

4. REMUNERATION OF DIRECTORS AND EXECUTIVE CORPORATE OFFICERS

The information contained in this section sets out Kering's remuneration policy for corporate officers, which is defined by the Board of Directors based on recommendations from the Remuneration Committee. The policy takes account of the recommendations set out in the AFEP-MEDEF Corporate Governance Code of Listed Corporations as revised in June 2018 and amended on January 30, 2020,

as well as the reports of the French financial markets authority (*Autorité des marchés financiers* – AMF) on corporate governance and executive remuneration in listed companies and those of the High Committee on Corporate Governance (*Haut Comité de Gouvernement d'Entreprise*). The remuneration policy for all corporate officers is an integral part of Kering's report on corporate governance.

4.1 Remuneration policy applicable to the Chairman and Chief Executive Officer and the Group Managing Director (executive corporate officers) for 2020, subject to approval by the Annual General Meeting of April 23, 2020 (*ex-ante* vote)

Acting on a recommendation of the Remuneration Committee, on February 11, 2020, the Board of Directors approved the remuneration policy applicable to the Chairman and Chief Executive Officer and the Group Managing Director for 2020.

In compliance with the provisions of Articles L. 225-37-2 and R. 225-29-1 of the French Commercial Code (*Code de*

commerce), the 2020 remuneration policy described below includes the general principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components making up total remuneration and benefits in kind granted to executive corporate officers in respect of their duties. It will be submitted to the approval of Kering's Annual General Meeting, to be held on April 23, 2020.

4.1.1 General principles of the remuneration policy for the Chairman and Chief Executive Officer and the Group Managing Director

The Company's remuneration policy for executive corporate officers is defined by the Board of Directors, based on recommendations from the Remuneration Committee, and approved each year by shareholders at the Annual General Meeting. The remuneration structure and the criteria on which it is based are defined and modified over time to ensure that the amounts paid are closely aligned with the extent to which the Group's strategic financial and non-financial objectives have been met. A large proportion of the remuneration of executive corporate officers is subject to performance conditions (77% for the Chairman and Chief Executive Officer and 72% for the Group Managing Director), reflecting their obligation to create long-term value.

The annual variable portion of executive corporate officers' remuneration is subject to performance conditions that relate, on the one hand, to the Group's recurring operating income and free cash flow from operations and, on the other hand, to their personal commitment to achieving the Group's ambitious objectives in the areas of sustainability, corporate social responsibility, and organization and talent management.

The relative weight of long-term incentive components in the variable portion of executive corporate officers' remuneration (50% for the Chairman and Chief Executive Officer and 44% for the Group Managing Director) and the associated performance conditions are designed to encourage executive corporate officers to base their decisions and actions on ensuring long-term profitability. The decision to replace Kering Monetary Units (KMUs) with performance shares in the long-term incentive component of executive corporate officers' remuneration illustrates the Group's desire to make the alignment between executive remuneration and shareholder interests even clearer.

The performance criteria for the executive corporate officers' annual and multi-annual variable remuneration are clear, specific and varied. They include both financial criteria – recurring operating income (ROI), free cash flow from operations (FCF) and recurring operating margin (ROM) – and non-financial criteria, relating in particular to sustainability, corporate social responsibility and organization and talent management.

The level of achievement of the financial targets is determined by the Group's Finance Department. The level of achievement of the non-financial targets is determined by the Remuneration Committee, which reports its assessment to the Board of Directors. This assessment is based on information provided by the Legal, Sustainability and Human Resources Departments, which may be present during the meeting to provide commentary.

Decisions about the composition of the executive corporate officers' remuneration and its modification over time – whether in relation to the balance between fixed and variable components or the choice of performance criteria – are based on proposals made by the Remuneration Committee. These proposals are based, in turn, on analyses and recommendations provided by the Group's Human Resources, Remuneration and Employee Benefits, and Legal Departments.

A review of the existing system is carried out annually to assess whether changes should be made, based on continuous monitoring of market practice and in line with any legislative developments. External consultants may be called on to assist in the review process, where necessary. When market practices are benchmarked (both in terms of remuneration levels and the principles for determining and managing remuneration), comparisons are made with reference companies selected from the French and international markets on the basis of their size and sector of activity.

The criteria on which payment of variable remuneration is conditional are selected with three objectives in mind: (i) simplicity and clarity, (ii) alignment with the Group's interest and the interests of shareholders, and (iii) consistency with the values upheld by Kering.

The decision-making process for the remuneration policy is also designed to avoid or address conflicts of interest. The remuneration policy applicable to the Chairman and Chief Executive Officer and the Group Managing Director and the payment of the variable components due to them based on the principles applied are discussed and decided on by the Board of Directors, based on recommendations from the Remuneration Committee and following the approval of the financial statements for the previous fiscal year.

The components that make up the remuneration policy are approved by shareholders at the Annual General Meeting, in compliance with Article L. 225-37-2 of the French Commercial Code.

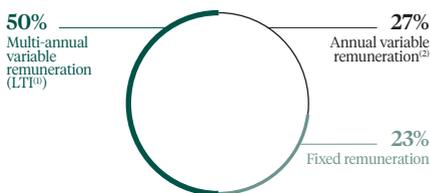
The Chairman and Chief Executive Officer and the Group Managing Director do not participate in either the discussion or the vote during Remuneration Committee or Board meetings on these topics.

4.1.2 Components of the remuneration policy for the Chairman and Chief Executive Officer and the Group Managing Director

For 2020, the remuneration structure for executive corporate officers will continue to comprise three components: fixed remuneration, annual variable remuneration and multi-annual variable remuneration.

The relative weight of each component is as follows:

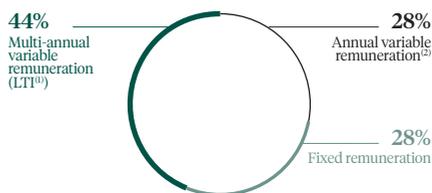
Chairman and Chief Executive Officer



(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.

Group Managing Director



(1) LTI = 80% of the fixed remuneration for the year Y + annual variable remuneration for Y-1.

(2) Annual variable remuneration: 100% of the fixed remuneration.

Fixed remuneration

The fixed remuneration of the Chairman and Chief Executive Officer and the Group Managing Director reflects the responsibilities associated with these roles.

It is determined by taking into account various factors, including:

- the level and complexity of the tasks and responsibilities associated with their roles, it being noted that the Chairman and Chief Executive Officer and the Group Managing Director are vested with the broadest powers to act in all circumstances in the name of the Company and to represent it in its dealings with third parties;
- the incumbents' experience, background and level of expertise;
- market research and analyses relating to the remuneration of people in similar positions in comparable companies. The proposed amount of fixed remuneration is in line with executive pay practices implemented by the Group's CAC 40 and (international) luxury market peers. The companies selected for the benchmarking study are:
 - CAC 40 (11 companies): Accor, Capgemini, Danone, EssilorLuxottica, Legrand, L'Oréal, LVMH, Pernod Ricard, Publicis Groupe, Safran, Vivendi,
 - international market (11 companies): Burberry, Coach, Estée Lauder, Hermès, Hugo Boss, L'Oréal, LVMH, Prada, Ralph Lauren, Richemont, Swatch.

Fixed remuneration serves as the basis for calculating annual variable remuneration and determining the value of long-term remuneration. In line with recommendation 25.3.1 of the AFEP-MEDEF Code, it is not reviewed systematically each year.

The Board of Directors therefore proposes to maintain the annual fixed remuneration of the Chairman and Chief Executive Officer and the Group Managing Director at €1,200,000 each, unchanged since 2017.

Circumstances of the Group Managing Director:

By decision of the Board of Directors, acting on a recommendation from the Remuneration Committee, the Group Managing Director had an employment agreement with Kering International Ltd based on English law, effective from January 1, 2017. The agreement set annual

remuneration at €600,000 and GBP 546,000 for 2019, and included an annual adjustment clause for the amount paid in GBP to ensure EUR/GBP parity.

Following the relocation of the Group Managing Director's activities to Paris, the employment agreement was terminated on December 31, 2019. As a result, the Group Managing Director has not had any employment agreements with Kering since that date.

Annual variable remuneration

Variable remuneration is designed to align the reward accruing to executive corporate officers with the Group's annual performance and its strategic long-term objectives on environmental, societal and governance (ESG) issues. Variable remuneration is expressed as a percentage of annual fixed remuneration.

