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ESG Information Disclosure in the Luxury Industry: A Case Study of Kering Group

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Abstract: *Global sustainability governance is deepening, and the EU CSRD regulations have now entered into force. Against this backdrop, ESG disclosure carries more weight than ever in gauging how firms perform on sustainability. Luxury houses face a singular set of ESG pressures: their supply chains move high-value goods, production is resource-heavy, and brand reputation hangs on every disclosure decision. We take Kering Group as our case. Legitimacy theory and stakeholder theory anchor the analysis. An index method is used to build an ESG disclosure scoring system—48 indicators in total, spread across environmental, social and governance pillars. That system is then applied to Kering's disclosures between 2021 and 2024. Scores rose steadily across the four years. Kering's EP&L reporting and its SBTi/SBTN verification stand out as benchmarks for the sector. That said, quantitative disclosure on social metrics still lags. We close by offering practical recommendations for ESG disclosure that luxury firms more broadly might adopt.*

Keywords: *Luxury Industry, ESG Information Disclosure, Kering Group, Environmental Profit & Loss Account, Index Method*

1. Introduction

Global sustainability governance continues to deepen, and the ESG (Environmental, Social, and Governance) framework is gradually being embedded into the core of corporate value assessment. ESG information disclosure serves a dual function in this process—as an external communication tool and as a critical channel for reducing information asymmetry and building stakeholder trust.

The luxury industry holds a significant position in the global consumption landscape. The market size is projected to reach USD 487.7 billion in 2026[1]. Luxury supply chains carry high value, production is resource-intensive, and brand reputation is acutely visible. Together these factors shape ESG challenges peculiar to the sector[2]. Over 60% of luxury buyers now factor sustainability into their purchases. The industry's high visibility and wide profit margins only sharpen what outsiders expect of it on social grounds.

Kering Group ranks second globally among luxury houses. Its portfolio includes Gucci, Saint Laurent, and Bottega Veneta, and its ESG disclosures sit near the top of the industry. The Group pioneered the Environmental Profit & Loss Account (EP&L)—the first of its kind—and has earned successive A ratings from CDP for climate, water, and forest stewardship.

Few systematic case studies trace ESG disclosure within luxury. This paper turns to Kering. We construct an evaluation index fitted to industry specifics and examine its disclosure practices in depth.

2. ESG Information Disclosure Overview and Theoretical Foundations

2.1 ESG Information Disclosure Overview

Environmental, Social and Governance (ESG) gauges firms on three non-financial fronts: environmental responsibility, social responsibility, and corporate governance. ESG disclosure is the act of releasing such performance data to stakeholders—investors, consumers, regulators. Three pillars support the broader ESG ecosystem: disclosure, rating, and investment. Disclosure sits at the base[3].

Multiple studies tie ESG performance to financial performance, and the correlation is positive and significant[4].

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2.2 Theoretical Foundations

Legitimacy theory argues that organizations must align their conduct with prevailing social norms if they wish to keep operating. Once a "legitimacy gap" opens, firms risk losing access to resources. ESG reporting is one way to signal that corporate values match what society expects[1]. In luxury, brand reputation is a core asset. ESG disclosure therefore doubles as a legitimacy safeguard.

Stakeholder theory widens the corporate lens beyond shareholders to employees, suppliers, consumers, and others. ESG reporting is the channel through which firms address these plural demands[3]. Luxury's stakeholder map is denser than most: artisans, raw-material suppliers, and high-net-worth buyers each want different things. That diversity pushes disclosure to be more granular.

When information is unevenly split between transacting parties, markets work less efficiently—that is the premise of information asymmetry theory. ESG disclosure narrows that gap. Transparency rises, resources move to better uses, and firms find it cheaper to raise capital[5].

Beck's risk society theory tracks how "manufactured risks" hit enterprises in post-modern conditions. One paradox is worth noting: the more sustainability data firms release, the less consumers may trust what they hear[2]. For luxury brands, the implication is stark—only genuinely transparent ESG reporting can win that trust back.

Hardin's tragedy of the commons shows why finite environmental resources get depleted when no one regulates access. Luxury manufacturing leans heavily on shared resources—water, rare leather, precious metals. ESG disclosure can act as a check: it invites multi-stakeholder governance, builds reputational capital, and can slow the depletion Hardin described.

