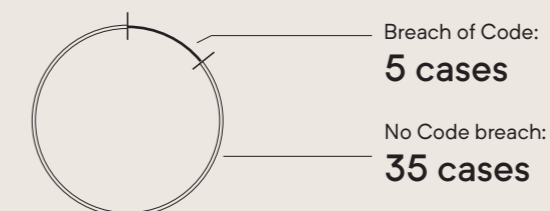
REASONS BEHIND THE ALLEGATIONS IN THE 55 COMPLAINTS RECEIVED IN 2019



INVESTIGATIONS INTO THE 40 CASES CLOSED IN 2019



CODE OF ETHICS BREACHES IN THE 40 CASES CLOSED IN 2019



HARNESSING THE FULL POTENTIAL OF LUXURY TO GROW FASTER THAN OUR MARKETS

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

PROMOTING ORGANIC GROWTH

The Group aims to build on its outstanding performance to strengthen and sustain this momentum in the coming years, giving priority to the development of its Houses.

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

clients' 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 to optimize comparable store sales performance through an increasingly effective merchandising and in-store operational excellence, supported by the Group and its dedicated teams.

Client experience

Improving the quality of in-store client experience is central to driving sales performance. Personalization, support for client before, during and after the sale must be as distinctive as our collections and enable us to create and sustain lasting connections with our clients.

Omni-channel approach

Our client 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.

Digital expertise, CRM and innovation

Digital is accelerating and deepening our client relations, offering exceptional client experiences. The goal is to instill an internal culture of innovation and produce personalized client experiences. A number of projects have been set up, driven by a dedicated data science team, under the leadership of the Group's Chief Digital Officer. These projects are rolled out to support Kering's digital transformation and drive e-commerce, CRM, data science and innovation activities whilst considering future scenarios in sales and sustainability.

STEADY GROWTH

Leverage full brand potential
Sustaining high level of operating margins
Substantial Free Cash Flow generation, normative Capex level

GUCCI
SAINT LAURENT

ENTERING A NEW GROWTH PHASE

In-depth work on brand equity, product offering, distribution network, supply chain
Investments required in short term
Significant operating leverage in medium term

BOTTEGA VENETA

AN ENSEMBLE OF COMPLEMENTARY HOUSES UNITED BY A POWERFUL CULTURE

RELAUNCH UNDERWAY

Offering and distribution optimization
Brand equity investment
Gradual recovery of profitability

GIRARD-PERREGAUX
ULYSSE NARDIN
BRIONI

SCALING UP

Untapped markets, expanded distribution networks, broadened product offering
Opex and Capex investments
Margins to increase in short/medium term

ALEXANDER MCQUEEN
BALENCIAGA
BOUCHERON
POMELLATO
QEELIN
KERING EYEWEAR

ENHANCING SYNERGIES AND DEVELOPING GROWTH PLATFORMS

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

Resource pooling

To enable our Houses to focus on the essentials – creation, production quality, product range development and renewal, client relations, etc., the Group pools 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.

Vertical integration and operational efficiency

In 2013, the Group began strengthening its upstream positioning in the luxury goods value chain, in particular via the targeted acquisition of leather tanneries to secure raw materials sourcing. 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.

The aim is to adapt these functions to the Group's new scope, as well as changing consumer trends and client expectations.

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. The Kering Foundation, which combats violence against women, and the Women in Motion initiative, which showcases the contribution of women to the film industry, strengthen the Group's commitment to support women.

OUR SUSTAINABILITY TARGETS 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 2025¹.

CARE FOR THE PLANET

- Reduce EP&L (Environmental Profit & Loss Account) by 40%
- Reduce CO₂ emissions by 50% (Science Based Targets)
- Ensure 100% traceability in Group's key raw materials
- Achieve 100% compliance with the Kering Standards for Group suppliers
- Define and achieve the highest standards in animal welfare

COLLABORATE WITH PEOPLE

- Preserve the richness of our heritage
- Promote diversity and achieve gender parity in all positions and business lines and at all hierarchical levels of the Group
- Guarantee equal pay across all positions
- Be the preferred employer in the Luxury sector and develop progressive policies in employment

CREATE NEW BUSINESS MODELS

- Imagine disruptive innovations that can transform conventional processes in Luxury
- Explore new solutions and technologies to promote the circular economy
- Support future generations within the Luxury industry

	2019	2018 RESTATED UNDER IFRS 16 ¹	CHANGE	2018 REPORTED
Revenue (in € millions)	15,884	13,665	16.2%	13,665
EBITDA (in € millions)	6,024	5,093	18.3%	4,436
Recurring operating income (in € millions)	4,778	3,995	19.6%	3,944
Recurring operating margin (as a % of revenue)	30.1%	29.2%	+ 0.9 pt	28.9%
Net income attributable to owners of the parent (in € millions)	2,309	3,688	-37.4%	3,715
Net income attributable to owners of the parent o/w continuing operations excluding non-recurring items (in € millions) ²	3,212	2,790	15.1%	2,817
Gross operating investments (in € millions) ³	956	828	15.4%	828
Free cash flow from operations (in € millions) ⁴	1,521	3,551	-57.2%	2,955
Net debt (in € millions) ⁵	2,812	-	-	1,711

	2019	2018	CHANGE
Percentage of employees on permanent contracts	93.0%	92.5%	+ 0.5 pt
O/W full-time employees	93.0%	91.8%	+ 1.2 pt
Percentage of employees trained	82.5%	58.1%	+ 24.4 pts
Percentage of women managers	55.1%	50.5%	+ 4.6 pts
DJSI World score	81/100 Silver Class	80/100 Silver Class	+ 1 pt
CDP Climate score	A	A	Maintained in A-list
Global 100 ranking – Corporate Knights	23 rd /100 #1 Apparel	2 nd /100 #1 Apparel	-21 downgrade in ranking

	2018	2015	CHANGE
EP&L intensity (€EP&L/€K revenue)	€38	€44	-14%

¹ First-time application of IFRS 16 in 2019. 2018 data restated in order to present comparable data. See Note 4 on page 312 of the 2019 Universal Registration Document: Consolidated financial statements as of December 31, 2019.

² In 2019, this item did not include the non-recurring tax expense relating to the tax settlement in Italy. See Notes 12.1.1 and 14.2 on pages 325 and 329 of the 2019 Universal Registration Document: Consolidated financial statements as of December 31, 2019.

³ Purchases of property, plant and equipment and intangible assets.

⁴ Net cash flow from operating activities less net acquisitions of property, plant and equipment and intangible assets. See definition on page 290 of the 2019 Universal Registration Document.

⁵ Net debt: see definition on page 290 of the 2019 Universal Registration Document.

Performance

In 2019, Kering delivered another year of sustained, profitable growth.

Joint interview with
Marie-Claire Daveu
and Jean-Marc Duplaix – p. 30
Overall performance – p. 34
Our capitals – p. 44
Our governance – p. 50

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



Marie-Claire Daveu, Chief Sustainability Officer and Head of International Institutional Affairs

Have you noticed a change in investor expectations and practices with regard to Kering's integrated performance?

Marie-Claire Daveu – Sustainability is a driver for global value creation that responds to a growing interest from mainstream and SRI (Socially Responsible Investment) investors and analysts. It is clearly evident from the exponential rise in questions and requests we receive from rating agencies, NGOs and institutional investors which has increased almost threefold over the past two years. It is also evident from the ever-increasing convergence between the financial and non-financial performance. Integrated thinking

is crucial since it provides a global approach to value creation. As a result, we have a more accurate picture of the challenges we face in addition to risks that could impact our activities. Such an approach allows for better planning, factoring in risk control across our entire value chain.

Jean-Marc Duplaix – Our teams experience the convergence of financial and non-financial information, which fosters interaction between our both departments and the Group's Houses. As an example, our teams worked together to launch our first ESG roadshow. The event was organized with the assistance of Sophie L'Hélias, the Group's Lead Independent Director, who also attended. This exercise, which we intend to repeat, had a twofold objective: answering investors' questions and strengthening their awareness and conviction that our vision of a bold and modern Luxury at the heart of



Jean-Marc Duplaix, Chief Financial Officer

our strategy is relevant.. Today the financial community has a vital part to play in encouraging increasingly virtuous practices in the public and private sectors. This unique vision is a key differentiator for Kering.

How does the Group account for social responsibility and environmental challenges in its economic performance?

JMD – Since entering the luxury industry in 1999, Kering

has completely transformed its business model, from a conglomerate of diversified retail activities into a Luxury pure player. Throughout this period, we have also transformed our business practices, ramping up the integration of sustainability in all stages of our value chain, including in our Houses' growth strategy. Gucci ArtLab is a case in point since it includes sustainability in the creation and production processes. Our integrated approach fosters

“We have transformed our business practices, ramping up the integration of sustainability in all stages of our value chain, including in our Houses’ growth strategy.”

Jean-Marc Duplaix

creativity and contributes to reducing costs such as energy and water consumption. Above all, though, aside from our demonstrated commitment, sustainability is inherent to developing high-quality products for our customers. More specifically, it is integral to the production and sourcing of the raw materials we use. To guarantee a reliable supply chain, our concern not only stems from an ethics and reputation standpoint, but also from business necessity.

MCD – Each and every one of us is aware of the major challenges we face in the twenty-first century: climate change, biodiversity loss, scarcity of natural resources coupled with an increasing global population, which leads to higher demand. The raw materials we use for our business (leather, precious skins, gold, cotton, etc.) are sourced from nature, agriculture or animal rearing mostly..

The longevity of our activity depends on their preservation. We cannot produce high-quality raw materials for our businesses without preserving their host ecosystems. We must develop a more eco-friendly business model. Nowadays, it is unthinkable to develop a luxury product that destroys biodiversity. It is also unthinkable to make a luxury product in social conditions that do not respect human rights and fundamental freedoms. We are constantly working with our suppliers to ensure that they all comply with the Group’s high standards by 2025. Our standards focus on working conditions, reducing our environmental footprint, traceability, animal welfare and the use of chemicals. Our current rate of attainment vs our standards already stands at 68%, which is very encouraging, but much remains to be done, particularly in terms of innovation.

Do you see new challenges for Kering regarding transparency and leadership?

JMD –Our business model is solid and robust, achieving steady and profitable growth in 2019. Despite the backdrop of the unprecedented crisis we have been enduring since early 2020, we still look to the future with confidence as we have already demonstrated by the past our outstanding ability to adapt, our agility and our tenacity. We are also fully aware - and have been for some time - of the interrelationship between the three pillars made up of the economy, the social responsibility and the protection of our environment. Discussions with investors have confirmed the need for Kering to be increasingly transparent when it comes to its performance and the related KPIs, such as the EP&L. As non-financial accounting develops more standards, as illustrated by the ongoing initiatives in

Europe and the USA, it now seems paramount for companies to develop and adopt these types of indicators and tools that fully incorporate a long-term outlook to inform capital allocation decisions.

MCD – Our desire for transparency is the reason why we published early 2020 a progress report on results of our sustainability roadmap for 2025. This report not only meets our stakeholders’ growing expectations, but it also maintains high levels of motivation internally. The Luxury industry is unique. Luxury must set the trends and then lead

by example. We strive towards achieving this on a daily basis. At Kering, our strategy is to be at the forefront. As a leader, we also have a responsibility to create a momentum on which we change practices and mentalities, driving forward an alternative business model for all players. With this in mind, our methods and progress are subject to our open source policy, including our EP&L and standards in regards to raw materials sourcing and manufacturing processes. This is also the core principle of the Fashion Pact, a global coalition formed under the leadership of French President, Emmanuel Macron, and Kering’s Chairman

and Chief Executive Officer, François-Henri Pinault. The initiative was recently showcased at a G7 meeting.

I might add that the crisis we are enduring is proof of our collective capacity to pull together - as citizens, companies and actors of civil society - and speedily roll out disruptive solutions. As we start to think about life after Covid-19, and despite all the uncertainties, we suddenly have an opportunity to rethink our business model and practices, both individually and collectively and at Kering to extend our commitment and innovate further to craft tomorrow’s Luxury.

“The Luxury industry is unique. Luxury must set the trends and then lead by example. We strive towards achieving this on a daily basis.”

Marie-Claire Daveu

A SUSTAINED GROWTH TRAJECTORY: A FURTHER YEAR OF STRONG AND PROFITABLE GROWTH

At each stage of our value chain, we express our vision for a modern and bold Luxury, which combined with top-notch execution, has enabled us to outperform our peers and deliver excellent operating and financial results in 2019. In 2019, Kering once again demonstrated the relevance of its multi-brand model, harnessing the growth of the luxury goods market across the various segments, regions and consumer groups.

In 2019, the Group achieved revenue of €15.9 billion, up 13.3% on a comparable basis from 2018¹. Its recurring operating income grew sharply, totaling €4.8 billion. For the first time ever, recurring operating margin topped 30%. This outstanding performance is a testament to the strength of Kering's business model, the talent and dedication of its 38,000 employees, the creative force of its Houses as well as disciplined financial stewardship.

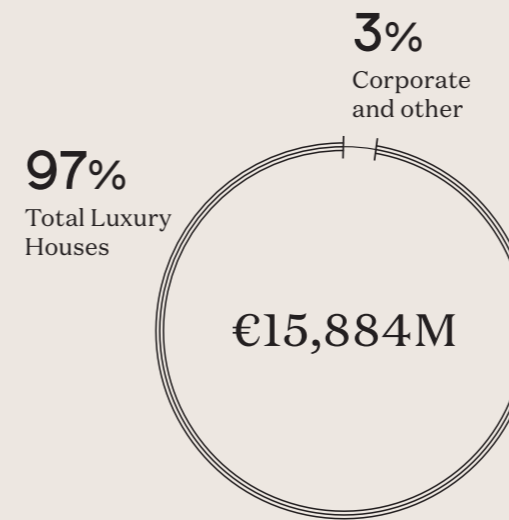
Kering continued to implement its vision and strategy in line with two principles:

- Promoting long-term value creation, and combining boldness and imagination, creativity and measured risk taking, adaptability and agility;

- Nurturing each House's potential, with priority given to organic growth and operating cash flow generation.