When targets are exactly met, annual variable remuneration is equal to 120% of fixed remuneration for the Chairman and Chief Executive Officer and 100% of fixed remuneration for the Group Managing Director.

When targets are exceeded, annual variable remuneration may equal up to 162% of fixed remuneration for the Chairman and Chief Executive Officer and up to 135% of fixed remuneration for the Group Managing Director, provided that the achievement of the financial and non-financial targets meets or exceeds 150% and 100%, respectively.

To align the executive corporate officers' annual variable remuneration with market practice and encourage long-term value creation, the performance criteria have been reviewed to include a range of indicators that reflect the Group's situation and the effects of its strategy.

In 2015, there were two targets, each accounting for 50% of the variable portion of remuneration: consolidated recurring operating income (ROI) and consolidated free cash flow from operations (FCF).

In 2016, in line with the Group's long-term strategy on ESG issues, the Board decided, at the recommendation of the Remuneration Committee, to introduce new equally-weighted non-financial performance criteria that would account for 30% of annual variable remuneration. The criteria are based on three key areas: organization and talent management, corporate social responsibility, and sustainability.

As a result, the variable remuneration of the Chairman and Chief Executive Officer and of the Group Managing Director is predominantly based on financial factors and determined as follows:

Financial targets 70%	Consolidated recurring operating income (35%)	Targets met	Chairman and Chief Executive Officer	120% of financial targets
	Consolidated free cash flow from operations (35%)		Group Managing Director	100% of financial targets
		Targets exceeded (achievement rate of 125% or more)	Chairman and Chief Executive Officer & Group Managing Director	150% of financial targets (maximum)
Non-financial targets 30%	Organization and talent management (10%)	Targets met or exceeded	Chairman and Chief Executive Officer & Group Managing Director	100% of non-financial targets (maximum)
	Corporate social responsibility (10%)			
	Sustainability (10%)			

The financial criteria used to assess the Group's performance (free cash flow from operations and recurring operating income – each determining 35% of the award) ensure that amounts paid are aligned with the extent to which the Group's strategic goals have been achieved. This also applies to non-financial performance targets (sustainability – 10%, corporate social responsibility – 10% and organization and talent management – 10%), which reflect Kering's goals in these areas.

Criteria for the non-financial targets defined for 2020 are listed below. For confidentiality reasons, the targets associated with financial criteria are not disclosed.

On the recommendation of the Remuneration Committee, non-financial targets are assessed each year by the Board, which takes into account the performance of the Chairman and Chief Executive Officer and of the Group Managing Director based on reports and presentations that describe the level of achievement of each target and justify the corresponding remuneration awarded to the executive corporate officers.

This assessment is based on a detailed proposal prepared by the Remuneration Committee, which relies in particular on objective information reported by the Chief People Officer, the Head of Remuneration and Employee Benefits, the Chief Sustainability Officer and the Chief Compliance Officer, in relation to the strategic goals defined at the beginning of the year and to the way in which the remuneration and employment conditions of the Company's employees are taken into account, in accordance with Article R. 225-29-1 of the French Commercial Code.

Financial criteria (<i>quantifiable</i>)	Weighting
Consolidated recurring operating income	35%
Consolidated free cash flow from operations	35%
SUB-TOTAL	70%

Non-financial criteria (qualitative)	2020 targets	Weighting
Sustainability	<p><i>Objective: Sustainability and, more particularly, a reduction in Kering's environmental impact, with the aim of being on track to meet the 2025 target of reducing the EP&L by 40%</i></p> <ul style="list-style-type: none"> • Continue to instill an active Sustainability culture across all Group entities and supply chains • Promote and use the EP&L • Initiate and support the implementation of measures in favor of Sustainability • Lead the Fashion Pact, which positions Kering as the international leader in its industry <p><i>Objective: Ethics</i></p> <ul style="list-style-type: none"> • Strengthen the culture of ethics within the Group • Conduct internal communication initiatives to promote this culture • Inform suppliers about the creation of an ethics hotline • Increase the number of employees who have completed the new Code of Ethics e-learning module 	10%
Corporate social responsibility	<p>Organization of on-site training to continue raising awareness of compliance issues</p> <p>Implementation of the action plan developed through the anti-corruption risk assessment</p> <p>Third party due diligence</p> <p>Continued involvement of brand CEOs thanks to regular communication about compliance issues</p> <p>Global deployment of the new anti-corruption policy and associated procedures updating of competition law policies</p> <p>E-learning module on ethics and corruption</p> <p>Anti-corruption audits</p>	10%
Organization and talent management	<p>Promote, support and implement actions to:</p> <ul style="list-style-type: none"> • Increase diversity in the workforce, with a particular emphasis on achieving gender balance • Ensure succession plans are in place for Executive Committee members and key positions, as well as talent development overall • Enhance organizational efficiency and ensure the Group remains in step with new business constraints and changing external conditions 	10%
Sub-total		30%
TOTAL		100%

Annual variable remuneration is calculated and decided on by the Board of Directors after the end of the financial year to which it refers. For this purpose, the Board of Directors meets during the first quarter of each year and, based on recommendations from the Remuneration Committee, reviews the various objectives, their weighting and the expected performance levels, and sets:

- the minimum achievement rate under which no variable remuneration is paid;
- the target annual variable remuneration due when each objective has been met; and
- the criteria for assessing quantitative performance.

The principles applied in 2019 aligning the criteria defining the annual variable remuneration for senior executives with those measuring the Group's performance (from both a financial and a non-financial perspective) would therefore be maintained, subject to the approval of the shareholders at the next Annual General Meeting.

Total variable remuneration due for 2020 will be paid in 2021, following the Annual General Meeting's approval of the financial statements. Payment is also subject to the Annual General Meeting's approval of the 2020 remuneration policy.

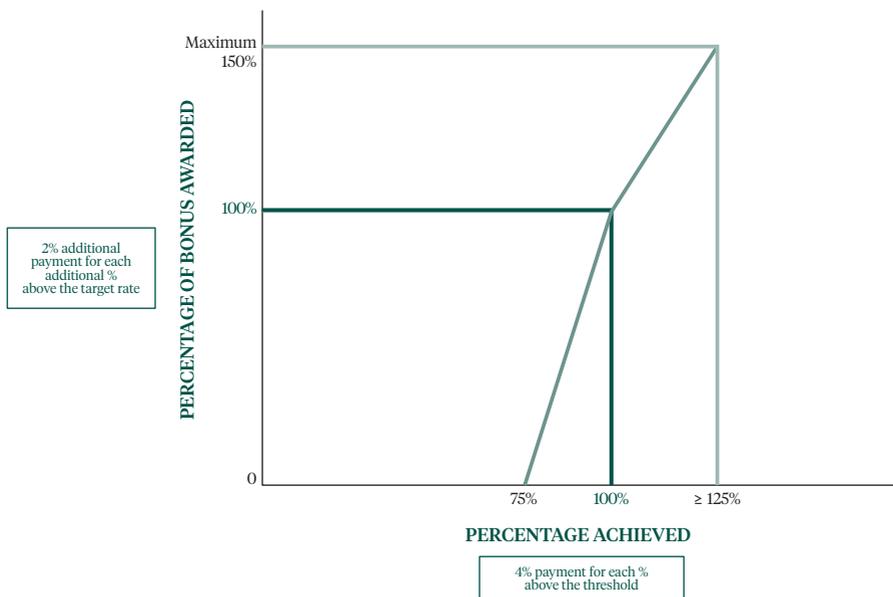
Factors determining the payment of annual variable remuneration

The factors determining payment of annual variable remuneration are the same as for 2019 and function as described in the table below, it being specified that for confidentiality reasons, specific quantified targets will only be disclosed *a posteriori* at the time of payment.

For each financial target, the achievement rate must be at least 75% for variable remuneration to be paid. If targets are met exactly, the variable remuneration awarded corresponds to 100% of the target amount. If targets are exceeded by 125%, the variable remuneration awarded is increased to 150% of the target amount.

Achievement rate of financial targets	Percentage of bonus awarded
≤ 75%	0%
100%	100%
≥ 125%	150% (maximum)

Any achievement falling between the minimum (75%) and the target (100%) achievement rates or between the target and the maximum (125%) achievement rates will give rise to annual variable remuneration calculated on a straight-line basis between the relevant thresholds. For example, if an executive corporate officer were to achieve 90% of the target, he would receive 60% of his annual variable remuneration; if he were to achieve 110% of the target, he would receive 120% of the remuneration.