3. Overview of the Luxury Industry and Construction of the ESG Information Disclosure Evaluation Index System

3.1 Overview of the Luxury Industry

The luxury industry exhibits characteristics that distinguish it from other sectors across multiple dimensions. Product scarcity and superior quality constitute core values, reflected in premium pricing. Supply chains are globalized, complex, and opaque. The industry carries social functions of cultural heritage and craftsmanship preservation, and it is transitioning from a "high-quality, high-price" positioning toward "high-quality sustainable products"[1]. The industry's stakeholders span governments and regulators, investors and consumers—millennials and Generation Z in particular—alongside employees and artisans, suppliers and communities, and the environment itself.

Recent scholarship links corporate ESG performance to higher firm value through three channels: fewer financing constraints, more efficient operations, and lower financial risk[6]. Luxury firms thus have a concrete economic incentive to stress ESG disclosure.

3.2 Construction of the ESG Information Disclosure Evaluation Index System

We draw on CASS-ESG 5.0, the GRI Standards, SASB Standards, and the ESRS regulations, applying the principles of materiality, completeness, and comparability throughout. Scoring follows an index method: 0 for no disclosure, 1 for qualitative or quantitative disclosure only, and 2 for combined qualitative and quantitative disclosure.

Because luxury carries its own specific ESG concerns, the evaluation system is built around three pillars—E, S, and G—covering 12 material topics and 48 indicators in total. The maximum score is 86 points (E: 32, S: 30, G: 24). Tables 1 through 3 lay out the details.

Table 1 Selection of Environmental (E) Dimension Evaluation Indicators for the Luxury Industry

Material Topic	Evaluation Indicator	Nature	Max Score
E1 Environmental Management System	E1.1 Environmental management policy and system	Qualitative	2
	E1.2 Environmental management objectives and plans	Qualitative	2
	E1.3 Environmental protection investment amount	Quantitative	2
	E1.4 Environmental management system certification	Qualitative	2
E2 Climate Change Response	E2.1 Total greenhouse gas emissions	Quantitative	2
	E2.2 Carbon intensity indicators	Quantitative	2
	E2.3 Science-based targets (SBTi)	Qualitative	2

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Material Topic	Evaluation Indicator	Nature	Max Score
	E2.4 Proportion of renewable energy use	Quantitative	2
E3 Resource Utilization	E3.1 Total energy consumption and intensity	Quantitative	2
	E3.2 Water consumption and conservation measures	Quantitative	2
	E3.3 Raw material traceability and sustainable sourcing	Quantitative	2
	E3.4 Sustainable packaging material ratio	Quantitative	2
E4 Biodiversity	E4.1 Biodiversity conservation policy	Qualitative	2
	E4.2 Use of rare species and alternative solutions	Qualitative	2
E5 Pollution Prevention	E5.1 Wastewater/waste gas/waste management	Quantitative	2
	E5.2 Chemical management and restricted substance list	Qualitative	2

Table 2 Selection of Social (S) Dimension Evaluation Indicators for the Luxury Industry

Material Topic	Evaluation Indicator	Nature	Max Score
S1 Employee Rights	S1.1 Number and composition of employees	Quantitative	2
	S1.2 Employee training investment and hours	Quantitative	2
	S1.3 Occupational health and safety management system	Qualitative	2
	S1.4 Employee turnover rate	Quantitative	2
	S1.5 Gender pay equity and diversity policy	Qualitative	2
S2 Supply Chain Responsibility	S2.1 Supplier code of conduct and audits	Qualitative	2
	S2.2 Supply chain labor standards compliance rate	Quantitative	2
	S2.3 Raw material traceability transparency	Qualitative	2
S3 Craftsmanship Heritage	S3.1 Artisan training programs and apprenticeship system	Qualitative	2
	S3.2 Intangible cultural heritage protection investment	Quantitative	2
S4 Consumer Rights	S4.1 Product quality and safety standards	Qualitative	2
	S4.2 Customer privacy protection and data security	Qualitative	2
S5 Community Engagement	S5.1 Philanthropic donation amount	Quantitative	2
	S5.2 Community development project participation	Qualitative	2
	S5.3 Anti-violence and women's empowerment programs	Qualitative	2

Table 3 Selection of Governance (G) Dimension Evaluation Indicators for the Luxury Industry