Kering's financial priorities are unchanged and aim to optimize return on capital employed by enhancing profit margins and rigorously managing capital allocation.

BREAKDOWN OF 2019 REVENUE

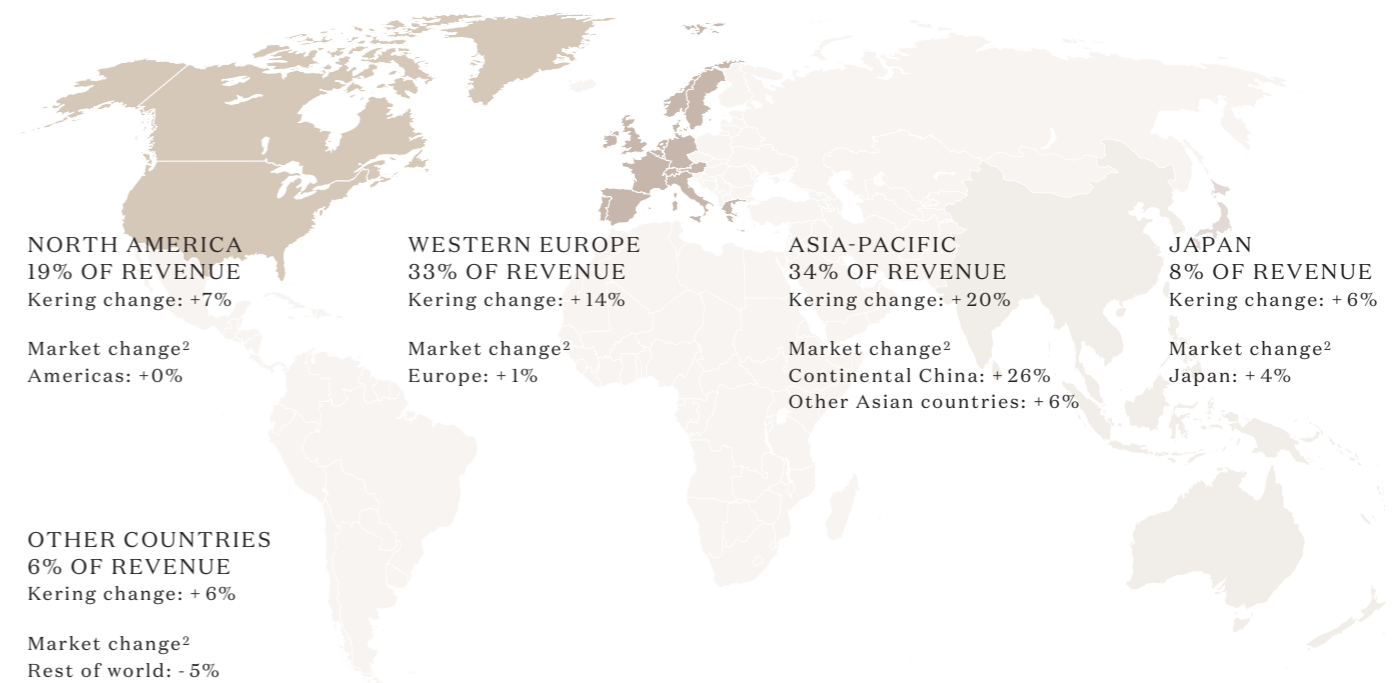


CHANGE IN REPORTED REVENUE (AND CHANGE IN COMPARABLE¹ REVENUE 2019 VS 2018, IN %)



1. Comparable revenue is defined on page 290 of Kering 2019 Universal registration document

REVENUE BREAKDOWN AND COMPARABLE CHANGE BY REGION 2019 VS 2018



2. Source: The data on the annual market change in the global Luxury Market come from the Bain Luxury Study — Altgamma Worldwide Market Monitor, published in November 2019 and present the annual change at exchange rates on a comparable basis.

FIND OUT MORE

2019 Universal Registration Document:
Chapter 3. Sustainability;
Chapter 5. Financial information

1. On a comparable Group structure and exchange rate basis

Organic growth

Organic growth is our priority in an ever-changing industry.

In 2019, the generation of additional €2 billion in revenue and nearly €1 billion in recurring operating income was exclusively owing to extraordinary organic growth in our Houses and related operating leverage:

- Luxury Houses' revenue up 13.2% on a comparable basis, propelled by growth of 14.0% in its retail channel network (78% of sales). This performance was fueled by Gucci, Saint Laurent, Balenciaga and Alexander McQueen, including a surge in online sales (+23% year on year), with Wholesale revenue increasing 10.4%;
- Outstanding performances from Gucci with exceptionally high comparatives (13.3% increase in comparable revenue), which more than doubled its sales between 2016 and 2019 as well

as Saint Laurent (14.4% on a comparable basis);

- Excellent momentum observed in Kering's other Houses (17.8% on a comparable basis), boosted by Balenciaga and Alexander McQueen. Both Houses recorded robust sales growth throughout the year, confirming their status as growth drivers.

Synergies and growth platforms

Kering is structured and organized to bring more expertise, value and operational support to each of its Houses. A notable success story is Kering Eyewear, which generated growth of 18.2% on a comparable basis, largely owing to the top-performing Gucci and Saint Laurent licenses and the recently acquired Balenciaga license. It contributed €474 million in net revenue.

Inseparable from our financial performances, our non-financial achievements result from our

ambition to protect the future of our industry as well as the communities with which we interact:

- Launched Fashion Pact: global coalition of more than 250 brands in the fashion and textile industry formed under the leadership of François-Henri Pinault, committed to three practical objectives: stopping global warming, restoring biodiversity and protecting the oceans;
- Improved scores obtained in the SRI (Socially Responsible Investment) indices, and particularly our position in first within the Corporate Knights 2019 Global 100 ranking for the apparel sector and our position maintained in the CDP's Climate A-list for the third consecutive year;
- 14% reduction in the intensity of our environmental impacts (€EP&L/€K revenue) between 2015 and 2018.

DASHBOARD FOR KERING'S 2025 SUSTAINABILITY STRATEGY

This dashboard presents Kering's progress on results of our Sustainability Strategy for 2025 at end 2019. This strategy and its related targets are presented on page 27 of this report. Further details are provided on pages 72-77 of Kering's 2019 Universal Registration Document. Through each pillar, Kering is playing its part in achieving the Sustainable Development Goals (SDGs) of the UN.

 SDG 1 No Poverty	 SDG 3 Good Health and Well-Being	 SDG 4 Quality Education	 SDG 5 Gender Equality
 SDG 6 Clean Water and Sanitation	 SDG 8 Decent Work and Economic Growth	 SDG 12 Responsible Consumption and Production	 SDG 13 Climate Action
 SDG 14 Life Below Water	 SDG 15 Life on Land	 SDG 16 Peace, Justice and Strong Institutions	 SDG 17 Partnerships

NB: 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.

CARE FOR THE PLANET

2025 OBJECTIVES

-50% in CO₂ emissions and planetary boundaries.

-40% EP&L

Implementation of the Kering Standards

Sustainable design and traceability

Materials Innovation Labs

Carbon offsetting

SDG



-  13 — CLIMATE ACTION
-  14 — LIFE BELOW WATER
-  17 — PARTNERSHIPS

-  6 — CLEAN WATER AND SANITATION
-  12 — RESPONSIBLE CONSUMPTION AND PRODUCTION
-  13 — CLIMATE ACTION
-  15 — LIFE ON LAND

-  6 — CLEAN WATER AND SANITATION
-  12 — RESPONSIBLE CONSUMPTION AND PRODUCTION
-  13 — CLIMATE ACTION
-  15 — LIFE ON LAND
-  16 — PEACE, JUSTICE AND STRONG INSTITUTIONS

-  12 — RESPONSIBLE CONSUMPTION AND PRODUCTION
-  15 — LIFE ON LAND

-  12 — RESPONSIBLE CONSUMPTION AND PRODUCTION

-  13 — CLIMATE ACTION
-  15 — LIFE ON LAND

2019 RESULTS

Our carbon intensity reached 20.4 tCO₂/€m in gross margin
84.8% of our electricity is green, contributing to the decrease by 67.4% of our CO₂ emissions linked to energy consumption since 2015

Our EP&L intensity² reached 37.64 €EP&L/€k in revenue

68% of our key raw materials are aligned with our Kering Standards

Traceability is achieved for 88% of our key raw materials³
4,400+ employees trained on the Kering Standards via e-learning

3,800 sustainable materials in our Materials Innovation Library

2.4 million tCO₂ offset in 2019 for 2018

PERFORMANCE¹



MAIN ACHIEVEMENTS

-49.9% carbon intensity
+59.4 pts of green electricity
-100.2 kWh/m² (-24.2%) in stores
Fashion Pact: 63 leading global textile and fashion companies, representing 250+ brands, commit on climate, biodiversity and oceans

-14% since 2015
Launch of a global study on EP&L impact of consumer use and end-of-life phases of our products
Kering signs the first private sector partnership with IPBES for biodiversity




+1 pt alignment with the Kering Standards since 2017

+3 pts in traceability since 2017
Kering Standards e-learning platform launched worldwide
Publication of Kering Animal Welfare Standards
Creation of the Green Fashion Shows guidelines

+83 projects implemented for our products since 2015
Sustainable Innovation Lab (SIL) dedicated to Watches and Jewelry launched in February 2020

+83 projects implemented for our products since 2015
Sustainable Innovation Lab (SIL) dedicated to Watches and Jewelry launched in February 2020

How to read our performance





-  Results above expected performance to date
-  Results at expected performance to date
-  Results below expected performance to date

1. Evaluation of performance to date with respect to the objective defined for 2025

2. 2018 Data

3. Based on our Kering Standards

COLLABORATE WITH PEOPLE

2025 OBJECTIVES	SDG	2019 RESULTS	PERFORMANCE ¹¹	MAIN ACHIEVEMENTS
Preservation of know-how	 4 — QUALITY EDUCATION  8 — DECENT WORK AND ECONOMIC GROWTH	More than 480 experts trained through our 20+ haute couture, Watches and Jewelry craftsmanship excellence programs	→	Institut Saint Laurent Couture, École de l'Amour Gucci, Pomellato Virtuosi with Scuola Galdus, and more
Local communities	 1 — PAS DE PAUVRETÉ  8 — DECENT WORK AND ECONOMIC GROWTH	More than 10 active international programs focusing on our key raw materials	→	Reforestation of gold mining sites in French Guiana, The Golden Line in Ghana, Gobi Desert cashmere, Rare in China, and more
Assessment and SDGs	 8 — DECENT WORK AND ECONOMIC GROWTH  17 — PARTNERSHIPS	We performed 3,441 supplier audits, accounting for 56% of our suppliers	→	+42% audits since 2015 Materiality assessment and value chain mapping against the SDGs: 7 key SDGs identified as most material for the Group
Partnerships with schools and universities	 4 — QUALITY EDUCATION  17 — PARTNERSHIPS	Key partnerships with leading universities: IFM, Parsons, Tsinghua, LCF, etc. 17,844 participants in the Sustainability and Luxury Fashion MOOC	↗	Creation in 2019 of the IFM – Kering Sustainability Chair More than 33,500 total participants since the launch of the MOOC in 2018 – MOOC launched in China
Forward-thinking employment practices	 3 — GOOD HEALTH AND WELL-BEING  5 — GENDER EQUALITY	Global parental policy launched in 2017, Baby Leave policy effective since January 1, 2020, Global Health and Safety policy launched in 2019	↗	100% employee coverage worldwide by policies launched
Gender parity and inclusiveness	 5 — GENDER EQUALITY	63% female employees, 55% women managers, 60% women on the Board 94.4% of Group employees worldwide have completed the annual Ethics & Compliance training	↗	Board-level parity up from 10% to 60% in 10 years. Appointment of Kering Chief Diversity, Inclusion and Talent Officer in 2019
Career paths	 4 — QUALITY EDUCATION	82.5% of the Group's employees benefited from training: 516,605 hours of training provided to 31,410 employees, an average of 16.4 hours per employee	→	Global internal digital platform Kering Campus launched in 2018
Preferred employer	 4 — QUALITY EDUCATION  8 — DECENT WORK AND ECONOMIC GROWTH	82% participation rate in the employee survey, with an 83% engagement rate in 2019	↗	In 2019, weekly updates on the Group's digital platform dedicated to open positions for internal mobility

How to read our performance

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

1. Evaluation of performance to date with respect to the objective defined for 2025

CREATE NEW BUSINESS MODELS

2025 OBJECTIVES

Disruptive innovations

SDG

12 — RESPONSIBLE CONSUMPTION AND PRODUCTION

2019 RESULTS

24% of our purchased leather is metal-free

We engaged with 72% of the top potential start-ups selected among the 2,000+ identified

PERFORMANCE¹

MAIN ACHIEVEMENTS

↘ Plug and Play partnership extended to China

First K Generation Award held in Shanghai

First Hackathon for Sustainable Luxury

Circular economy

12 — RESPONSIBLE CONSUMPTION AND PRODUCTION

First assessment of the Kering Materials Circularity Index: 39% of our raw materials with potential for circularity are already circular

→ Kering is a member of the Ellen MacArthur Foundation's Make Fashion Circular and Circular Fibers initiatives

Sustainable purchases

12 — RESPONSIBLE CONSUMPTION AND PRODUCTION

Dedicated internal sourcing platforms and coordination for gold, cotton, cashmere, silk, and more

100% of Watches and Jewelry Houses' gold purchased through the Kering Ethical Gold Platform.