Achievement rate of non-financial targets	Percentage of bonus awarded
0 to 100%	0 to 100%

Multi-annual variable remuneration

Long-term incentive

Acting on the recommendation of the Remuneration Committee, at its meeting of February 11, 2020, the Board of Directors proposed a modification of the executive corporate officers' long-term remuneration, effective from 2020, by replacing Kering Monetary Units (KMUs) with performance share awards.

The Board of Directors believes that a system for awarding performance shares to executive corporate officers is particularly well suited to the roles of Chairman and Chief Executive Officer and Group Managing Director, given the expected level of their direct contribution to long-term performance. The system is based on the achievement of recurring operating income, free cash flow from operations and recurring operating margin targets measured at Group level over several years and on changes in the value of the Kering share price relative to its reference market (Burberry, Ferragamo, Hermès, LVMH, Moncler, Prada, Richemont and Swatch). It therefore serves as an additional incentive for executive corporate officers, while also aligning their interests with the interests of shareholders.

The performance share award plan for executive corporate officers is accompanied by a share award plan for other employees in key positions within the Group. In addition, the annual award of performance shares to the Chairman and Chief Executive Officer and the Group Managing Director is capped by the Board of Directors at 20% of the total shares granted by the Board of Directors during each fiscal year.

Performance conditions

The number of performance shares awarded to executive corporate officers that ultimately vest is dependent on the Group's fulfillment of performance conditions measured over a period of three years. The level of achievement of these conditions is communicated per criterion once the Board of Directors has completed its performance assessment.

The selected criteria (consolidated recurring operating income, consolidated free cash flow from operations and consolidated recurring operating margin – the same criteria used in the previous mechanism for multi-annual variable remuneration) are designed to measure overall performance, as follows:

- if all three performance criteria increase over the vesting period, 100% of the beneficiary's performance shares will vest;
- if two out of three performance criteria increase over the vesting period, 75% of the beneficiary's performance shares will vest;

- if only one out of the three performance criteria increases over the vesting period, 50% of the beneficiary's performance shares will vest; and
- if none of the performance criteria increase over the vesting period, none of the beneficiary's performance shares will vest.

Provided that the performance conditions described above and the service condition described below have been met, the number of vested performance shares will be adjusted upward or downward depending on the performance of the Kering share price between the initial award date and the day preceding the vesting date, relative to the performance of a reference index over the same period. The reference index comprises the shares of the following listed companies: Burberry, Ferragamo, Hermès, LVMH, Moncler, Prada, Richemont and Swatch.

Service conditions

The vesting of the performance shares awarded to the Chairman and Chief Executive Officer and the Group Managing Director is also subject to their continued presence within the Group on the vesting date.

Lock-in obligation

In compliance with the provisions of Article L. 225-197-1 of the French Commercial Code, the Chairman and Chief Executive Officer and the Group Managing Director must hold a number of the performance shares awarded in this way throughout their term of office, in registered form, corresponding to the amount set by the Board of Directors, which is two years of their annual fixed and variable remuneration at the date of delivery of the shares.

In addition, the Chairman and Chief Executive Officer and the Group Managing Director undertake to refrain from using hedging instruments, throughout their term of office, on any of the shares awarded to them under the performance share award mechanism.

Exceptional remuneration

Executive corporate officers will not be awarded any exceptional remuneration for 2020.

Annual fixed remuneration (formerly known as Directors' fees)

The remuneration policy applicable to Board members for their role as Directors is described in section 4.2 of this chapter. The Group Managing Director would also receive remuneration for some of the offices he holds within the Group.

Benefits for taking up a position or termination payments

Executive corporate officers will not be eligible for any benefits for taking up a position or termination payments.

Supplementary pension plan

Executive corporate officers will not be eligible for any supplementary pension plans.

Non-competition indemnities

Executive corporate officers will not be eligible for any such indemnities.

Benefits in kind

The Chairman and Chief Executive Officer and the Group Managing Director will each continue to benefit from a company car with a driver.

Draft resolution regarding remuneration of executive corporate officers**Thirteenth resolution****Approval of the remuneration policy for executive corporate officers**

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings and having reviewed the Board of Directors' report on corporate governance, the Annual General Meeting, in application of the provisions of Article L. 225-37-2 of the French Commercial Code, approves the remuneration policy for executive corporate officers as described in the aforementioned report, which is included in the 2019 Universal Registration Document, Chapter 4 "Report on corporate governance", section 4.1. "Remuneration policy applicable to the Chairman and Chief Executive Officer and the Group Managing Director (executive corporate officers) for 2020, subject to approval by the Annual General Meeting of April 23, 2020 (*ex-ante* vote)".



4.2 Remuneration policy applicable to the members of the Board of Directors for 2020, subject to approval by the Annual General Meeting of April 23, 2020 (*ex-ante* vote)

4.2.1 General principles of the remuneration policy for members of the Board of Directors

In accordance with the recommendations of the AFEP-MEDEF Code, the remuneration policy applicable to Directors provides for variable remuneration to make up the majority of the total (60%, versus 40% for fixed remuneration). This is also in line with the Company's strategy of aligning Directors' remuneration with the corporate interest.

The variable remuneration allocated to Directors is notably based on their actual presence at meetings of the Board and its specialized Committees and on the investment required of them to prepare for and participate in these meetings. The Lead Independent Director receives additional remuneration, which is subject to the achievement of predefined objectives relating to his/her duties. The Lead Independent Director's duties are described in section 1.5.2 of this chapter.

The Remuneration Committee prepares and monitors the remuneration policy for Directors. The total amount of remuneration allocated to Directors and the allocation criteria are approved by shareholders at the Annual General Meeting.

The Board and Remuneration Committee meetings that deal with the remuneration policy are carried out in strict compliance with the procedures for preventing and managing conflicts of interest, which are described in the Board's internal rules, and Directors do not participate in discussions or votes on resolutions that relate to their own remuneration.

Corporate Board member (and controlling company) Financière Pinault has waived all remuneration in respect of its duties as a Director or Committee member within the Group.

The Director representing employees has a permanent employment contract with the Company.

4.2.2 Components of the remuneration policy for members of the Board of Directors

Acting on the recommendation of the Remuneration Committee, at its meeting of February 11, 2020, the Board of Directors proposed a modification of the total remuneration allocated to Directors from €877,000, unchanged since 2017, to €1,400,000. The proposed increase notably takes into account the additional remuneration allocated to the Lead Independent Director, the special portion allocated to the Sustainability Committee Chair and plans to increase the number of members on the Board of Directors. Directors' remuneration is allocated on the basis of the actual presence of members at meetings of the Board and its specialized Committees during the year. In accordance with applicable legislation, members may not use videoconferencing or other remote communication technologies to attend meetings discussing the annual financial statements and the Management Report. Accordingly, Directors not physically in attendance at the Board meeting approving the financial statements are deemed absent and are not eligible for the related remuneration.

The breakdown between fixed and variable remuneration remains unchanged, at 40% fixed and 60% variable.

Directors' remuneration is thus allocated in the following manner:

- a fixed portion, minus (i) a special portion corresponding to the remuneration of the Chairs of the Audit, Remuneration, Appointments and Governance, and Sustainability Committees, respectively (€23,000 each), (ii) a special portion corresponding to the remuneration of the Committee Vice-Chair (€11,500), and (iii) a special portion allocated to the Lead Independent Director for his/her role on the Board (€75,000 for 2020), the balance being allocated with a coefficient of 1 by Board membership, increased by 0.5 per Committee;
- a variable portion, allocated with a coefficient of 1 per presence at each meeting of the Board and 0.5 for each attendance of a Committee meeting.

The remuneration allocated to the Lead Independent Director will be subject to the achievement of objectives defined in advance by the Board of Directors. The Lead Independent Director's objectives for 2020 will be the following:

- promote and maintain a good relationship between the Board and its shareholders and investors;
- participate in the assessment of the Board and its members;
- ensure that information is provided to non-executive Directors and facilitate communication among them by organizing meetings or discussions outside Board and Committee meetings, where necessary;
- ensure the effective implementation of mechanisms to prevent and resolve potential conflicts of interest.