Material Topic	Evaluation Indicator	Nature	Max Score
G1 Corporate Governance Structure	G1.1 Board independence and diversity	Qualitative	2
	G1.2 Sustainability committee establishment	Qualitative	2
	G1.3 ESG indicators linked to executive compensation	Qualitative	2
	G1.4 Shareholder rights protection mechanism	Qualitative	2
G2 Compliance and Risk Control	G2.1 Anti-corruption and business ethics policy	Qualitative	2
	G2.2 Internal control and risk management system	Qualitative	2
	G2.3 Whistleblowing mechanism and whistleblower protection	Qualitative	2
G3 Information Disclosure	G3.1 ESG report publication and third-party assurance	Qualitative	2
	G3.2 Double materiality assessment	Qualitative	2
	G3.3 Industry organization participation (Fashion Pact, etc.)	Qualitative	2
G4 ESG Strategy	G4.1 ESG strategic planning and objectives	Qualitative	2
	G4.2 ESG data management system and digitalization	Qualitative	2

4. Current Status and Challenges of ESG Information Disclosure in the Luxury Industry

4.1 Forms of ESG Information Disclosure in the Luxury Industry

Current ESG disclosure practices in the luxury industry are diverse, encompassing standalone sustainability reports, integrated reports incorporated into annual reports, CDP-specific disclosures, TCFD climate disclosures, and disclosures via official websites and social media. Leading enterprises typically adopt a combination of standalone and integrated reports, while smaller brands often remain at the stage of fragmented disclosures[7].

4.2 Content of ESG Information Disclosure in the Luxury Industry

In the environmental dimension, carbon emission data, energy usage, and water resource management are relatively common among leading enterprises[1]. However, challenges persist in terms of insufficient quantitative disclosure, inconsistent carbon accounting methodologies, and weak supply chain environmental information. In the social dimension, employee rights disclosure is relatively well-developed, but luxury-specific topics such as artisan craftsmanship heritage and intangible cultural heritage protection receive inadequate attention, and supply chain social responsibility disclosure faces a "last mile" problem[2]. In the governance dimension, practices such as establishing sustainability committees and incorporating ESG into executive compensation assessments have become widespread among leading enterprises[1]. However, the industry as a whole still faces bottlenecks including non-

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uniform disclosure standards and low third-party assurance coverage.

4.3 Common Challenges in Industry ESG Information Disclosure

Four levels of common constraints merit attention. First, non-uniform disclosure standards—the parallel application of GRI, SASB, ESRS, and other frameworks results in poor data comparability at the industry level. Second, insufficient quantitative disclosure—qualitative descriptions still dominate in the social dimension and supply chain transparency, and the absence of quantitative information directly constrains the promotion of ESG performance on corporate performance. Third, "greenwashing" risks—some firms primarily use sustainability narratives for marketing purposes, and information overload may actually reduce consumer trust. Fourth, weak disclosure capabilities among small and medium-sized enterprises—resource constraints and capability constraints coexist in data collection and report preparation[8].

5. Analysis of Kering Group's ESG Information Disclosure

5.1 Introduction to Kering Group

Kering Group (Kering S.A.), headquartered in Paris, France, owns a portfolio of brands including Gucci, Saint Laurent, Bottega Veneta, Balenciaga, and Alexander McQueen. In 2024, the Group achieved revenues of EUR 17.2 billion and employed approximately 47,000 people worldwide, ranking as the second-largest company in the global luxury industry behind LVMH. In terms of sustainability, the Group has integrated environmental and social responsibility into its core strategy since 2005, launched the industry-first Environmental Profit & Loss Account (EP&L) in 2015, and has consistently received A ratings from CDP across climate, water, and forest categories[1].

5.2 Forms of ESG Information Disclosure at Kering Group

Kering Group has established a five-tier ESG disclosure architecture comprising URD (Universal Registration Document, prepared in accordance with ESRS standards from 2024 onwards), ESG Databook (providing detailed quantitative indicators), EP&L (Environmental Profit & Loss Account, independently assured by PwC, monetizing environmental impacts), CDP-specific disclosures (A ratings across all three categories), and SBTi verification documents (science-based carbon targets formally verified).

5.3 Analysis of Environmental Dimension Disclosure at Kering Group

The environmental dimension represents Kering Group's most outstanding area of ESG disclosure. According to the Group's URD reports from 2021 to 2024, specific disclosure content in climate change response, resource utilization, and biodiversity conservation is presented in Table 4.