→ +15 pts of silk and +28 pts of cotton purchased through the dedicated platforms since their creation

Stimulating innovation

12 — RESPONSIBLE CONSUMPTION AND PRODUCTION

106 sustainability and business experts gathered for the Group's annual Sustainability Network Conference "Future of Luxury" in 2019

→ +73% participants since 2015

Dedicated Group-level Innovation Department led by an ExCom member since 2016, and creation of an Innovation Committee in 2018

Kering is a leading partner of the Plug and Play – Fashion For Good accelerator

Young Leaders Advisory Group

17 — PARTNERSHIPS

In formation

↘

How to read our performance

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

1. Évaluation de la performance à date par rapport à l'objectif poursuivi pour 2025.

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.

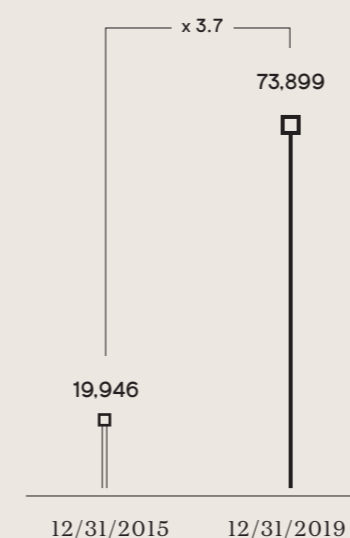
Understanding our dependence and impact on all the resources and all the types of capital essential to our activities is absolutely crucial to our success. Our business model enables us to optimize and exploit in a responsible manner the full potential of the various types of capital we employ – financial, manufacturing, natural, human, social, relational, and intellectual

– to drive sound, balanced, and profitable growth.

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.

GROUP STOCK MARKET CAPITALIZATION

(in €m)



FIND OUT MORE:

2019 Universal Registration Document: Chapter 5, Financial information

FINANCIAL CAPITAL

Kering’s capacity to generate sound, 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 stakeholders¹.

Thanks to these skills, established and recognized by global market players, Kering is able to attract the financial capital necessary for its long-term growth.

	2015 ²	2019	CHANGE
Revenue (in € millions)	7,660	15,884	x2.1 +20% CAGR
Recurring operating income (in € millions)	1,528	4,778	x3.1 +33% CAGR
Recurring operating margin	19.9%	30.1%	> +10 pts

1. See addendum on p.2.

2. 2015 data adjusted for 2019 scope.

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.

Kering makes every effort to establish an open, diverse and stimulating work environment where people can be bold and fully realize their potential through a wide variety of training that is constantly being repurposed. The employee survey conducted by Kering in 2019 was a clear indication of this, with a participation rate of nearly 82%, with 91% of respondents stating that they are proud to work for Kering or one of its Houses.

With some 38,000 employees worldwide, Kering firmly believes that promoting diversity is a source of creativity, enrichment and collective intelligence. The 2019 appointment of a Chief Diversity, Inclusion and Talent Officer at Kering signals a new stage in the Group's determined action, building on the culture of equal opportunity that prevails throughout the Group.

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.

Central to Kering's concerns is the 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 relies on a set of principles, values and standards.

Kering's commitment to human rights is also expressed through the Kering Foundation's initiatives to combat violence against women. In each of the six countries it covers – China, France, Italy,

Mexico, the United Kingdom and the United States – and in its support for local NGOs and social entrepreneurs, the Foundation focuses its work on three priority areas: helping victims of violence by improving the services offered; preventing violence by working with younger generations, specifically young men and adolescent boys; and wide-scale mobilization through campaigns that seek a lasting shift in behavior patterns.

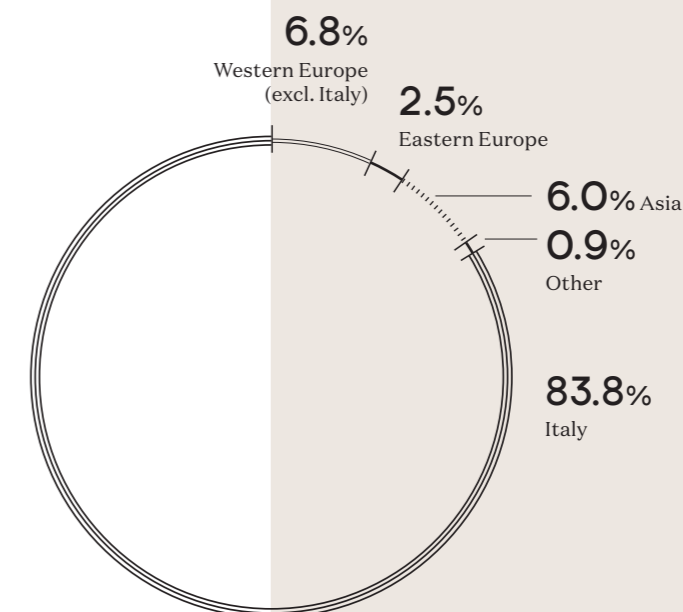
All these actions create a continual basis of trust between Kering, its employees, and all its stakeholders.

PROTECTION OF HUMAN RIGHTS

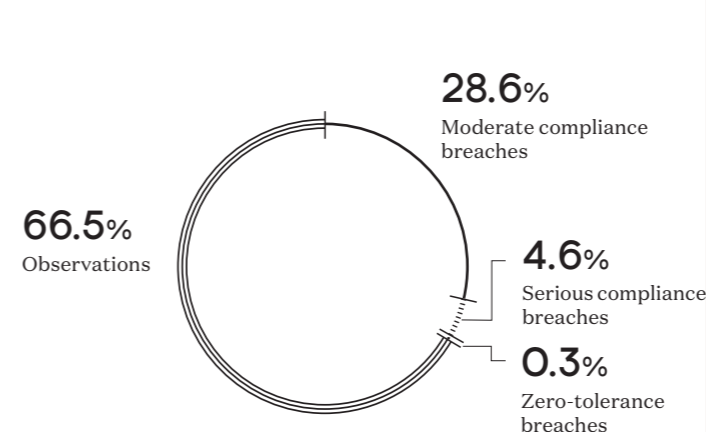
4 Houses are engaged alongside Kering and its partners, the Camera Nazionale della Moda Italiana and Valore D, in programs to develop the skills of female workers in the supply chains of the Italian luxury industry

2 Houses are certified to SA8000 for all their activities

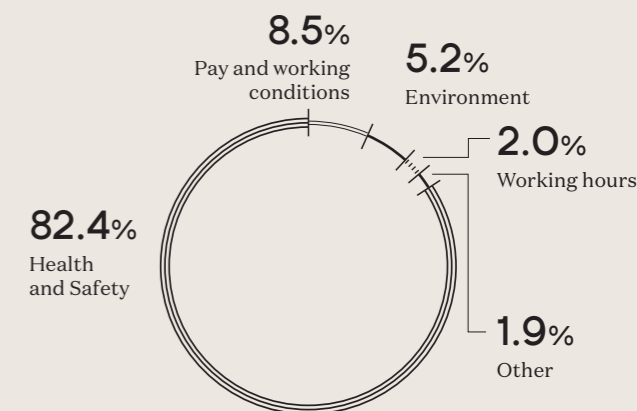
Total respect of human rights is a key priority and central component of Kering's identity. The Group is fully vigilant in combatting child labor, forced labor, human trafficking, and the exploitation of the most vulnerable people. Kering participates in numerous international initiatives to promote human rights, particularly in supply chains, such as the Sustainable Apparel Coalition, the Social and Labor Convergence Project, and the Global Business Coalition Against Human Trafficking (GBCAT). It also conducts many social audits at its thousands of suppliers.



GEOGRAPHICAL BREAKDOWN OF SUPPLIERS



BREAKDOWN BY SEVERITY OF ANOMALIES RECORDED WITHIN THE KERING GROUP AS OF DECEMBER 31, 2019



BREAKDOWN BY THEME OF THE TOP 5 ANOMALIES (EXCLUDING OBSERVATIONS) RECORDED AS OF DECEMBER 31, 2019

NATURAL CAPITAL

The products developed by Kering's Houses and the standard of perfection applied to them mean the Group depends to a great degree on natural raw materials (wool, cashmere, leather, cotton, silk, and so on) 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. The Group thus ensures that its activities can continue within the planet's limits.

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 89% of impacts, of which 74% attributable to the production of raw materials, confirms the relevance of Kering's roadmap for its environmental policy. It also drives the search for disruptive innovations on raw materials and manufacturing processes.

The 2025 objective to reduce its EP&L intensity by 40% has

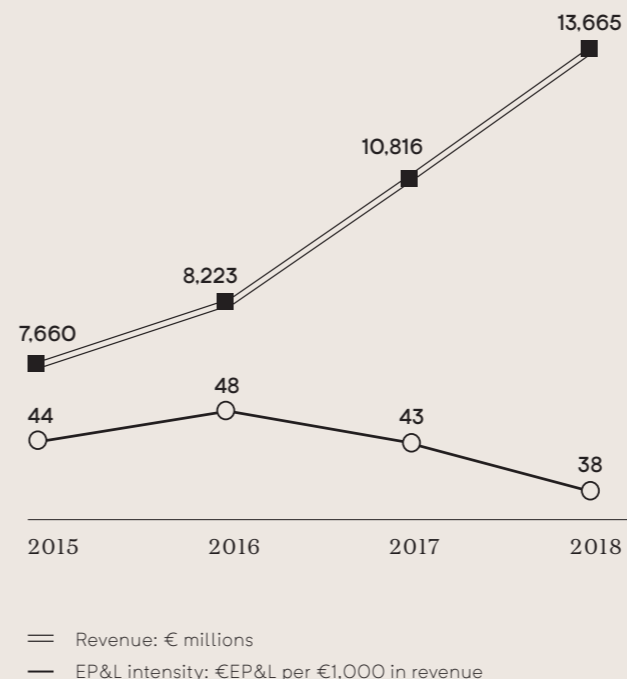
been especially reflected in the Kering Standards, which provide essential guidelines to the Group and all its Houses geared towards reducing the Group's environmental footprint.

In 2019, true to its commitment of transparency, Kering published the results of its 2018 EP&L. The environmental impact of €514 million recorded an increase of nearly 12% on a pro forma basis on 2017. This change is to be seen in the context of the Group's vigorous organic growth. The intensity of environmental impacts has been declining steadily since 2015, in line with the Group's reduction target, with a 14% reduction between 2015 and 2018.

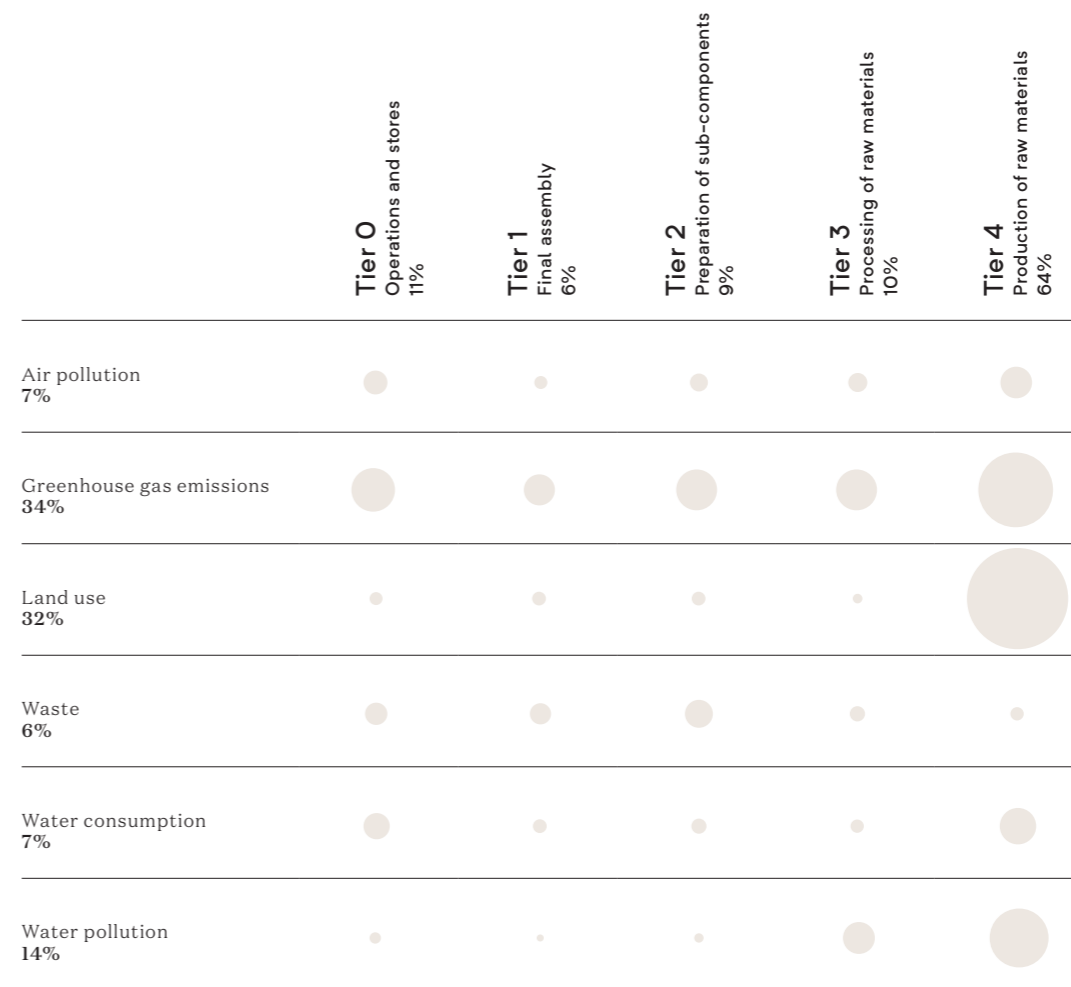
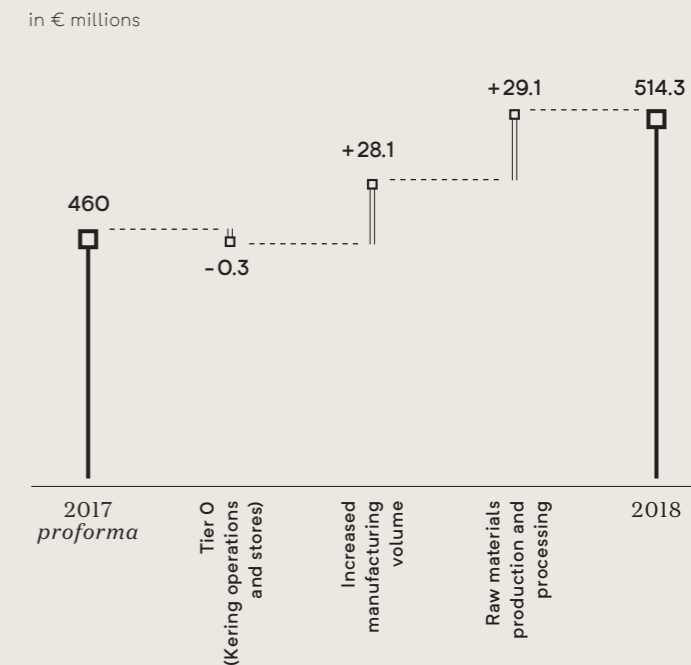
Aware that everyone involved must take action to make a difference, Kering works actively to communicate widely about issues related to natural capital. For this reason, the Group publicly discloses its results, methodology and research work. A new milestone was achieved in 2019 with the Fashion Pact.