Draft resolution regarding remuneration of corporate officers

Fourteenth resolution

Approval of the remuneration policy for corporate officers in respect of their duties as Directors

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings and having reviewed the Board of Directors' report on corporate governance, the Annual General Meeting, in application of the provisions of Article L. 225-37-2 of the French Commercial Code, approves the remuneration policy for corporate officers in respect of their duties as Directors as described in the aforementioned report, which is included in the 2019 Universal Registration Document, Chapter 4 "Report on corporate governance", section 4.2 "Remuneration policy applicable to the members of the Board of Directors for 2020, subject to approval by the Annual General Meeting of April 23, 2020 (*ex-ante* vote)" (non-executive corporate officers).



4.3 Report on the remuneration paid during or awarded for 2019 to corporate officers in respect of their duties (*ex-post* vote)

4.3.1 Remuneration paid during or awarded for 2019 to the Chairman and Chief Executive Officer and the Group Managing Director (executive corporate officers) in respect of their duties

The remuneration of executive corporate officers for 2019 includes a fixed portion and a variable portion. The Board of Directors establishes the rules for setting the remuneration each year based on the recommendations of the Remuneration Committee.

The components of remuneration – including the way in which they contribute to the Company's long-term performance and the way performance criteria have been applied – have been established in compliance with the

remuneration policy for the Chairman and Chief Executive Officer and the Group Managing Director approved by shareholders at the Annual General Meeting of April 24, 2019 (8th and 9th resolutions).

The table below sets out the components of remuneration paid during or awarded for 2019 by any companies included in the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code.

Table summarizing the remuneration of the Chairman and Chief Executive Officer (AMF Table 2)

François-Henri Pinault, Chairman and Chief Executive Officer Gross amounts (in euros)	2019		2018	
	Amounts awarded for the year ⁽¹⁾	Amounts paid during the year	Amounts awarded for the year ⁽¹⁾	Amounts paid during the year
Fixed remuneration	1,200,000	1,200,000	1,200,000	1,200,000
Annual variable remuneration	947,088	1,944,000 ⁽³⁾	1,944,000	1,944,000 ⁽⁴⁾
Multi-annual variable remuneration:				
2014 Plan: 11,372 KMUs awarded at €144 per unit (corresponding to a value of €1,637,568 at the date of the award) Performance condition not met		-	-	0
2015 Plan: 11,153 KMUs awarded at €167 per unit (corresponding to a value of €1,862,551 at the date of the award) Exercised at €885 per unit		-	-	9,870,405
2016 Plan: 9,526 KMUs awarded at €166 per unit (corresponding to a value of €1,581,316 at the date of the award) Exercised at €988 per unit		9,411,688	-	-
Exceptional remuneration				
2014 Plan: 9,900 KMUs awarded at €166 per unit (corresponding to a value of €1,643,400 at the date of the award) Exercised at €885 per unit		-	-	8,761,500
2018 Plan: 5,000 KMUs awarded at €581 per unit (corresponding to a value of €2,905,000 at the date of the award) Exercised at €988 per unit		4,940,000 ⁽²⁾	-	-
Directors' fees (Kering)	67,006	66,704 ⁽³⁾	66,704	67,121 ⁽⁴⁾
Directors' fees (subsidiaries)	-	-	-	14,527 ⁽⁴⁾
Benefits in kind ⁽⁵⁾	10,933	10,933	16,421	16,421
Total	2,225,027	17,573,325	3,227,125	21,873,974

(1) The amounts payable for the year correspond to components of remuneration for services rendered during the year. Multi-annual variable remuneration components are due at the end of a vesting period (of three years, in general), subject to the achievement of certain performance conditions. They are therefore not included in this section.

The 10,471 KMUs relating to the 2017 Plan will be payable from April 2020 (first window) and may be cashed in until October 2021 (second window), as the performance condition has been met. Based on a value of €1,168 per KMU at December 31, 2019 (versus €249 at the award date, corresponding to a total value of €2,607,279), the value of this award is €12,230,128.

(2) Exceptional remuneration awarded to executive corporate officers following the major transformation of the Group: 10,000 KMUs were awarded to the Chairman and Chief Executive Officer in 2018, with no performance conditions attached. As indicated above, the first tranche was cashed in during 2019, in October. The second tranche may be cashed in as from April 2020, based on a value of €1,168 per KMU at December 31, 2019 (versus €581 at December 31, 2017, corresponding to a total value of €2,905,000 at the award date); the value of this award is €5,840,000.

(3) For 2018.

(4) For 2017.

(5) François-Henri Pinault is entitled to a company car.

Table summarizing the remuneration of the Group Managing Director (AMF Table 2)

Jean-François Palus Group Managing Director Gross amounts (in euros)	2019		2018 (Restated data ⁽³⁾)	
	Amounts awarded for the year ⁽⁴⁾	Amounts paid during the year	Amounts awarded for the year ⁽⁴⁾	Amounts paid during the year
Fixed remuneration ⁽¹⁾	1,223,045	1,223,045	1,221,296	1,221,296
Annual variable remuneration ⁽⁵⁾	816,699	1,685,818 ⁽⁶⁾	1,685,818	1,597,998 ⁽⁷⁾
Multi-annual variable remuneration:				
2014 Plan: 9,426 KMUs awarded at €144 per unit (corresponding to a value of €1,357,344 at the date of the award) Performance condition not met		-	-	0
2015 Plan: 9,758 KMUs awarded at €167 per unit (corresponding to a value of €1,629,586 at the date of the award) Exercised at €885 per unit		-	-	8,635,830
2016 Plan: 8,448 KMUs awarded at €166 per unit (corresponding to a value of €1,402,368 at the date of the award) Exercised at €988 per unit		8,346,624	-	-
Exceptional remuneration				
2018 Plan: 3,000 KMUs awarded at €581 per unit (corresponding to a value of €1,743,000 at the date of the award) Exercised at €988 per unit		2,964,000 ⁽²⁾	-	-
Directors' fees (Kering)	71,901	66,704 ⁽⁶⁾	66,704	60,412 ⁽⁷⁾
Directors' fees (subsidiaries)	120,000	125,000 ⁽⁶⁾	125,000	128,333 ⁽⁷⁾
Benefits in kind ⁽⁴⁾⁽⁸⁾	1,089,975	1,089,975	1,089,975	1,089,975
Total	3,321,620	15,501,166	4,188,793	12,733,844

(1) The amounts payable for the year correspond to components of remuneration for services rendered during the year. Multi-annual variable remuneration components are due at the end of a vesting period (of three years, in general), subject to the achievement of certain performance conditions. They are therefore not included in this section.

The 7,196 KMUs relating to the 2017 Plan will be payable from April 2020 (first window) and may be cashed in until October 2021 (second window), as the performance condition has been met. Based on a value of €1,168 per KMU at December 31, 2019 (versus €249 at the award date, corresponding to a total value of €1,791,804), the value of this award is €8,404,928.

(2) Exceptional remuneration awarded to executive corporate officers following the major transformation of the Group: 6,000 KMUs were awarded to the Group Managing Director in 2018, with no performance conditions attached. As indicated above, the first tranche was cashed in during 2019, in October. The second tranche may be cashed in as from April 2020, based on a value of €1,168 per KMU at December 31, 2019 (versus €581 at December 31, 2017, corresponding to a total value of €1,743,000 at the award date); the value of this award is €3,504,000.

(3) Data restated to reflect the 2019 exchange rate in order to provide information at comparable exchange rates.

(4) Translated into euros at the average 2019 exchange rate (0.87777). The Group Managing Director's fixed remuneration (€1,200,000) is paid half in euros (€) and half in pounds sterling (GBP). The exchange rate used for translation is that applied to the budget approved in March each year. At the end of the year, the amount in pounds is restated in euros using the average exchange rate for the year (i.e., 0.87777 for 2019). This explains why the reported amount may differ from the €1,200,000 set as the Group Managing Director's fixed remuneration.

(5) Translated into euros at the December 31, 2019 closing exchange rate (0.8508).

(6) For 2018.

(7) For 2017.

(8) Benefits in kind correspond to an annual allowance for a residence in London to which the Group Managing Director has been entitled since July 1, 2013 (amounting to GBP 900,000 for the relevant fiscal year). Following the relocation of the Group Managing Director's activities to Paris, this residence allowance was discontinued on December 31, 2019.

In the 2018 Reference Document, this data was presented as follows:⁽¹⁾

Gross amounts (in euros) Jean-François Palus Group Managing Director	2018	
	Amounts payable for the year	Amounts paid during the year
Fixed remuneration	1,216,443	1,216,443
Annual variable remuneration	1,634,010	1,559,476 ⁽²⁾
Multi-annual variable remuneration	N/A	8,635,830
Exceptional remuneration	-	-
Directors' fees (Kering)	66,704	60,412 ⁽²⁾
Directors' fees (subsidiaries)	125,000	128,333
Benefits in kind	1,081,582	1,081,582
Total	4,123,739	12,682,076

(1) Table provided by reference to restated data in the table above.