Table 4 Environmental Dimension Disclosure Content of Kering Group

Disclosure Topic	2021	2022	2023	2024
Total GHG Emissions (market-based)	301,509 tCO2e	2,427,724 tCO2e	2,552,669 tCO2e	2,159,908 tCO2e
Scope 1+2 Emissions	30,508 tCO2e	29,258 tCO2e	44,351 tCO2e	43,480 tCO2e
Renewable Electricity Ratio	92%	100% (RE100 achieved)	100%	100%
Carbon Intensity (market-based)	23.1 tCO2/EURm gross margin	—(Note 1)	131 tCO2e/EURm revenue	126 tCO2e/EURm revenue
EP&L Environmental Impact	EUR 562 million	EUR 549 million	Not fully disclosed	Not fully disclosed
Energy Consumption	Electricity 211,893 MWh, Natural gas 54,754 MWh	Electricity 285,056 MWh, Natural gas 56,493 MWh	Not fully disclosed	Total 435,084 MWh (renewable 327,468)
Water Resource Management	Total 953,093 m3 (industrial 335,010 m3)	Total 1,033,201 m3 (industrial 330,099 m3)	Not fully disclosed	Withdrawal 870,384 m3, Consumption 75,763 m3
SBTi Verification Status	Approved (1.5°C)	Approved	Approved	Net Zero Verified (Oct 2024)
SBTN Verification	Not participating	Not participating	Participating in Pilot	First batch verified (Oct 2024)
Biodiversity Conservation	Biodiversity strategy released (target: net-positive impact by 2025)	Strategy ongoing, key raw material traceability 97%	Joined SBTN Pilot, landscape projects launched	First SBTN verified (terrestrial + freshwater targets)

Note 1: In 2022, Kering Group expanded its Scope 3 reporting scope (including all 15 categories), resulting in significant differences in total GHG emissions compared to previous years. In 2022, Scope 1+2 carbon intensity was 1.93 tCO2e/EURm gross margin.

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5.3.1 Environmental Management System

All brands under the Group have obtained ISO 14001 certification. In 2024, the Group established a new Chief Sustainability Officer (CSO) position reporting directly to the CEO. ESG-related indicators account for 20% of executive variable compensation, a practice that serves as a model within the industry.

5.3.2 Climate Change Response

The Group comprehensively discloses Scope 1, 2, and 3 emissions data in accordance with the GHG Protocol standards. Table 4 shows that total GHG emissions in 2024 were 2,159,908 tCO2e (market-based), of which Scope 1+2 accounted for 43,480 tCO2e (approximately 2%) and Scope 3 accounted for 2,116,428 tCO2e (approximately 98%). Carbon intensity (market-based) decreased from 131 tCO2e/EURm revenue in 2023 to 126 in 2024. The proportion of renewable energy use increased from 92% in 2021 to 100% in 2022 and has been maintained since.

5.3.3 Environmental Profit & Loss Account (EP&L)

The EP&L represents Kering Group's most innovative disclosure tool. As shown in Table 4, the EP&L environmental impact value decreased from EUR 562 million in 2021 to EUR 549 million in 2022. This tool, independently assured by PwC, monetizes environmental impacts, providing the industry with a methodological reference for natural capital accounting.

5.3.4 Biodiversity Conservation

The Group has made significant progress in biodiversity disclosure. In 2021, it released a biodiversity strategy targeting net-positive impact on biodiversity by 2025. In 2023, it joined the SBTN Pilot program. In October 2024, it became the first company to receive verification for both terrestrial and freshwater natural targets under SBTN. Key raw material traceability reached 97% (leather 98%). Landscape projects covered 342,000 hectares in Mongolia, 300,000 hectares in South Africa, and 53,500 hectares in India.

5.4 Analysis of Social Dimension Disclosure at Kering Group

The social dimension represents a relative weakness in Kering Group's ESG disclosure. URD data shows that specific disclosure content for employee rights, supply chain responsibility, and community engagement is presented in Table 5.

Table 5 Social Dimension Disclosure Content of Kering Group

Disclosure Topic	2021	2022	2023	2024
Total Employees	42,811	47,227	47,850	46,936
Female Management Ratio	56%	57%	57%	59%
Training Hours	577,504 hours	606,444 hours	736,481 hours	691,031 hours
Employee Engagement	82% (2021 survey)	82% (2022 survey)	73% (2023 survey)	72% (2024 survey)
Supplier Social Audits	3,420	4,118	4,559	4,550
Supplier Compliance Rate	Qualitative disclosure	Qualitative disclosure	71%	71%
Persons with Disabilities Employment	531	644	Coverage 85.2%	DEI Score 100/100

5.4.1 Employee Rights and Diversity

Total employees rose from 42,811 in 2021 to 47,850 in 2023, then fell to 46,936 in 2024 (Table 5). The share of women in management climbed steadily, from 56% to 59% over the same span. Training hours followed a similar arc: 577,504 in 2021, 736,481 in 2023, and 691,031 in 2024. Engagement scores were less stable—82% in 2021 and 2022, then a drop to 73% in 2023, and 72 out of 100 in 2024. The Group placed 81st in the Equileap 2025 Gender Equality Ranking, and its parental leave policies now cover roughly 50 countries.