Lastly, Kering has been carbon neutral in 2019 by offsetting all remaining annual greenhouse gas (GHG) emissions from its operations and supply chains from 2018 onwards. 2.4 million tons have been offset through REDD+ certified carbon offset programs

REVENUE AND EP&L INTENSITY



MAIN CHANGES BETWEEN 2017 AND 2018



MAPPING OF 2018 IMPACTS

2018 ENVIRONMENTAL PROFIT & LOSS ACCOUNT

ENGAGED GOVERNANCE WITH A LONG-TERM VISION

Kering's governance structure ensures efficient strategic decision making, optimizes the Group's financial and extra-financial performance, and contributes to robust and consistent communication.

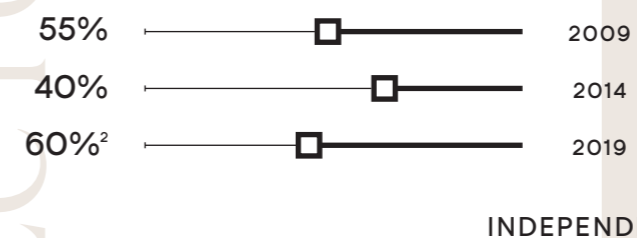
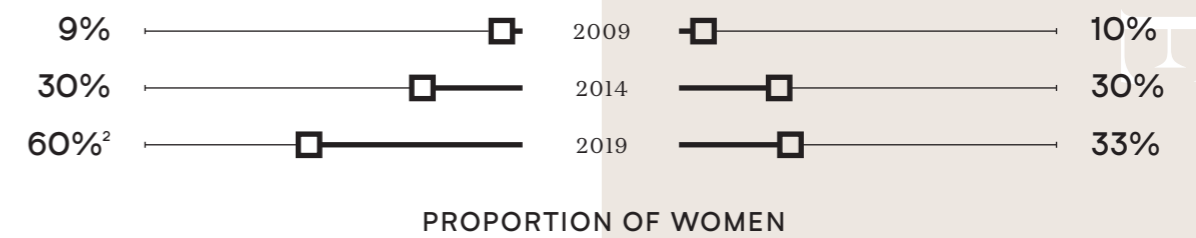
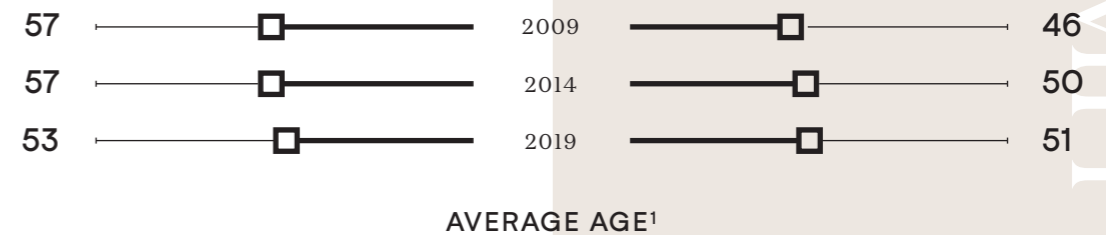
Kering's governance is based on the Board of Directors, which defines strategic direction, and the Executive Committee, which implements the Group's strategy. Kering has opted for the single functions of Chairman of the Board and Chief Executive Officer, considering that this governance approach also responds to the Group's shareholder structure, which includes individual shareholders, a controlling shareholder and an institutional shareholder, all of whom are committed to Kering's long-term development. 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.

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 Executive Committee, the Group's operational management body, reflects Kering's transformation into an integrated group as well as its increasingly internationalized activities. It gives the heads of Kering's activities and major brands the opportunity to participate alongside the senior corporate executives in setting the key strategic direction of the Group.

With 60% of the Board of Directors, 33% of the Executive Committee and 55.1% of managers being women, 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 achieve gender parity and equal pay at all levels of the hierarchy and in all Group functions. Kering published its France 2019 Gender Equality Index for its Corporate entities and Houses in France, with a score of 95 points out of 100 for Kering Corporate (+ 6 points). 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.



BOARD OF DIRECTORS

1. Ages are determined at 12/31 the year of the fiscal year concerned.
2. In accordance with the recommendations of the AFEP-MEDEF Code, these percentages do not include the Director representing employees.

BOARD OF DIRECTORS INITIATIVES TO LEVERAGE KERING'S STRATEGY

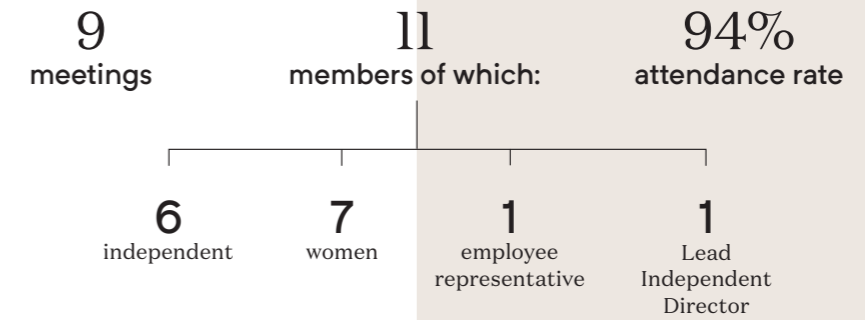
— The Board of Directors determines and assesses Kering's strategic direction, objectives and performance and ensures their implementation. You may find an exhaustive list of the main agenda items for Board meetings held in fiscal 2019 in chapter 4 of the 2019 Universal Registration Document. Further 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.), in particular, the Board of Directors discussed the following items in 2019;

- Approval of the Group's Code of Ethics;
- Proposed offering of bonds exchangeable into existing ordinary shares of PUMA;
- Presentation of the "Kering 2028" financial modeling process;
- etc.

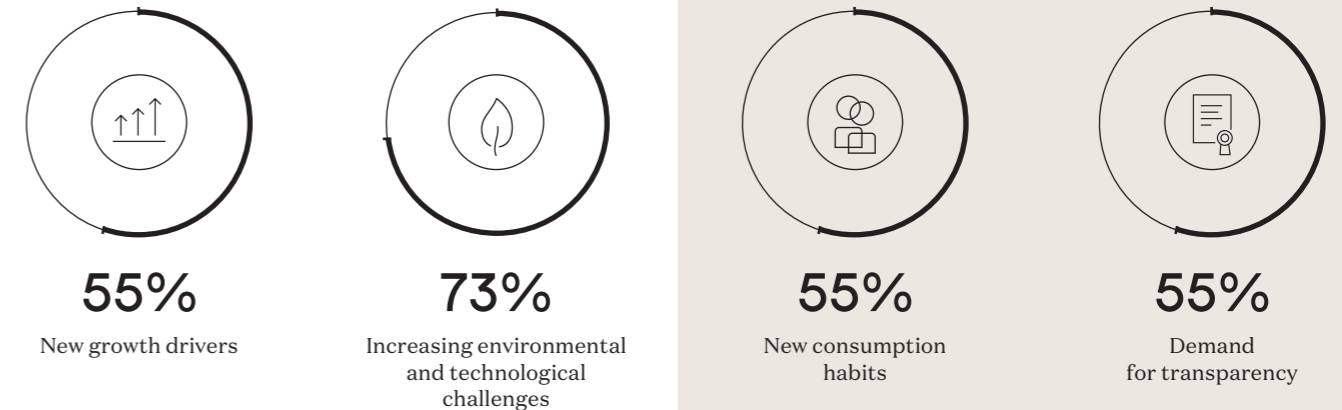
It is also worth noting that in 2019, Kering held its first ESG (Environmental, Social and Governance) roadshow for key investors to present the Group's approach. The event was organized with the assistance of Sophie L'Hélias, the Group's Lead Independent Director, who also attended.

BOARD OF DIRECTORS IN 2019



SKILLS IN LINE WITH MARKET TRENDS

% of members of the Board with the skills in line with the challenges identified in the Luxury industry



FOUR SPECIALIZED COMMITTEES

AUDIT COMMITTEE	REMUNERATION COMMITTEE	APPOINTMENTS AND GOVERNANCE COMMITTEE	SUSTAINABILITY COMMITTEE
5 meetings	6 meetings	1 meeting	1 meeting
95% attendance rate	89% attendance rate	60% attendance rate	100% attendance rate
4 members of which 3 independent	6 members of which 4 independent and 1 representing employees	5 members of which 3 independent	4 members of which 2 independent

FOUR SPECIALIZED COMMITTEES

The Board of Directors has established four specialized committees to improve its functioning: the Audit Committee, the Remuneration Committee, the Appointments and Governance Committee and the Sustainability Committee. Composed of directors whose skills are specifically identified to meet expectations, these committees effectively contribute to preparing the Board of Directors' decisions by issuing recommendations or advisory opinions.

Audit Committee

It reviews the annual and half-year financial statements, ensures the relevance and reliability of accounting methods and the implementation of internal control and risk management procedures. It also examines the work of the Statutory Auditors and their independence, their selection or renewal procedure. Finally, it conducts a review of sustainability and environmental policies.

Remuneration Committee

It examines and makes proposals regarding the remuneration of executive corporate officers, proposes to the Board the method for allocating Directors' fees allocated to the Board by the Annual General Meeting and examines the remuneration policy for executive officers as well as

the remuneration and benefits received or deferred, stock option or free share plan and/or similar benefits.

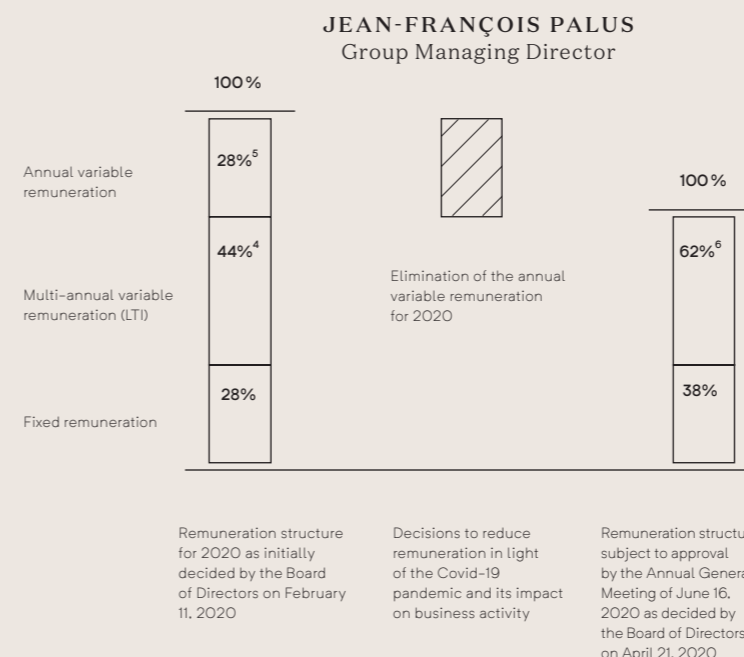
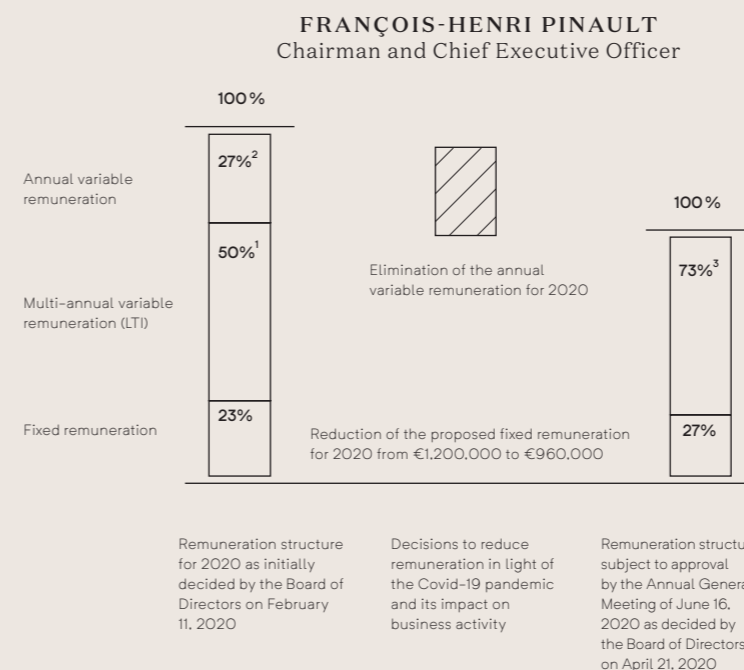
Appointments and Governance Committee

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

Sustainability Committee

It assesses the Group's commitment to ethics, social, environmental and societal responsibility; It also reviews ethical measures, performance and CSR ratings.