(2) For 2017.

Fees payable to Directors in respect of their duties as members of the Board of Directors of Kering for 2018 were paid in February 2019 and those payable for 2019 were paid in February 2020.

Details relating to annual variable remuneration for 2019

Achievement rate of targets in 2019 – François-Henri Pinault, Chairman and Chief Executive Officer

Type	Indicator	Target weighting	Target (in € millions)
Financial criteria			
	Consolidated recurring operating income	35%	4,672
	Consolidated free cash flow from operations	35%	2,307
	TOTAL FINANCIAL CRITERIA	70%	
Non-financial criteria			
	Sustainability	10%	See
	Corporate social responsibility	10%	description
	Organization and talent management	10%	on page 252
	TOTAL NON-FINANCIAL CRITERIA	30%	
TOTAL VARIABLE REMUNERATION PAID			
Variable remuneration achieved (in €)			
Variable remuneration achieved (as a % of fixed remuneration)			
Target variable remuneration (in €)			
Target variable remuneration (as a % of fixed remuneration)			

Achievement rate of targets in 2019 - Jean-François Palus, Group Managing Director

Type	Indicator	Target weighting	Target (in € millions)
Financial criteria			
	Consolidated recurring operating income	35%	4,672
	Consolidated free cash flow from operations	35%	2,307
	TOTAL FINANCIAL CRITERIA	70%	
Non-financial criteria			
	Sustainability	10%	See
	Corporate social responsibility	10%	description
	Organization and talent management	10%	on page 252
	TOTAL NON-FINANCIAL CRITERIA	30%	
TOTAL VARIABLE REMUNERATION PAID			
Variable remuneration achieved (in €)			
Variable remuneration achieved (as a % of fixed remuneration)			
Target variable remuneration (in €)			
Target variable remuneration (as a % of fixed remuneration)			

Thresholds						Achieved	Rate of payment	Corresponding amount in €
Minimum achievement rate	Payment	Target	Payment	Maximum achievement rate	Payment			
<i>as a % of the target</i>	<i>as a % of the index</i>	<i>as a % of the target</i>	<i>as a % of the index</i>	<i>as a % of the target</i>	<i>as a % of the index</i>	<i>as a % of the target</i>		
75%	0%	100%	100%	125%	150%	101.1%	102.2%	515,088
75%	0%	100%	100%	125%	150%	51.6%	0%	0
						76%	51%	515,088
		100%	100%	100%	100%	100%	100%	144,000
		100%	100%	100%	100%	100%	100%	144,000
		100%	100%	100%	100%	100%	100%	144,000
						100%	100%	432,000
								947,088
							€947,088	
							79%	
							€1,440,000	
							120%	

Thresholds						Achieved	Rate of payment	Corresponding amount in €
Minimum achievement rate	Payment	Target	Payment	Maximum achievement rate	Payment			
<i>as a % of the target</i>	<i>as a % of the index</i>	<i>as a % of the target</i>	<i>as a % of the index</i>	<i>as a % of the target</i>	<i>as a % of the index</i>	<i>as a % of the target</i>		
75%	0%	100%	100%	125%	150%	101.1%	102.2%	444,174
75%	0%	100%	100%	125%	150%	51.6%	0%	0
						76%	51%	444,174
		100%	100%	100%	100%	100%	100%	124,175
		100%	100%	100%	100%	100%	100%	124,175
		100%	100%	100%	100%	100%	100%	124,175
						100%	100%	372,525
								816,699
							€816,699	
							67%	
							€1,223,045	
							100%	

Achievement of non-financial targets in 2019

For each target, the Committee concerned drew up a list of criteria to help determine the achievement rate of the non-financial targets. These were presented to and reviewed by the Remuneration Committee in order to align the remuneration of executive corporate officers with the Group's long-term strategy.

On this basis, the Board of Directors then assessed the achievement rate of each of the targets.

Non-financial criteria

(qualitative)

used to calculate annual variable remuneration

	2019 targets	Weighting
Organization and talent management	Promote, support and implement actions to increase diversity in the workforce, with a particular emphasis on achieving gender balance Implement recruitment, training, remuneration and internal promotion programs aimed at increasing gender parity Prepare succession plans for Executive Committee members and key positions Promote and facilitate talent development	10%
Corporate social responsibility	<i>Risk management:</i> Training provided to employees worldwide by the Compliance Department Regular Risk Committee meetings and effective implementation of action plans Revision of anti-corruption risk map Rigorous third-party due diligence Implementation of crisis management procedures <i>Implementation of anti-corruption policies and assessment of employee awareness of these policies:</i> Heightened involvement of brand CEOs Update of all compliance policies and procedures Ongoing awareness initiatives for employees exposed to corruption risks Performance of anti-corruption audits Active support for the internal control and compliance teams within the Group	10%
Sustainability	Instill an active Sustainability culture across all Group entities Promote and use the Environmental Profit & Loss account (EP&L) Initiate and support the implementation of measures in favor of Sustainability Promote a culture of ethics across the Group Disseminate the Company's culture and values	10%
Sub-total		30%
TOTAL		100%

History of annual variable remuneration payments

Chairman and Chief Executive Officer – François-Henri Pinault

(in euros)	2015 (for 2014)	2016 (for 2015)	2017 (for 2016)	2018 (for 2017)	2019 (for 2018)
	1,560,900	1,158,960	1,407,318	1,944,000	1,944,000

Group Managing Director – Jean-François Palus

(in euros)	2015 (for 2014) ⁽¹⁾	2016 (for 2015) ⁽¹⁾	2017 (for 2016) ⁽¹⁾	2018 (for 2017) ⁽¹⁾	2019 (for 2018) ⁽¹⁾
	1,181,944	877,587	1,070,276	1,597,998	1,685,818

(1) Data restated to reflect the exchange rate as of December 31, 2019 (0.8508) in order to provide information at comparable exchange rates.

Details relating to multi-annual variable remuneration (long-term incentive) for 2019

From 2013 to 2019, a long-term incentive system based on Kering Monetary Units (known as KMUs) was used by the Group. The value of KMUs is indexed equally to both absolute changes in the Kering share price and to changes in the Kering share price relative to a basket of seven luxury stocks (Burberry, Ferragamo, LVMH, Prada, Richemont, Swatch and Tod's).

KMUs have a vesting period of three years as from January 1 of the year in which they are granted, after which they may be cashed in by the beneficiaries over a two-year period (during two windows each year), when the beneficiaries may receive the cash equivalent of their KMUs based on the last assessed value. Past awards of KMUs to the Chairman and Chief Executive Officer and the Group Managing Director, which have become available or are still vesting, are presented in the tables on pages 255 and 256.

The value of this multi-annual variable remuneration at the award date is equal, for the Chairman and Chief Executive Officer and the Group Managing Director respectively, to 100% and 80% of their total annual cash-based remuneration paid in year Y (total annual cash-based remuneration is determined by adding together annual fixed remuneration and variable remuneration for Y-1).

Accordingly, in 2019, a total of 4,175 and 3,047 KMUs, with a unit value of €753 as of December 31, 2018, were awarded to the Chairman and Chief Executive Officer and to the Group Managing Director, respectively, corresponding to a respective award of €3,143,775 and €2,294,391.

To align the multi-annual variable remuneration system with the Group's long-term performance, since 2017, vesting of the KMUs awarded to the Chairman and Chief Executive Officer and the Group Managing Director has been subject to performance criteria based on three financial indicators assessed at Group level:

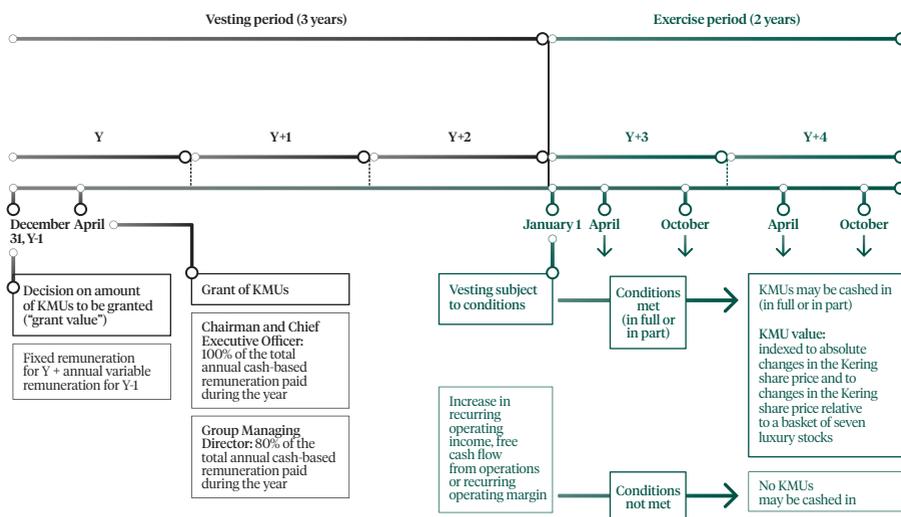
- recurring operating income (ROI);
- free cash flow from operations (FCF);
- recurring operating margin (ROM).

Under this system, if an increase is observed in at least one of these three indicators between the average amount over the three-year vesting period and the amount shown in Kering's consolidated financial statements for the year preceding the year of the grant, 100% of the KMUs granted may be cashed in (the change in each indicator is measured at constant scope and as reported). Failing this, no KMUs may be cashed in.

Starting in 2019, in line with the remuneration policy approved by shareholders at the Annual General Meeting of April 24, 2019, the following system will apply:

- three criteria met: 100% of the KMUs vest;
- two of three criteria met: 75% of the KMUs vest;
- one of three criteria met: 50% of the KMUs vest;
- no criteria met: no KMUs may be cashed in.

The financial criteria are based on the indicators used to assess the Group's performance. The mechanism in place meets stricter requirements, since the KMU value is not in itself a performance condition but influences the amount actually paid at the exercise date.



Kering Monetary Units (KMUs) in practice

The Chairman and Chief Executive Officer and the Group Managing Director were eligible to participate in the long-term remuneration plans set up by the Company for Group employees and executives between 2013 and 2019.

The long-term component of executive remuneration is aligned with the Group's long-term strategic goals and consists of KMUs, which are paid on the same basis as the long-term remuneration plans for other managerial-grade employees of the Group eligible for such remuneration. However, the exercise of KMUs is subject to the performance conditions outlined above.

Prior to 2020, the long-term remuneration plan was therefore based on KMUs whose initial unit value of €100 (at December 31, 2011) was indexed to changes in the Kering share price relative to a basket of seven luxury stocks. This principle and criterion for determining long-term remuneration has been maintained. However, following the major transformation of the Group and in particular the distribution of a large portion of the PUMA shares held by Kering, the basket of stocks was adapted to reflect only Luxury activities, excluding Sport & Lifestyle activities. Adidas and Nike were therefore removed from the basket of stocks used as the benchmark.

KMUs have a vesting period of three years as from their grant date, after which they may be cashed in by the beneficiaries over a two-year period (during two windows each year), based on the value determined during the last opened window.

In accordance with the recommendations of the AFEP-MEDEF Code and of the Remuneration Committee, the Board of Directors decided on March 10, 2017 to remove the lock-in obligation on Kering shares obtained by cashing in KMUs, because these instruments provide exclusively for a cash settlement.

Method applied to value KMUs

Changes in the KMU value are assessed on a six-monthly basis (at June 30 and December 31 each year), based on the Kering share price during the last 30 trading days. This value is then weighted for the performance of the Kering share relative to the basket of other stocks.

At the end of each six-month period, the value of a KMU is calculated as follows:

$$UVs+1 = UVs \times \left(\frac{[I+VKs+1] + ([I+VKs+1] \times [I+VKs+1]) / [I+VPVs+1]}{2} \right)$$

Where:

UV = Unit of Value.

s+1 = the six-monthly closing date at which the unit of value is assessed (06/30 or 12/31).

s = the previous six-monthly closing.

VK = the change in the Kering share price over the six-month period, using the average share price over the 30 days preceding the six-monthly closing as the reference price.

VPV = the change in the price of a basket of stocks over the six-month period, equal to the arithmetic average change in these stocks, using the average share price over the 30 days preceding the six-monthly closing as the reference price.

The following companies were used to compile the benchmark: Burberry, Ferragamo, LVMH, Prada, Richemont, Swatch and Tod's.

Since December 31, 2011, based on the valuation method described above, changes in the value of KMUs are as follows:

Date	KMU value
December 31, 2011	€100
June 30, 2012	€102
December 31, 2012	€131
July 21, 2013 ⁽¹⁾	€152
December 31, 2013	€144
June 30, 2014	€166
December 31, 2014	€167
June 30, 2015	€160
December 31, 2015	€166
June 30, 2016	€157
December 31, 2016	€249
June 30, 2017	€401
December 31, 2017	€581
June 30, 2018	€885
December 31, 2018	€753
June 30, 2019	€988
December 31, 2019	€1,168

(1) Date of the first award of KMUs.

The following four scenarios illustrate the sensitivity of the KMUs to the Kering share price and the value of the basket of stocks:

Option	KMU impact
-15% (<i>Kering</i>) vs -15% (basket)	15% decrease in KMU value
-10% (<i>Kering</i>) vs +5% (basket)	16.4% decrease in KMU value
+10% (<i>Kering</i>) vs -5% (basket)	18.7% increase in KMU value
+15% (<i>Kering</i>) vs +15% (basket)	15% increase in KMU value

KMU value would fall significantly in the event of a collapse in the Kering share price (e.g., of around 80%).

Summary of KMUs granted to each executive corporate officer that have become available or are still vesting

François-Henri Pinault, Chairman and Chief Executive Officer

KMUs

Plan	KMUs granted ⁽¹⁾	Unit value (in €) ⁽²⁾	Grant value (in €)	Vesting date ⁽³⁾	Target/ Threshold ⁽⁴⁾	Value as of	Minimum required
						Dec. 31, 2019 (€1,168)	
2017	10,471	249 ⁽⁵⁾	2,607,279	January 2020	Increase in at least one of: ROI, FCF or ROM	12,230,128	Achieved
2018	5,411	581 ⁽⁶⁾	3,143,791	January 2021	Increase in at least one of: ROI, FCF or ROM	6,320,048	TBD
	5,000	581 ⁽⁶⁾	2,905,000	January 2020	No performance condition required ⁽⁷⁾	5,840,000	N/A
2019	4,175	753 ⁽⁸⁾	3,143,775	January 2022	Increase in the following three criteria: ROI, FCF or ROM	4,876,400	TBD

Given that the performance condition has been achieved, the 10,471 KMUs relating to the 2017 Plan will be payable from April 2020 (first window) and may be cashed in until October 2021 (second window). Based on a value of €1,168 per KMU at December 31, 2019 (versus €249 at the award date), the value of this award is €12,230,128.

With regard to the exceptional remuneration awarded to executive corporate officers in 2018 following the major transformation of the Group, the first tranche was cashed in during the year, in October 2019. The second tranche may be cashed in as from April 2020. This corresponds to the 5,000 remaining KMUs awarded in 2018 to the Chairman and Chief Executive Officer, with no performance conditions attached. Based on a value of €1,168 per KMU at December 31, 2019 (versus €581 at December 31, 2017, corresponding to a total value of €2,905,000 at the award date), the value of this award is €5,840,000.

Jean-François Palus, Group Managing Director

KMUs

Plan	KMUs granted ⁽¹⁾	Unit value (in €) ⁽²⁾	Grant value (in €)	Vesting date ⁽³⁾	Target/Threshold ⁽⁴⁾	Value as of	Minimum required
						Dec. 31, 2019 (€1,168)	
2017	7,196	249 ⁽⁵⁾	1,791,804	January 2020	Increase in at least one of: ROI, FCF or ROM	8,404,928	Achieved
	5,000	249 ⁽⁵⁾	1,245,000	January 2020	No performance condition required ⁽⁷⁾	5,840,000	N/A
2018	3,809	581 ⁽⁶⁾	2,213,029	January 2021	Increase in at least one of: ROI, FCF or ROM	4,448,912	TBD
	3,000	581 ⁽⁶⁾	1,743,000	January 2020	No performance condition required ⁽⁷⁾	3,504,000	N/A
2019	3,047	753 ⁽⁸⁾	2,294,391	January 2022	Increase in the following three criteria: ROI, FCF or ROM	3,558,896	TBD

Given that the performance condition has been achieved, the 7,196 KMUs relating to the 2017 Plan will be payable from April 2020 (first window) and may be cashed in until October 2021 (second window). Based on a value of €1,168 per KMU at December 31, 2019 (versus €249 at the award date), the value of this award is €8,404,928.