REMUNERATION OF THE GROUP'S EXECUTIVE CORPORATE OFFICERS



1. LTI = 100% of the fixed remuneration for the year Y + annual variable remuneration for year Y-1.
 2. Annual variable remuneration: 120% of the fixed remuneration.
 3. LTI = 100% of the fixed remuneration for the year Y of €1,200,000 + effective annual variable remuneration for the year Y-1.
 4. LTI = 80% of the fixed remuneration for the year Y + annual variable remuneration for Y-1.
 5. Annual variable remuneration: 100% of the fixed remuneration
 6. LTI = 80% of the fixed remuneration for the year Y of €1,200,000 + effective annual variable remuneration for the year Y-1.

The remuneration of executive corporate officers includes a fixed and a variable portion, determined and approved by the Board of Directors each year, based on recommendations from the Remuneration Committee and in accordance with the recommendations of the AFEP-MEDEF Code and the AMF (French Financial Markets' Authority).

In line with the Group's long-term vision and the interests of its shareholders, the remuneration structure for executive corporate officers would continue to comprise three components:

- Fixed remuneration;
- Annual variable remuneration based on the achievement of financial (70%) and non-financial (30%) targets (including organization and talent management: 10%, corporate social responsibility: 10%, sustainability: 10%);
- Multi-annual variable remuneration based on the Group's long-term performance.

In light of the Covid-19 pandemic and its impact on business activity, and following the decisions taken by the Chairman and Chief Executive Officer and the Group Managing Director, an amendment was agreed in respect of fiscal 2020 concerning executive corporate officers' remuneration policy during the Board of Directors' meeting held on April 21, 2020. On the one hand, the proposed 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 for the Group Managing Director has been eliminated.

For 2020, the remuneration structure for the executive corporate officers will therefore comprise two components instead of three: fixed remuneration and multi-annual variable remuneration, subject to approval at Kering's Annual General Meeting to be held on June 16, 2020.

As a participant in the UN Global Compact since 2008, Kering contributes to the Sustainable Development Goals (SDGs) in each stage.



In light of the Group's activities, it directly addresses 7 of the 17 SDGs



SDG 3
Good Health
and Well-
Being



SDG 5
Gender
Equality



SDG 6
Clean Water
and
Sanitation



SDG 8
Decent
Work and
Economic
Growth



SDG 12
Responsible
Consumption
and Production



SDG 13
Climate Action



ODD 15
Life on Land

Value chain

From creation to the customer experience, all Kering's Houses are focused on five key stages of value creation.

A chain of actors crafting tomorrow's Luxury – p. 58
 Exceptional craftsmanship – p. 60
 Stage 1: Creation – p. 62
 Stage 2: Development – p. 66
 Stage 3: Production – p. 70
 Stage 4: Sales and marketing – p. 74
 Stage 5: Customer experience – p. 78
 Our value creation model - p. 82

EXCEPTIONAL CRAFTSMANSHIP TO GIVE LIFE TO THE CREATIVE VISION

READY-TO-WEAR

Made by the tailor's refined and expert hands, each item of clothing creates a perfect silhouette.



Weight of revenue

3,800
fabrics classified
in the MIL¹



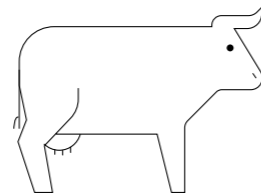
LEATHER GOODS AND SHOES

Cut, shaped, and stitched by the artisan, the leather offers a delicate balance between durability, elegance and softness.



Weight of revenue

90%
in leather
traceability



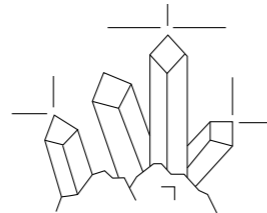
WATCHES AND JEWELRY

Inspired by the most precious materials, striking a balance between a long list of constraints: transforming a design into a work of art, making the metal and stones ethereal, combining precision and esthetics, ensuring beauty from every perspective.



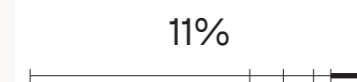
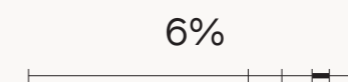
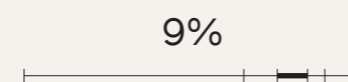
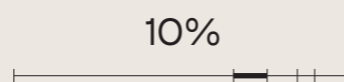
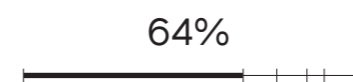
Weight of revenue

100%
responsible gold



MAPPING OF ENVIRONMENTAL IMPACTS (EP&L):

1. Materials Innovation Lab



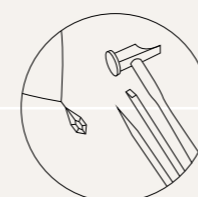
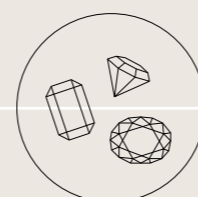
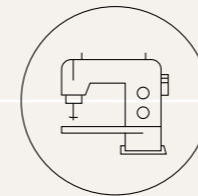
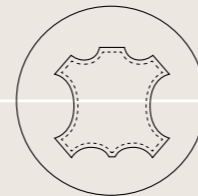
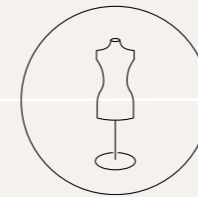
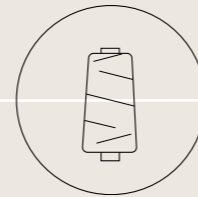
A CREATIVE VISION
and exceptional quality
standards that guide the
selection of raw materials

**PROGRESSIVE
TRANSFORMATION**
of materials

A FIT AND FINISH
by craftsmen with unique
expertise

EXCEPTIONAL PIECES
in all product categories

THE BOUTIQUE.
the setting reflecting
the world of each House



22 stages and
220 hours of
craftsmanship to make
a suit by Brioni

96
hours to make
a *cabat intrecciato*
by Bottega Veneta

2 700
hours of work to create
the *Flocon impérial*
necklace by Boucheron

- NGOs and civil society
- ////// Financial community
- ~~~~~ Competitors
- ||||| Innovation players
- ===== Creative talent and excellence in craftsmanship
- ===== Local communities
- ◇◇◇◇◇ Suppliers and Subcontractors
- ===== Customers and consumers
- ===== Shareholders



THE STAKEHOLDERS WITH WHOM WE INTERACT

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: clients, 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.

An integrated value chain

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 our stakeholders

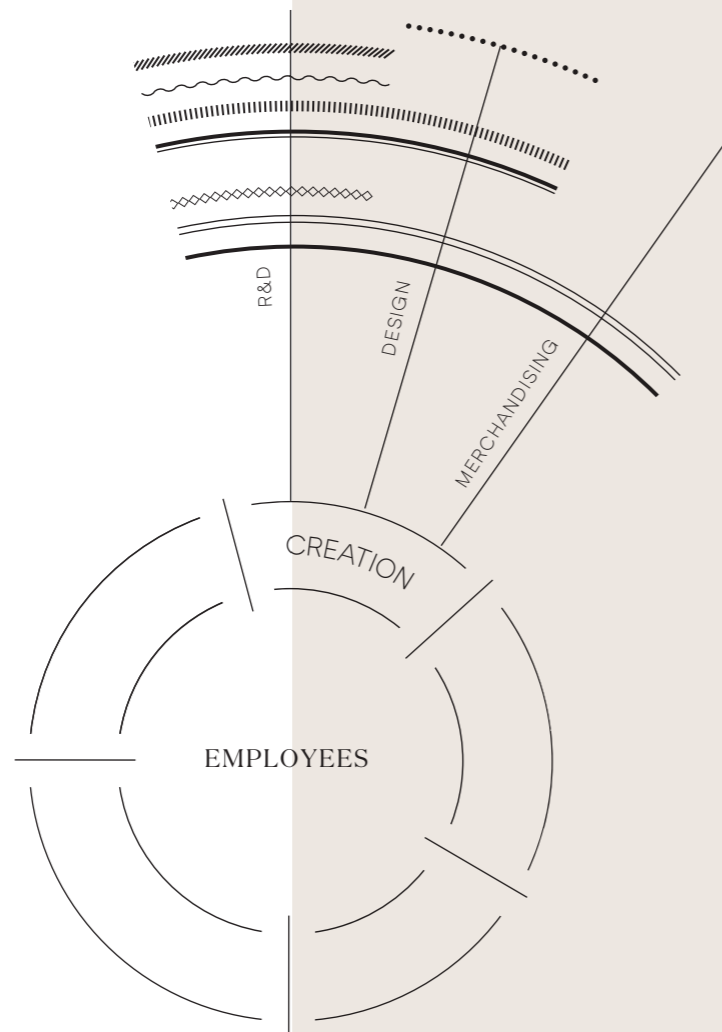
Convinced that only mobilization and the mutual enhancement of these actors enable disruptive innovations to promote a more sustainable Luxury, Kering is committed to fostering dialogue and interactions with and between its stakeholders. As an example, the Group is undertaking some of its R&D programs jointly with its suppliers and research institutes that include the Hong Kong Research Institute of Textile and Apparel.

Kering also 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

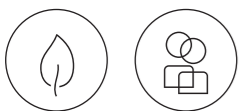
opensource, a major breakthrough for implementing a sustainable business model.

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

- NGOs and civil society
- ////// Financial community
- ~~~~~ Competitors
- ||||| Innovation players
- ===== Creative talent and excellence in craftsmanship
- ===== Local communities
- ◇◇◇◇◇ Suppliers and Subcontractors
- ===== Customers and consumers
- ===== Shareholders



MARKET TRENDS ASSOCIATED WITH THE STAGE



OUR CONTRIBUTION TO THE SDGS



SDG 12

SDG 13

STAGE 1: CREATION

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 anticipate and respond to consumers' constantly changing expectations. The Group supports the Houses' creative leadership, ensuring the collections are successful and have strong commercial appeal.

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.

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. It is therefore essential to identify talented individuals, to attract and retain them, and to develop their skills.

Organic growth

Kering's powerful business model and ambitious human resources policy enable it to anticipate luxury trends and thus make creation a growth driver:

- CEO-Designer-Merchandiser, a three-member team that guarantees excellent management along with bold creativity and an always-balanced and innovative product range;
- A space of expression and creative codes specific to each House defining a unique aesthetic implemented across all the supports thereby affirming their distinctive positioning;
- A team of employees with exceptional know-how and constant tracking of market trends (trade shows, trends forecasting agencies, consumer studies, etc.).

Synergies

Besides providing the Houses with pooled services, Kering keeps up a

Creativity is the source of our operational and financial performance, outperforming the luxury industry with exceptional results for Gucci, Saint Laurent and Balenciaga and a remarkable performance from Kering's other Houses:

- Further increase in revenue at Gucci (+13.3% on a comparable basis), across the various segments, regions and consumer groups, thanks to the successful integration of Alessandro Michele's creative narrative at Gucci;
- Continued success in all categories at Saint Laurent, which passed the €2 billion revenue mark, with outstanding growth of 14.4% on a comparable basis;
- Extraordinary response for first collection and fashion show launched by Daniel Lee, Bottega Veneta's Creative Director who arrived at the helm in November 2018;
- Solid performance in Jewelry and second consecutive year of growth for watch brands; increase of more than 17.8% (on a comparable basis) in the consolidated revenue of Kering Eyewear, which manages all the Group's

permanent dialogue with the creative world:

- Strategic know-how and expertise secured through partnerships and training initiatives, in particular for future designers;
- Implementation of the EP&L, a management tool provided for all the Houses for analyzing as of the design phase the impact of the materials they use in their products;
- Launch of dedicated sustainable innovation structures: a Materials Innovation Lab (MIL), which offers brand design teams a pool of sustainable and innovative materials and a Sustainable Innovation Lab (SIL) dedicated to Watches and Jewelry.

Eyewear activities, including Balenciaga, Courrèges and Montblanc brands since 2018;

- This bold vision is recognized by the creative world, as several of the Group's Houses and designers have received awards. Among the laureates are Saint Laurent, Alessandro Michele for Gucci, Demna Gvasalia for Balenciaga, and Sarah Burton for Alexander McQueen;
- SELF, Saint Laurent's multifaceted creative initiative, involving artists that include Daido Moriyama, Vanessa Beecroft and Bret Easton Ellis in addition to film directors Gaspard Noé and Wong Kar Wai;
- Accelerated initiatives with new innovation players, in a partnership with Fashion For Good, organization of K Generation Award in China Plug and Play innovation platform and the launch of Hack to Act, the first hackathon dedicated to fashion and sustainable luxury.

**BALENCIAGA.
A NEW REVOLUTION**

Since the arrival of Demna Gvasalia as Artistic Director in 2015, Balenciaga has delivered astounding growth. Gvasalia has embraced the values of the House and its founder, developing them in harmony with contemporary trends. Balenciaga collections are firmly rooted in the present.

They offer us revolution in their display of innovative volumes and techniques and striking silhouettes combining creativity with a pragmatic vision.

BALENCIAGA'S COLLECTION IS REINVENTED EVERY SEASON. GVASALIA PRESENTS A HIGHLY CONTEMPORARY WARDROBE OF REALISM IMBUED WITH THE ATTITUDE OF THE HOUSE'S HAUTE COUTURE, COUPLED WITH MASTERFUL TECHNIQUES AND A STYLE BEFITTING OF THE EPONYMOUS FOUNDER. BALENCIAGA'S DECIDEDLY AVANT-GARDE APPROACH AND PRAGMATIC VISION FOR LUXURY MAKE IT ONE OF THE MOST DESIRABLE FASHION HOUSES:

- The House's codes are reinterpreted through the lens of modern society, echoing the aspirations of younger generations as well as creative and artistic people with a penchant for Luxury;
- For each show, Gvasalia creates and reinvents unique and fully immersive and sensory experiences, thereby harnessing innovation for the fashion world;
- Fashion is responsible, reflecting a desire to identify, underscore and express major issues facing our society;
- In addition, Gvasalia defined the brand's creative expression in the digital realm on social networks and via an e-commerce platform available in over 100 countries;
- Creative innovation capabilities, as seen in the clothes made using 3D prototyping techniques.