The exceptional award of 5,000 KMUs made in 2017 to the Group Managing Director to reflect the Group's progress in various areas (performance of PUMA, integration of the Luxury activities, profitable organic growth momentum, etc.) will also be payable as from April 2020. Based on a value of €1,168 per KMU at December 31, 2019 (versus €249 at the award date), the value of this award is €5,840,000.

With regard to the exceptional remuneration awarded to executive corporate officers in 2018 following the major transformation of the Group, the first tranche was cashed in during the year, in October 2019. The second tranche may be cashed in as from April 2020. This corresponds to the 3,000 remaining KMUs awarded in 2018 to the Group Managing Director, with no performance conditions attached. Based on a value of €1,168 per KMU at December 31, 2019 (versus €581 at December 31, 2017, corresponding to a total value of €1,743,000 at the award date), the value of this award is €3,504,000.

(1) From 2017, the value of the KMUs awarded was equal to 100% of the total annual cash-based remuneration paid to the Chairman and Chief Executive Officer and 80% of the total annual cash-based remuneration paid to the Group Managing Director.

(2) The value of the KMUs is indexed equally to both absolute changes in the Kering share price and to changes in the Kering share price relative to a basket of seven luxury stocks.

(3) The KMU vesting period is set at three years as from January 1 of the year in which they are granted.

(4) For 2017 and 2018, 100% of the KMUs may be cashed in if, for recurring operating income, free cash flow from operations or recurring operating margin, an increase is observed between the average amount over the three-year vesting period and the amount shown in Kering's consolidated financial statements for the year preceding the year of the grant. Failing this, no KMUs may be cashed in.

From 2019, the performance criteria become progressive and cumulative, as follows:

- three criteria met: 100% of the KMUs vest;
- two of three criteria met: 75% of the KMUs vest;
- one of three criteria met: 50% of the KMUs vest;
- no criteria met: no KMUs may be cashed in.

(5) Unit value at December 31, 2016.

(6) Unit value at December 31, 2017.

(7) Exceptional bonus awarded to executive corporate officers following the major transformation of the Group: following the Group's exit from retail activities, build an integrated group generating value for the brands across the Group and, once the Luxury Division has confirmed its ability to deliver profitable organic growth, focus the portfolio on luxury brands.

(8) Unit value at December 31, 2018.

Exceptional remuneration

As agreed with the Board of Directors, management defined a strategy to be implemented once the disposal of the retail activities was complete. The aim of this strategy was to build an integrated group creating value for the brands across the Group and to then focus the portfolio on luxury brands, once the Luxury activities had confirmed their ability to deliver profitable organic growth.

The payment of a stock dividend representing a large portion of the PUMA shares held by Kering was part of this strategy: alongside the ability of the luxury brands to deliver healthy and profitable growth, the turnaround at PUMA was sufficiently advanced for the Group to leverage its growth trajectory to improve profitability, and thus bolster its appeal to the financial markets.

This strategy, devised by Kering's two executive corporate officers and rolled out at an optimum time, has led to a major transformation of the Group.

In this context, and further to the approval of the shareholders granted at the Annual General Meeting of April 26, 2018, a total of 10,000 and 6,000 KMUs, with a unit value of €581 as of December 31, 2017, were awarded in 2018 to the Chairman and Chief Executive Officer and to the Group Managing Director, respectively, corresponding to a respective value of €5,810,000 and €3,486,000. As indicated on pages 247 and 248, the first tranche was cashed in during 2019, in October, resulting in an award of €4,940,000 for the Chairman and Chief Executive Officer and €2,964,000 for the Group Managing Director.

The second tranche may be cashed in as from April 2020, based on a value of €1,168 per KMU at December 31, 2019 (versus €581 at December 31, 2017, corresponding to a total value at the award date of €2,905,000 and €1,743,000, respectively). If cashed in during April 2020, the value of this award would be €5,840,000 for the Chairman and Chief Executive Officer and €3,504,000 for the Group Managing Director.

Summary of the benefits awarded to executive corporate officers (AMF Table II)

	Employment contract		Supplementary pension plan		Indemnities or benefits owed or that may be payable on termination or change of duties		Indemnities relating to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Executive corporate officer								
François-Henri Pinault								
Chairman and Chief Executive Officer								
Start of term of office: May 19, 2005								
Expiry of term of office: 2021 AGM		X		X		X		X
Jean-François Palus								
Group Managing Director								
Start of term of office: February 26, 2008								
Expiry of term of office: 2021 AGM		X ⁽¹⁾		X		X		X

(1) Employment contract terminated on December 31, 2019.

Other information and commitments

No stock subscription or purchase options were granted to the executive corporate officers in 2019, and no stock options are outstanding for François-Henri Pinault or Jean-François Palus.

The executive corporate officers have formally undertaken not to use hedges on their stock options or performance shares and no such hedges are currently in place.

Further to the decision by the Board of Directors to maintain the long-term incentive system based on monetary instruments, no performance shares have been granted to executive corporate officers since 2012.

Summary of remuneration, options and performance shares awarded to each executive corporate officer (AMF Table 1)

Gross amounts (in €)

François-Henri Pinault Chairman and Chief Executive Officer	Amounts for 2019	Amounts for 2018
Remuneration payable ⁽¹⁾	2,225,027	3,227,125
Value of multi-annual variable remuneration granted during the year ⁽²⁾	3,143,775	8,953,791
TOTAL	5,368,802	12,180,916

(1) The amounts payable for the year correspond to components of remuneration for services rendered during the year. Multi-annual variable remuneration components are due at the end of a vesting period (of three years, in general), subject to the achievement of certain performance conditions. They are therefore not included in this section. However, they are included in the table summarizing multi-annual variable remuneration presented on page 255.

In October 2019, the 9,526 KMUs relating to the 2016 Plan and the 5,000 KMUs relating to half of the exceptional bonus awarded in 2018 were cashed in, based on a value of €988 per KMU at June 30, 2019, for a total amount of €14,351,688.

(2) This amount is based on the number of KMUs awarded during the year, at their grant value. In the consolidated financial statements, this amount is spread over the KMU vesting period, in accordance with IFRS 2.

Jean-François Palus Group Managing Director	Amounts for 2019	Amounts for 2018
Remuneration payable ⁽¹⁾	3,321,620	4,123,739
Value of multi-annual variable remuneration granted during the year ⁽²⁾	2,294,391	5,699,029
TOTAL	5,616,011	9,822,768

(1) The amounts payable for the year correspond to components of remuneration for services rendered during the year. Multi-annual variable remuneration components are due at the end of a vesting period (of three years, in general), subject to the achievement of certain performance conditions. They are therefore not included in this section. However, they are included in the table summarizing multi-annual variable remuneration presented on page 256.

In October 2019, the 8,448 KMUs relating to the 2016 Plan and the 3,000 KMUs relating to half of the exceptional bonus awarded in 2018 were cashed in, based on a value of €988 per KMU at June 30, 2019, for a total amount of €11,310,624.

(2) This amount is based on the number of KMUs awarded during the year, at their grant value. In the consolidated financial statements, this amount is spread over the KMU vesting period, in accordance with IFRS 2.

Fairness ratio between the level of remuneration of the Chairman and Chief Executive Officer and the Group Managing Director and the mean and median remuneration of Company employees

The analysis presented below was carried out in accordance with French law no. 2019-486 of May 22, 2019 on business growth and transformation (known as the PACTE Law), to ensure immediate compliance with the new requirements on the transparency of executive remuneration.

The ratios presented below are calculated on the basis of the fixed and variable remuneration paid over the past five years, the multi-annual variable remuneration allocated in the form of Kering Monetary Units (KMUs) during the same period and valued at the award date, and any Directors' fees paid during the period.

The scope of analysis corresponds to the employees of the Kering group holding companies.

François-Henri Pinault and Jean-François Palus held the positions of Chairman and Chief Executive Officer and Group Managing Director, respectively, during the five-year period in question.

The relative decline in the value of the mean and median ratios for 2016 is due to a decrease in the variable remuneration paid to the two executive corporate officers in respect of the 2015 results, which were below target.

Conversely, the increase in the ratios for 2018 reflects the exceptional bonus awarded to the two executive corporate officers in the form of KMUs as a way of recognizing the achievement of the final stage in the creation of a fully integrated luxury group, following the distribution of a large portion of the PUMA shares held by Kering.

François-Henri Pinault Chairman and Chief Executive Officer	2015	2016	2017	2018	2019
Ratio versus mean remuneration	41.3	35.5	43.3	96.2	53.6
Ratio versus median remuneration	70.5	57.0	78.0	168.9	88.4

Jean-François Palus Group Managing Director	2015	2016	2017	2018	2019
Ratio versus mean remuneration	37.1	31.3	44.1	68.3	45.5
Ratio versus median remuneration	63.4	50.2	79.3	120.0	75.0

In €m	2015	2016	2017	2018	2019
Recurring operating income ⁽¹⁾	1,647	1,886	2,948	3,944	4,778

(1) Reported data.

Draft resolutions regarding the remuneration paid during or awarded for 2019 to executive corporate officers in respect of their duties (*ex-post* vote)

Eleventh resolution

Approval of the fixed, variable and exceptional components of total remuneration and benefits in kind paid during or awarded for the year ended December 31, 2019 to François-Henri Pinault, Chairman and Chief Executive Officer

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings and having reviewed the Board of Directors' report on corporate governance, the Annual General Meeting approves the fixed, variable and exceptional components of total remuneration and benefits in kind paid or awarded to François-Henri Pinault, Chairman and Chief Executive Officer, for the year ended December 31, 2019. These components are presented in the 2019 Universal Registration Document in Chapter 4, "Report on corporate governance", section 4.3.1, "Remuneration paid during or allocated for 2019 to the Chairman and Chief Executive Officer and the Group Managing Director (executive corporate officers) in respect of their duties".

Twelfth resolution

Approval of the fixed, variable and exceptional components of total remuneration and benefits in kind paid during or awarded for the year ended December 31, 2019 to Jean-François Palus, Group Managing Director

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings and having reviewed the Board of Directors' report on corporate governance, the Annual General Meeting approves the fixed, variable and exceptional components of total remuneration and benefits in kind paid or awarded to Jean-François Palus, Group Managing Director, for the year ended December 31, 2019. These components are presented in the 2019 Universal Registration Document in Chapter 4, "Report on corporate governance", section 4.3.1, "Remuneration paid during or allocated for 2019 to the Chairman and Chief Executive Officer and the Group Managing Director (executive corporate officers) in respect of their duties".

4.3.2 Remuneration paid during or awarded for 2019 to the members of the Board of Directors in respect of their duties

At the Annual General Meeting held on May 6, 2014, the shareholders decided to increase the total amount of Directors' fees to be allocated to the members of the Board of Directors for 2014 from €809,000 to €877,000, due to the appointment of an additional Director. This amount remained unchanged in 2018 and 2019.

Based on recommendations of the Remuneration Committee, the Board of Directors decided on February 11, 2020 to allocate Directors' fees on the basis of the actual presence of members at meetings of the Board and its specialized Committees in 2019. In accordance with applicable legislation, members may not use videoconferencing or other remote communication technologies to attend meetings discussing the annual financial statements and Management Report. Accordingly, Directors not physically in attendance at the Board meeting approving the financial statements for the year ended December 31, 2019 are deemed absent and are not eligible for the related Directors' fees.

Out of the total amount set at the Annual General Meeting, the rule followed by the Board in order to comply with the AFEP-MEDEF Code recommendation for a significant variable component with respect to Directors' fees is to divide the total amount between a 40% fixed portion and a 60% variable portion. The Directors' fees are thus

allocated in the following manner (Financière Pinault has waived its fee):

- a fixed portion, minus a special portion corresponding to the remuneration of the Chairs of the Audit, Remuneration, and Appointments and Governance Committees, respectively (€23,000 each), the balance being allocated with a coefficient of 1 by Board membership, increased by 0.5 per Committee;
- a variable portion, allocated with a coefficient of 1 per presence at each meeting of the Board and 0.5 for each attendance of a Committee meeting.

For 2019, a total amount of €877,700 will be paid to the Directors, allocated as follows:

- €350,800 for the fixed portion, of which €46,000 for the special portion (40% of the total remuneration awarded to Directors);
- €526,200 for the variable portion (60% of the total remuneration awarded to Directors).

Non-voting Directors do not collect any Directors' fees in respect of their participation in those meetings of the Board of Directors that they are invited to attend.

The table below breaks down the remuneration paid to Directors in 2018 and 2019 for fiscal years 2017 and 2018.

Member of the Board of Directors		Amounts paid during the year (in €)	
		2019	2018
François-Henri Pinault	Directors' fees	66,704	67,121
	Committee Chair	-	-
	Fixed portion	22,444	26,838
	Variable portion	44,260	40,283
Jean-François Palus	Directors' fees	66,704	60,412
	Committee Chair	-	-
	Fixed portion	22,444	20,129
	Variable portion	44,260	40,283
Sophie L'Hélias	Directors' fees	104,562	100,192
	Committee Chair	23,000	23,000
	Fixed portion	29,926	26,838
	Variable portion	51,636	50,354
Jean-Pierre Denis	Directors' fees	104,562	100,192
	Committee Chair	23,000	23,000
	Fixed portion	29,926	26,838
	Variable portion	51,636	50,354
Yseulys Costes	Directors' fees	74,186	69,639
	Committee Chair	-	-
	Fixed portion	29,926	26,838
	Variable portion	44,260	42,801
Baudouin Prot	Directors' fees	49,492	62,086
	Committee Chair	-	-
	Fixed portion	22,444	26,838
	Variable portion	27,048	35,248
Sapna Sood	Directors' fees	69,268	69,639
	Committee Chair	-	-
	Fixed portion	29,926	26,838
	Variable portion	39,342	42,801
Daniela Riccardi	Directors' fees	66,704	64,604
	Committee Chair	-	-
	Fixed portion	22,444	26,838
	Variable portion	44,260	37,766
Ginevra Elkann	Directors' fees	9,905	-
	Committee Chair	-	-
	Fixed portion	4,988	-
	Variable portion	4,918	-
Claire Lacaze	Directors' fees	17,317	-
	Committee Chair	-	-
	Fixed portion	7,481	-
	Variable portion	9,836	-
Patricia Barbizet⁽¹⁾	Directors' fees	153,845	162,291
	Committee Chair	23,000	23,000
	Fixed portion	37,407	33,548
	Variable portion	93,437	105,744
Laurence Boone⁽²⁾	Directors' fees	50,564	72,157
	Committee Chair	-	-
	Fixed portion	11,222	26,838
	Variable portion	39,342	45,319
Sophie Bouchillou⁽³⁾	Directors' fees	43,188	48,667
	Committee Chair	-	-
	Fixed portion	11,222	13,419
	Variable portion	31,965	35,248
TOTAL		877,000	877,000

(1) The term of office of Vice-Chair Patricia Barbizet expired on December 14, 2018.

(2) The term of office of Laurence Boone expired on July 26, 2018.

(3) The term of office of Sophie Bouchillou expired in July 2018.

Neither the Company, nor any company that it controls, has made any commitment to its Directors or corporate officers on account of the commencement, termination or change of duties or subsequent thereto.

No non-executive corporate officer or Director benefits from any particular benefit or specific pension plan. They are not entitled to any conditional or deferred remuneration.

Claire Lacaze, the Director representing employees, has a permanent employment contract with the Company.

Draft resolution regarding the remuneration paid during or awarded for 2019 to corporate officers

Tenth resolution

Approval of the information referred to in Article L. 225-37-3, I of the French Commercial Code relating to remuneration paid during or awarded for the year ended December 31, 2019 to corporate officers in respect of their duties as Directors

Deliberating in accordance with the rules of quorum and majority applicable to ordinary general meetings and in application of the provisions of Article L. 225-100, II of the French Commercial Code, the Annual General Meeting, having

reviewed the Board of Directors' report on corporate governance, approves the information referred to in Article L. 225-37-3, I of the French Commercial Code relating to the remuneration and benefits in kind paid during or awarded for the year ended December 31, 2019 to corporate officers in respect of their duties as Directors, as described in the aforementioned report, which is included in the 2019 Universal Registration Document, Chapter 4 "Report on corporate governance", section 4.3 "Report on the remuneration paid during or awarded for 2019 to corporate officers in respect of their duties (*ex-post* vote)".

The Board of Directors