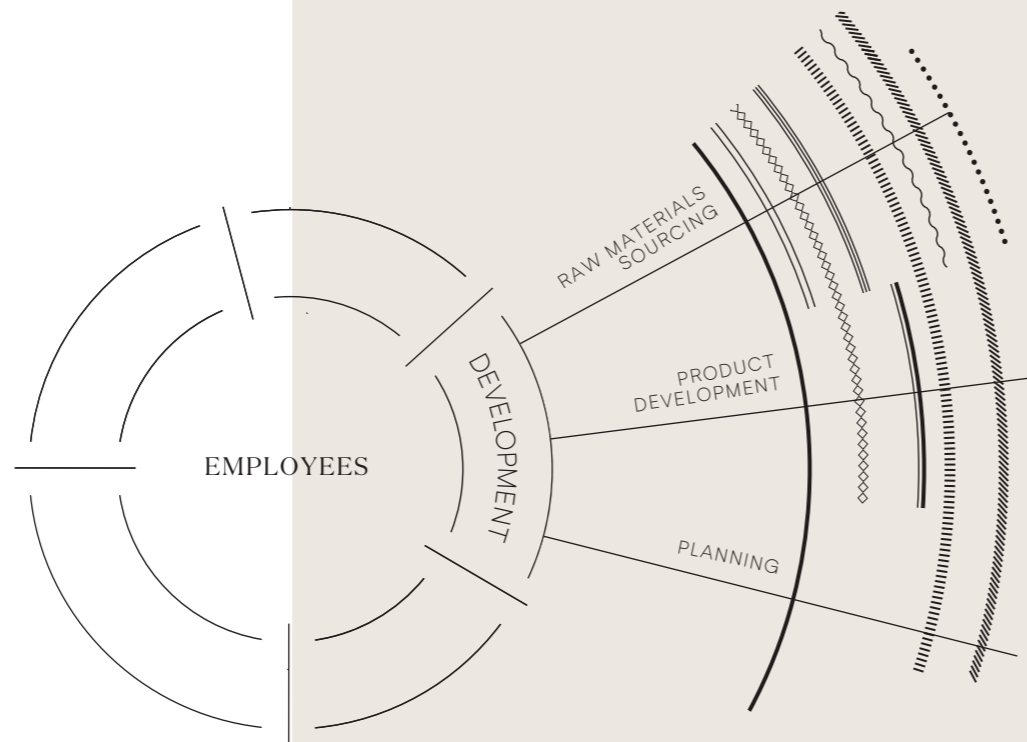
REMARKABLE GROWTH DRIVEN BY RESOUNDING COMMERCIAL AND CRITICAL SUCCESS AND ACCLAIM EARNED FROM YOUNG CITY-DWELLERS AND ARTY, CREATIVE AUDIENCES

- One of the highest growth rates in the Luxury industry:
 - In 2019, the House achieved revenue above €1 billion;
 - A go-to brand for Millennials, accounting for nearly 60% in sales;
 - Critically acclaimed sneakers that have become iconic, including the Speed Trainer and Triple S, a model that epitomizes the chunky luxury sneaker. Added to this is Balenciaga's success in leather goods, as with its Hourglass collection;
 - The House's Instagram account has more than 11 million followers;
- Exclusive and responsible collections aimed at major issues facing our society. For instance, Balenciaga partnered up with Farfetch and the International Union for Conservation of Nature (IUCN) to help protect endangered animal species. The House also supported the World Food Programme (WFP), drawing attention to a recent spike in world hunger. To support the humanitarian agency, Balenciaga produced a line of clothing and accessories with a portion of the proceeds going to WFP;
- Continued recognition of Demna Gvasalia's creative talent and Balenciaga's resurgence:
 - Demna Gvasalia won the BAP's Creative Spirit Award in New York In 2019, the 2017 CFDA's International Designer of the year award, also in New York and the International Ready-to-Wear Designer award at The Fashion Awards in London in 2016;
 - Balenciaga has been in the Lyst Index's top 3 brands since 2018 (2nd in Q3 2019, 3rd in Q2 2019).
- Announced reintroduction of Haute Couture to better connect the House's contemporary creative vision and original craftsmanship, creating an unexplored mode of creative freedom and a platform for innovation. Balenciaga will establish a dedicated team and atelier replicating the original salons at the brand's historical address.

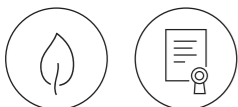
FIND OUT MORE

2019 Universal Registration Document:
Chapter 2. Group activities
2019 Activity report
Website: The Balenciaga brand

- NGOs and civil society
- ////// Financial community
- ~~~~~ Competitors
- ||||| Innovation players
- ===== Creative talent and excellence in craftsmanship
- ===== Local communities
- ◇◇◇◇◇ Suppliers and Subcontractors
- ===== Customers and consumers
- ===== Shareholders



MARKET TRENDS ASSOCIATED WITH THE STAGE



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 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 extraction, production, and initial transformation of raw materials and to be a catalyst of positive trends and innovations.

Product quality and safety, consumer health

The products of the Houses must combine distinctive appeal and impeccable quality. The materials and the way they are extracted and processed are the subject of a specific policy to ensure that they comply with Kering's high standards.

Ethics and global governance

Kering's reputation and its media coverage must reflect the outstanding quality of its products, its exemplary practices, and the robustness of its results so that consumers' perception of the Group is as fair as possible.

Human rights and fundamental freedoms

Given the diversity of its subcontractors and the type of certain materials used, such as gold, Kering ensures that all its suppliers adhere to the Group's supplier charter and the Kering Standards and enhances the traceability of its sourcing.

Raw materials scarcity, quality and biodiversity

The scarcity of resources and price volatility of the raw materials used by the Houses have become a key issue for Kering. In addition, biodiversity loss may threaten - or even already threatens - the production of raw materials.

Organic growth

To deal with these risks and seize opportunities, Kering capitalizes on its assets, which include operational excellence and a robust, high-quality supply chain:

- A combination of actions ensures the Group’s products are of the highest quality: certification of products to quality and safety standards, selection of suppliers following a technical audit and their agreement to the Supplier Charter in the Code of Ethics, and crisis management units for products, among others;
- Sustainable and responsible sourcing while maintaining margins and guaranteeing that materials meet the highest quality standards.

Synergies

Kering provides its brands every day with the benefits of a powerful and integrated value chain:

- Strong upstream positioning in the value chain, notably through targeted acquisitions;
- Actions to strengthen the resilience of its supply chains such as the implementation of the Kering standards.

FIND OUT MORE

2019 Universal Registration Document: Chapter 3. Sustainability

Website: Kering Standards

Website: 2025 strategy

KERING’S ANIMAL WELFARE STANDARDS: AN INDUSTRY FIRST

The Kering Standards are intended to ensure the long-term success of our activities by promoting sustainable growth through the uniform implementation of the Sustainability Strategy in all the Group’s Houses, through a common foundation of best practices in the areas of raw material sourcing (leather, precious skins, wool, cotton, diamonds, etc.) and manufacturing processes (tanning, metal refining, etc.). There are five key areas: environmental impact, social impact, animal welfare, traceability and chemicals. Supported by ambitious objectives, the standards are one of the key levers for achieving a reduction of 40% in Kering’s EP&L by 2025.

IN 2019, KERING PUBLISHED ITS ANIMAL WELFARE STANDARDS, THE FIRST EVER BODY OF GUIDELINES ADDRESSING ANIMAL WELFARE IN THE WORLD OF LUXURY AND FASHION, AIMED AT ENSURING THE BEST TREATMENT FOR ANIMALS THROUGHOUT THE GROUP’S SUPPLY CHAIN:

- The standards are structured in Bronze, Silver and Gold levels to provide clear guidance on critical compliance;
 - Ensured strict compliance with the standards in this regard, and first and foremost with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) for the trade of precious skins;
 - Expanded scope of first standards for all animal species that make up the supply chain across the globe in the luxury industry;
 - Detailed individual Standards for cattle, calves, sheep and goats throughout their lives, as well as guidelines for slaughterhouses (prohibition of feedlots and intensive farming in favor of pasture-rearing, promotion of regenerative grazing and avoidance of “food competition” with sources of human nutrition, strict limitations on transportation, etc.);
 - Developed over three years with input from animal welfare experts, farmers and herders, scientists and NGOs;
 - Checking supply chain practices comply with pilot projects with strategic suppliers and the adoption of audit protocols.
- Moreover, Kering continues to roll out the Kering Standards across all of its activities, in its Houses, with support from the Materials Innovation Lab (MIL) and teams from headquarters, working closely with the agri-food industry.

- 2012 — FORMALIZED FIRST RESPONSIBLE SOURCING GUIDELINES
- 2017 — REVIEWED AND EXPANDED SCOPE OF GUIDELINES AS PART OF 2025 SUSTAINABILITY STRATEGY. CREATING THE KERING STANDARDS
- 2018 — PUBLISHED THE KERING STANDARDS ON WEBSITE
- 2019 — INCORPORATED FOUR NEW RAW MATERIALS
 - PUBLISHED KERING ANIMAL WELFARE STANDARDS
- 2025 — TARGETS: 100% OF KEY RAW MATERIALS TRACEABLE AND 100% IN COMPLIANCE WITH THE KERING STANDARDS

KERING CONTINUES TO MAKE PROGRESS TOWARDS ACHIEVING ITS 2025 TARGETS:

TARGET: 100% ALIGNMENT OF KEY RAW MATERIALS WITH KERING STANDARDS.

68 %
alignment in 2018.

TARGET: 100% OF KEY RAW MATERIALS TO BE TRACEABLE BACK TO THEIR COUNTRY OF ORIGIN.

88 %
Traceability in 2018.

- First audits conducted on animal welfare standards: 90% of alligator skin purchases by the Group’s tanneries from farms audited this year;
- 70% cumulative rate of coverage of tanneries’ purchases of exotic skins by third-party audits;
- 4,400+ employees trained on the Kering Standards via e-learning;
- Standards for luxury industry upscaled and multiple party initiatives.

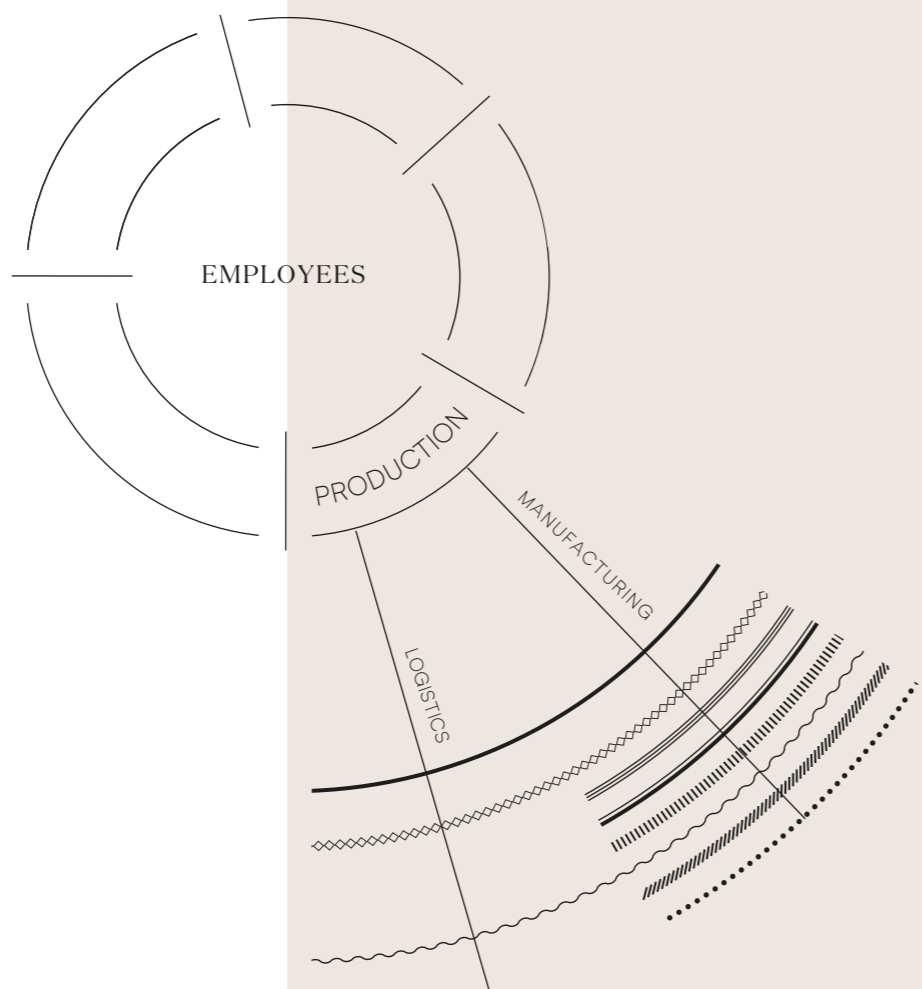
Two key reasons for the Group’s solid results are its excellent operational organization and its planning:

- Upgrading the supply chain, and increasing the internalization of product development and production processes;
- Shared ready-to-wear prototyping and development of shared sourcing platforms to purchase Fairmined-certified gold, in particular:
 - Two tons of responsible gold purchased in 2019 bringing the volume of responsible gold purchased to more than five metric tons since the platform’s launch;
 - In 2019, Gucci, Bottega Veneta, Pomellato, DoDo, Qeelin and Boucheron used responsible gold for all of their Jewelry, as did Girard-Perregaux and Ulysse Nardin for their Watches;
- More precise traceability and closer collaboration with suppliers combined with compliance with best practices and standards enabling the

Group to make big strides toward the achievement of its 2025 targets;

- Extension of the Kering Standards’ coverage in 2019 for key raw materials sourcing and manufacturing processes:
 - Publication of specific animal welfare standards;
 - Incorporation of four new raw materials (silk, synthetic fibers, colored gemstones and silver);
 - Implementation of several pilot projects to ensure traceability from the farm to the consumer, covering cotton, leather, and precious skins, using blockchain technology and forensic science methods;
- 2.4 million tons of CO₂ offset from projects supporting local populations and biodiversity thanks to support from REDD+ carbon offset programs.

- NGOs and civil society
- /////// Financial community
- ~~~~~ Competitors
- ||||| Innovation players
- ===== Creative talent and excellence in craftsmanship
- ===== Local communities
- ◇◇◇◇◇ Suppliers and Subcontractors
- ===== Customers and consumers
- ===== Shareholders



MARKET TRENDS ASSOCIATED WITH THE STAGE



OUR CONTRIBUTION TO THE SDGS



SDG 6



SDG 8



SDG 13

STAGE 3 — PRODUCTION: QUALITY OF EXECUTION GUARANTEEING EXCEPTIONAL PRODUCTS

This is the stage at which dedicated craftsmen 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 knowhow. The Houses' capacity to satisfy their clients' 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

The protection of human rights and fundamental freedoms is a key commitment, taken to the highest level of the company. 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 this way, it preserves its reputation and that of its brands.

Intellectual property protection

The Group possesses a very large portfolio of famous brands and domain names along with know-how and production methods that belong to it. Preserving and protecting Kering's exceptional heritage against counterfeiting and parallel distribution is one of the Group's top priorities.

Organic growth

Kering has implemented processes to guard against reputational and product quality risks:

- Implementation of operational and technical support along with a set of actions to ensure product quality such as controls by engineers and certified laboratories throughout the production process and logistics for recalling defective products;
- Dissemination of a culture of ethics and integrity internally and externally, supported by the Group's Code of Ethics, its alert system and its compliance plan.

Synergies

In addition to joint sourcing, key activities are pooled at the Group level to optimize the impact of operations and enable the sharing and development of technical skills and industrial capacities along with implementation of relevant vertical integration:

- We completely restructured our logistics activities, using the latest

Kering's results are highly dependent on the quality of its operations. Every year, the Group acquires greater efficiency and expertise while improving its performance through:

- Launching an ambitious project impacting our IT systems, supply chain and logistics. As a result, the Group's brands will be in a better position to anticipate demand, respond more quickly and adapt inventory management to optimize costs, thereby reducing the environmental impact of their operations;
 - Constructing new warehouses in the United States;
- Targeted investments to preserve the artisanal know-how required to achieve the highest quality standards and ensure the continuity of key professions;

technologies, in order to meet the Luxury Houses' new needs in terms of volumes, lead time and omni-channel integration, catering for greater storage capacity and interconnectivity with the main transportation hubs;

- Particular attention is paid to protecting the Group's know-how, products, and property (including a policy to combat counterfeiting and legal resources at the regional (Asia, Americas, Europe), local, and corporate levels);
- Stronger positioning upstream in the luxury value chain through the targeted acquisition of tanneries to secure supplies of raw materials;
- Schools to train highly qualified young artisans (Gucci's École de l'Amour, Brioni's Scuola di Alta Sartoria, Bottega Veneta's Scuola dei Maestri Pellettieri);
- Integration of sustainability at every level of the Group and its Houses by instilling a common culture of responsibility.

- Our Houses' initiatives to raise awareness about the risks of modern slavery, following the training course provided by Alexander McQueen. The training was aimed at employees working in production and product development;
- Compliance with the Code of Ethics, notably through 3,441 social audits conducted at the Houses' suppliers in 2019;
- More than 60,000 third-party due diligence procedures conducted as part of the Group's Anti-Corruption Policy.

FIND OUT MORE

- 2019 Universal Registration Document: Chapter 2. Our activities
- 2019 Activity Report
- Website: The Gucci House
- Gucci website

GUCCI ARTLAB: A NEW FRONTIER OF BUSINESS SUCCESS AND CREATIVITY

Over the past four years, Gucci has developed a unique competitive advantage within the luxury sector. By placing creativity, inclusivity and self-expression at the center of all its collections and business activities, the Italian house has redefined luxury for the modern day. At the heart of this vision lies the unique, romantic, eclectic creative energy of Gucci's talented designer, Alessandro Michele.

UNVEILED IN APRIL 2018, THE GUCCI ARTLAB IS A PROGRESSIVE CENTER FOR PROTOTYPING AND R&D FOCUSED ON ALL ASPECTS OF DESIGN AND MANUFACTURING FOR LEATHER GOODS AND SHOES. ESTABLISHED CLOSE TO THE HOUSE HISTORIC HQ, THIS STATE-OF-THE-ART FACILITY IS A TESTAMENT TO GUCCI'S COMMITMENT TO THE VALUES OF CREATIVITY, ARTISANAL CRAFTSMANSHIP, INNOVATION, AND SUSTAINABILITY:

- 37,000 sq. ft innovation hub close to Florence with over 950 employees equipped with the latest technology;
- A site promoting the creative emulation of the House's experimental spirit: prototyping, sampling, scientific research and testing, as well as the development of materials and forms;
- The perfect expression of the culture developed and nurtured within Gucci, dedicated to the preservation and learning of skills and techniques, a laboratory of ideas thanks to the École de l'Amour education program, that includes:
 - A craftsmanship school (Scuola dei mestieri), offering a six-month program to train students to professional standards;
 - A factory school (Scuola di fabbrica), training technical production operators; and
 - A technical academy, designed to provide all employees with product knowledge training in a flexible way that is aligned with their needs;
- Representing one of the most important milestones in Gucci's history, as well as one of Italy's most significant industrial investments in 2018;
- A center characteristic of Gucci's approach of excellence and innovation focused on vertical integration and reduced delivery times.

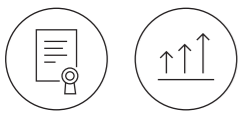
THE GOAL OF THIS EXPERIMENTAL LAB IS TO FACILITATE THE REALIZATION OF THE REVOLUTIONARY AESTHETIC OF GUCCI'S CREATIVE DIRECTOR ALESSANDRO MICHELE. BY RAPIDLY GIVING FORM TO HOUSE'S CREATIONS, ARTLAB HAS QUICKLY BECOME AN IMPORTANT DRIVER OF GUCCI'S EXCEPTIONAL GROWTH:

- The first hub in the Luxury industry that brings together all prototyping and R&D activities for both shoes and leather goods in the same location, thereby optimizing the exchange of expertise and best practices fostering synergies and integrated processes;
- An unbridled creativity is even reflected through striking murals on Artlab's exterior, decorated by artists who have recently collaborated with Gucci: Unskilled Worker, Ignasi Monreal, Angelica Hicks, Coco Capitan;
- All the Gucci shoes and leather goods are prototyped at Artlab;
- A business based on creativity and emotion, yielding an additional €1.3 billion revenue in 2019 to over €9 billion, a remarkable performance as Gucci has more than doubled its sales since 2016;
- Universal acclaim for Alessandro Michele's unique comprehensive reinvention of Gucci's historical codes and symbols, combined with his contemporary sensibility.

- NGOs and civil society
- ////// Financial community
- ~~~~~ Competitors
- ||||| Innovation players
- ==== Creative talent and excellence in craftsmanship
- ==== Local communities
- ◇◇◇◇◇ Suppliers and Subcontractors
- ==== Customers and consumers
- ==== Shareholders



MARKET TRENDS ASSOCIATED WITH THE STAGE



OUR CONTRIBUTION TO THE SDGS



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 travel retail 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 keeping alive the dreams and emotions inspired by their exceptional products.

CONTEXT

Kering's luxury paradigm and business model

Kering's appeal is closely related to the image conveyed through its distribution network, since this network is the point of contact between the Group and its customer.

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.

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 as well as strategic locations, as well as supervising construction/renovation projects.

Macro-economy and geopolitics

Kering's international scope means its activities are exposed to changes in the economic, regulatory, social or political environment that may affect consumer demand.

In this respect, early 2020 has been marked by the emergence of the Covid-19 virus. Albeit initially limited to China, the epidemic has since spread across the globe, and is now affecting business at the Group's boutiques in its main markets, as well as its production activities in Italy following the measures taken by the Italian government in March. As the situation currently stands, the Group has limited visibility of the consequences of this health crisis on

its performance. Should you require additional information, please refer to the Group's regulated information published on its website (in the Finance section, under "Regulated Information"). Specifically, you may consult the information published between March 20 and April 21 and the amendment to Kering's 2019 Universal Registration Document, issued on April 30, 2020.

Organic growth

The unique distribution network that Kering has developed for its Houses creates an extraordinary customer experience:

- Selective approach to characterize the directly operated store network to ensure the creative vision and identity of each House are preserved, with secondary support from an indirect sales network;
- Internalization of the e-commerce activities of the Couture and Leather Goods Houses from 2020 to become part of an integrated approach between physical and online shops, a source of unique, personalized and authentic experiences;
- A geographically balanced distribution network to enable organic growth despite any macroeconomic instabilities;
- Targeted investments to transform points of sale: quality of the reception, improvement of the network's operational execution and environmental footprint; adaptation according to changing market trends

and expectations of the international clientele;

- Targeted store openings in growth markets as well as renovation and expansion work;

Synergies

The wide scope and quality of Kering's services enable all the Houses to meet the highest standards and to market unique offerings:

- Kering's policy of responsibility extended to stores, with improvement of their environmental profile and energy efficiency (LED lighting systems, the Smart Sustainable Store guide, the NUS system for managing energy bills, etc.);
- Shared services offered by the Group for media buying and property operations;
- Deployment of new expertise such as artificial intelligence to place the client at the heart of Kering's digital ecosystem;
- Creation of an e-commerce center of excellence at Group level.

activities in H1 2020;

- Strong network coupled with an effective marketing strategy that anticipates the expectations and desires of the Houses' clients;
- As of 2020, Kering has undertaken that its Houses will only hire models aged over 18 for adult fashion shows and photo sessions;
- A set of initiatives to optimize distribution: improvement of the criteria used to effectively allocate products by region and type; redefinition of the ranges as well as the depth and breadth of the offering, etc.

FIND OUT MORE: 2019 Universal Registration Document: Chapter 1. Kering at a glance; Chapter 2. Group activities; Chapter 5. Financial information

A STRONG DIRECTLY OPERATED STORE NETWORK REFLECTING THE UNIVERSE OF EACH HOUSE

For Kering, a store is not just a place where products are sold; it is an exceptional showcase where the identity and history of each House is expressed, a special place where a dialogue is engaged with all its clients and civil society. The selective development of directly operated store (DOS) network increases the desirability and dynamism of each House and offers the possibility of reinventing the client experience while bringing the brands and their clients closer together.

KERING ASSISTS ITS HOUSES IN EXPANDING AND RENOVATING THEIR DIRECTLY OPERATED STORE NETWORKS, THEREBY HELPING THEM TO INCREASE THEIR SALES:

- Continuous success of Gucci stores developed or converted to the new store concept;
- Opening by Saint Laurent of 28 directly operated stores worldwide, in both emerging and more mature markets, first flagship stores in Shanghai and Beijing;
- Bottega Veneta focused on reinforcing its existing retail network and continued to enhance its boutiques, through both refurbishments and expansions to offer an unparalleled and elevated customer experience.

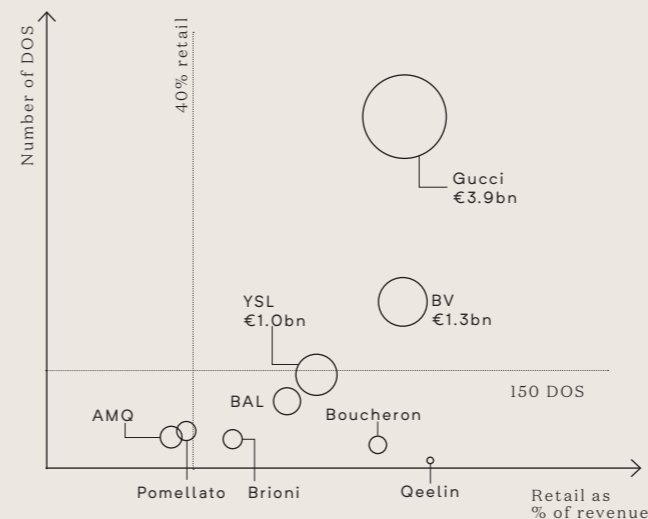
THE STRATEGY IN TERMS OF DIRECTLY OPERATED DISTRIBUTION NETWORK WAS A SUCCESS IN 2019:

- Improvement of the Houses' sales performance;
- Development of synergies between brick-and-mortar and online stores with cross-channel services. These include checking the online availability of articles in stores, buying online, click and collect service, reserving-reservation, etc.;
- 100% increase in sales per m² in Gucci stores since 2015, to more than €40,000/m²;
- Benefits in terms of an improved energy profile, energy savings, and lower costs for the Houses.

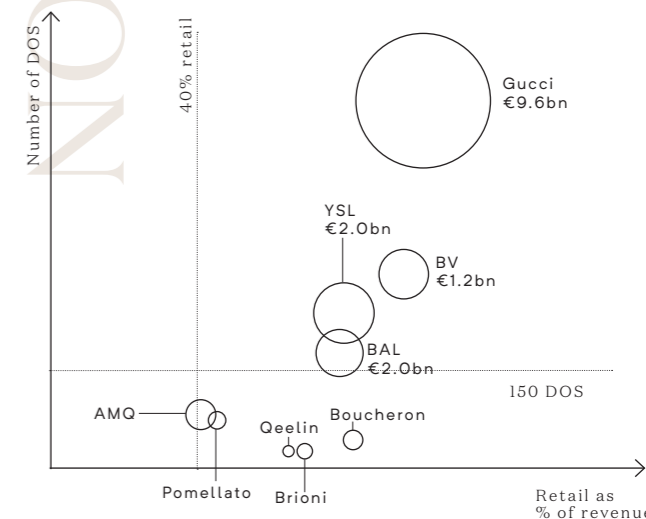
By controlling the distribution of the brands' products, the Group offers an exceptional commercial environment that protects the Houses' image and ensures high-quality services:

- New omnichannel capabilities and improved client service (expanded product range, better availability, delivery times);
- 1,381 directly operated stores for all the Houses;
- Exceptional sales growth (+13.3%), particularly in online sales - more than 20% growth - and upswing in travel retail;
- 59% of gross operational investments focused on points of sale;
- Announcement of the end of the joint venture with Yoox-Net-a-Porter (YNAP), with a view to the internalization of e-commerce

FROM 2015...



... TO 2019



- NGOs and civil society
- ////// Financial community
- ~~~~~ Competitors
- ||||| Innovation players
- ===== Creative talent and excellence in craftsmanship
- ===== Local communities
- ◇◇◇◇◇ Suppliers and Subcontractors
- ===== Customers and consumers
- ===== Shareholders



MARKET TRENDS ASSOCIATED WITH THE STAGE



OUR CONTRIBUTION TO THE SDGS



STAGE 5 — CLIENT EXPERIENCE: AN EXCLUSIVE CLIENT 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 client what makes him or her unique. Digital communication and dialogue on social networks enrich the relationship between the brand and its clients.

CONTEXT

Customer experience

Our clients change, and so do their expectations. They are younger and continually connected, they have at their fingertips an inexhaustible quantity of information to help them decide what to buy, and they are continually searching for meaning. To attract them and gain their loyalty, we must offer them an incomparable experience.

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 GDPR.

Image and branding

Houses interact more directly with their clients and society on social networks. Negative discussions or controversies could not only damage their image and reputation but also lead to a misperception of their products.

Organic growth

The Houses' success depends more than ever on their ability to offer an exceptional shopping experience and to maintain a privileged and direct relationship with their clients:

- The development and continual improvement of CRM and clienteling tools, etc.;
- Training of sales consultants in best practices for loyalty building, shopping process, and customer experience within each House and via the Kering Retail Academy;
- Creation of an Innovation team to think about new commercial (rental, subscription, etc.) and sustainability opportunities;
- Coherent distribution channels so that each House remains a unique entity, thereby promoting robust organic growth (a seamless experience between the brick-and-mortar and online stores, special events, etc.).

With support from the Group, each House expresses its world and invites its clients to live constantly renewed experiences:

- A personalized dialogue:
 - Continued rollout of Kering Signature, a dedicated after-sales team;
 - Development and availability to 6,500 salespeople of an app allowing tailor-made style recommendations, with real-time access to in-store stocks;
 - Strong physical positioning of the Group on all the most influential social media in the world of Luxury; more active engagement on Chinese social networks such as Weibo and WeChat;
- An omnichannel experience:
 - Record for online sales, up 20%;
 - Ulysse Nardin's digital transformation and e-commerce site launch in the UK and the US;
 - Roll out of Gucci 9, with 350

Synergies

Kering supports its Houses in every aspect of the client experience, as well as in their communication. By doing so, it helps each House to offer a unique client buying experience:

- Exceptional and responsible service promoted by sharing best practices (e.g. Sustainable Retail Guide, etc.);
- Launch of a database combining client information from multiple channels and to modernize, harmonize, and optimize the IT system and the Group's operational processes;
- Rollout of a multiannual investment program to securely store client data, enhance the efficiency and security of the IT system, and support the brands with the Group's digital capabilities;
- Creation of a team dedicated to data science to improve the services offered to the Houses' clients through better use of available data.

dedicated online client advisors powered by the latest technology;

- Permanent promotion of the product offer and innovations:
 - Highly successful launches of Alessandro Michele's first fragrances with Bloom, followed by The Alchemist's Garden in 2019 and the introduction of a new make-up line;
 - Successful development of McQ, a contemporary brand re-launched as an in-house brand by Alexander McQueen. The new McQ is an innovative and collaborative platform, integrating fashion and technology;
 - Capsule collections initiated by the Houses to support charitable organizations, in the style of Brioni's sustainable collections and Balenciaga's partnerships with the World Food Program (WFP).

OFFERING AN UNFORGETTABLE AND INTIMATE EXPERIENCE, BASED ON EMOTION

Redefining the codes of customer experience, the Houses are radically taking ownership of the space of experimentation and expression encompassed by the boutique. If the sales advisors embody and initiate an authentic and personal relationship between the House and its clients, the boutique - a more open and protean setting - is transformed into a true living space for a unique experience.

THE HOUSES ARE CONSTANTLY RETHINKING THE WAY THEY EMOTIONALLY ENGAGE THEIR CUSTOMERS. IN 2018, GUCCI, BOUCHERON AND ALEXANDER MCQUEEN OPENED SPACES THAT CHALLENGED THE BOUTIQUE'S TRADITIONAL CODES. EMPATHETIC AND INNOVATIVE, THIS APPROACH IS BASED ON:

- Client hospitality reassessed to strengthen the proximity between sales advisors and clients such as the replacement of sales offices by round tables at Boucheron's Hôtel de Nocé or more contemporary uniforms, for a more friendly and warm experience;
- A richer and more experiential client experience that goes beyond the commercial dimension of the purchasing act, with for example "Gucci connectors" that forge more emotional links with clients and assist them in their discovery of the space and the Gucci world;
- Less intimidating and more inclusive spaces with for instance Alexander McQueen holding on Old Bond Street events and conferences aimed mainly at students to create an inclusive creative community around the space.

BOLD. THESE NEW SPACES OPEN THE BOUTIQUE UP TO NEW ARTISTIC, CREATIVE OR LIFESTYLE EXPERIENCES, THEREBY STRENGTHENING THE DISTINCTIVE IDENTITY AND DESIRABILITY OF THE HOUSES:

- Gucci Pins, a series of pop-up stores designed to connect and engage with clients in cities around the world and their surrounding communities, combining dedicated collections with immersive and innovative digital experiences;
- Opening of Saint Laurent Rive Droite boutique, on rue Saint Honoré, Paris and Rodeo Drive, Los Angeles. This space introduces a brand-new retail destination for expression, exchange and lifestyle:
 - Named Rive Droite as a nod to the Saint Laurent Rive Gauche line, it embodies a new creative and cultural destination curated by Anthony Vaccarello;
 - The Hôtel de Nocé of Boucheron in Paris, a historical setting that resembles a family home:
 - A renovation of the building, constructed in 1717 and classified as a Historic Monument, combining modernity and classicism, designed to welcome the House's friends: its clients;
 - The unique opportunity for major clients to take a break, have a drink or spend a night in the Boucheron apartment on the second floor;
 - The first Bottega Veneta café opened in Osaka in Hankyu Men's department store. Directly accessible from the brand's newly opened boutique, the café offers a curated menu, inspired by traditional Italian staples.

BY LEVERAGING EXCEPTIONAL QUALITY RESOURCES



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

A VISION

Embracing creativity for a modern, bold vision of Luxury



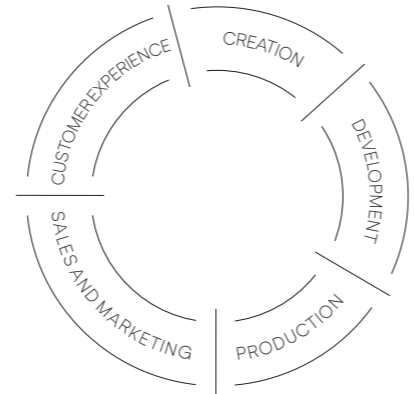
A MULTI-BRAND MODEL
built on a long-term approach and creative autonomy for the Houses



A VALUE CHAIN

bringing key advantages

- Upstream positioning and integration in the value chain
- Cross-business expertise e.g. Kering Eyewear
- 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



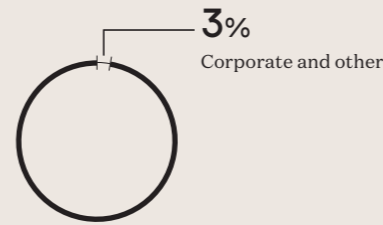
TO SUPPORT OUR AMBITION

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

AND CREATING VALUE...

€15,884m

in revenue:

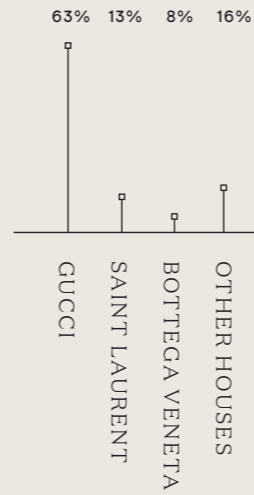


97%

Luxury Houses:

€15,383m

BY EXCEPTIONAL HOUSES



IN THE DIFFERENT PRODUCT CATEGORIES



CUSTOMERS

- Several prizes and awards acknowledging the Houses' creativity
- 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 20% in online sales

.. THAT THE GROUP SHARES WITH ITS STAKEHOLDERS

EMPLOYEES

- €1.98 billion paid in salaries and employer contributions
- 82.5% of employees trained
- Kering's entire staff covered by progressive employment practices, including 14 weeks of paid Baby Leave

ACTORS OF INNOVATION

Extension of the Plug and Play - Fashion for Good partnership to China with the organization of the first K Generation Award

Materials Innovation Lab (MIL) and Sustainable Innovation Lab (SIL) focused on Watches and Jewelry

SUPPLIERS AND SUBCONTRACTORS

- Resource optimization resulting in annual savings of nearly €1 million as part of the Clean By Design program and an average 19% reduction in greenhouse gases emissions (2015-2018) at participating suppliers
- 3,441 audits conducted with suppliers on social, environmental and sourcing issues (+42% since 2015)

NGOS AND CIVIL SOCIETY

More than €2.4 million paid by our Houses to cultural sector projects

More than 1 million people reached via social media in the 3 countries hosting the "16 Days 16 Films" campaign (Kering Foundation)

CREATIVE TALENTS AND EXCELLENCE IN CRAFTSMANSHIP

- Nearly 500 experts trained at Kering's Houses since 2015 via around twenty programs to support excellence in craftsmanship
- First MOOC on sustainability launched in 2018, extended to China in 2019

LOCAL COMMUNITIES

2.4 million metric tons of CO₂ offset via projects in favor of local communities and biodiversity thanks to the support from REDD+ carbon offset programs

More than €2.7 million donated by the Houses to combat poverty, and for healthcare, education and training

SHAREHOLDERS AND FINANCIAL COMMUNITY

A balanced and rewarding dividend distribution policy, dividend in cash: €8 a share in 2019¹

ENVIRONMENT

14% reduction in EP&L impact between 2015 and 2018

Roll-out of Kering Standards across all activities, new animal welfare standard published in 2019

Carbon neutrality in Scopes 1, 2 and 3 achieved in 2018 for Kering's operations and supply chains

Kering, founding member of the Fashion Pact

88% of key materials traced back to their country of origin

1. As decided by the Board of Directors on April 21, 2020 and given the context of the Covid-19 pandemic and its impact on economic activity, the 2019 dividend, which is subject to the approval of the June 16, 2020 Annual General Meeting, has been lowered by 30% compared to the amount initially proposed.

OUR PUBLICATIONS

Methodology

Assembled collaboratively with the various Kering group's departments as well as with members of the Executive Committee, this report covers the 2019 fiscal year and relies on data from the 2019 Universal Registration Document and all of the Group's communications.

Data presented in this document

The data presented in this document are for the entire Kering group for 2019. The definition of "comparable" for the data presented in this report as such is detailed in the Universal Registration Document (p. 290).

Other Kering publications

- 2019 Activity report
- 2019 Universal Registration Document and the amendment issued on April 30, 2020
- Financial publications and Letters to shareholders
- 2025 Sustainability Strategy: Crafting Tomorrow's Luxury
- Sustainability Progress Report 2017-2020
- 2018 Kering Foundation Activity Report
- 2018 EP&L Results



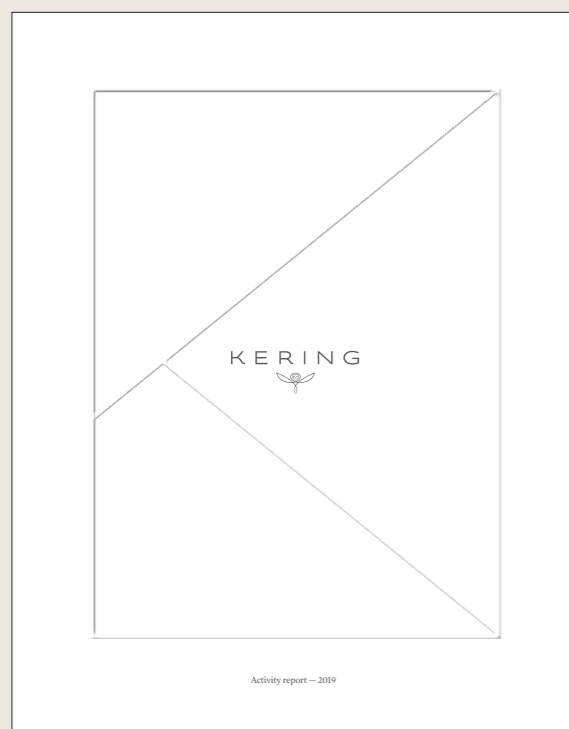
Société anonyme (a French corporation)
with a share capital of €505,117,288

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2019 ACTIVITY REPORT



2019 UNIVERSAL
REGISTRATION
DOCUMENT

©Kering 2020
Advisory and drafting: Capitalcom
Creation and design: Maison Sagan

Empowering Imagination