5.4.2 Supply Chain Responsibility

Supplier social audits expanded from 3,420 in 2021 to 4,559 in 2023, settling at 4,550 in 2024 (Table 5). The compliance rate was described in qualitative terms for 2021–2022, only from 2023 onward did the Group put a figure to it—71%. The full supplier list has yet to be published, and audit findings at the facility level suggest gaps in the disclosure system that are structural rather than incidental. From a risk-society standpoint, that lack of supply-chain transparency can erode the trust consumers place in the brand.

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5.4.3 Craftsmanship Heritage and Community Engagement

The Group backs sustainable fashion innovation through ties with fashion schools, apprenticeship schemes, and the Kering Generation Award. The Kering Foundation reports funding for programs against violence towards women. On disability employment, a shift is visible in Table 5: the Group moved from giving exact headcounts in 2021–2022 to reporting coverage rates and scores in 2023–2024. Quantitative social impact assessment is still thin, and that constrains how far social disclosure can go.

5.5 Analysis of Governance Dimension Disclosure at Kering Group

Governance is where Kering's ESG disclosure is strongest. URD data points to corporate governance structure, compliance and risk control, and information disclosure as the main areas. Table 6 spells out the specifics.

Table 6 Governance Dimension Disclosure Content of Kering Group

Disclosure Topic	2021	2022	2023	2024
Board Size	14	14	14	14
Independent Director Ratio	64%	64%	64%	64%
Sustainability Committee	Established	Established	Established	Established
ESG Linked to Executive Compensation	Yes (weight 20%)	Yes (weight 20%)	Yes (weight 20%)	Yes (weight 20%)
URD Preparation Standards	Traditional standards	Traditional standards	Traditional standards	ESRS-aligned
Double Materiality Assessment	Not disclosed	Not disclosed	Not disclosed	First introduced
Third-party Assurance	PwC (EP&L)	PwC (EP&L)	PwC (EP&L)	PwC + expanded assurance
Anti-corruption Policy	2019 policy update, prohibited behaviors identified, aligned with Sapin II eight pillars	Same as above	Same as above	Same as above + Chief Compliance Officer
Whistleblowing Mechanism	Multi-channel system, no-conflict-of-interest personnel handling	Same as above	Same as above	Same as above + 98 reports in 2025, 89% investigated, 35 violations confirmed
Industry Organization Participation	Fashion Pact, etc.	Fashion Pact, etc.	Fashion Pact, etc.	Fashion Pact, etc.

5.5.1 ESG Governance Structure

Table 6 shows that the board size remained at 14 members, with independent directors accounting for 64%, unchanged over the four-year period. A sustainability committee has been established under the board, chaired by an independent director. ESG indicators are incorporated into executive variable compensation assessments with a weight of approximately 20%, a mechanism that effectively drives organizational behavior change.

5.5.2 Information Disclosure and Compliance

2024 marked a significant turning point in the Group's information disclosure—the URD was prepared entirely in accordance with ESRS standards for the first time, and double materiality assessment (financial materiality + impact materiality) was introduced for the first time. Third-party assurance expanded from PwC's independent assurance of EP&L to broader ESG data. The Group actively participates in industry organizations such as the Fashion Pact, maintaining detailed disclosures in compliance and risk control.

5.5.3 Anti-corruption and Whistleblowing Mechanism

The Group's anti-corruption policy was updated in 2019. Prohibited behaviors have been identified and guidelines established, enabling employees to detect corruption cases and report them to management. The anti-corruption compliance program meets international standards, particularly the eight pillars required under Article 17 of France's Sapin II law. The Chief Compliance Officer attends at least one audit committee meeting annually to report on the compliance program status.

Regarding the whistleblowing mechanism, the Group has established a multi-channel reporting system. Email (91%) and the ethics hotline (9%) are the two main channels, with 40% submitted anonymously. When conflicts of interest arise at the Group committee level, reports are automatically forwarded to regional committees, and vice versa. Personnel handling reports and conducting

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investigations must not have conflicts of interest and must not belong to the management chain related to the facts.

5.6 Evaluation of Kering Group's ESG Information Disclosure

Based on the evaluation index system constructed in Chapter 3, Kering Group's ESG information disclosure from 2021 to 2024 was scored item by item. The evaluation results are presented in Tables 7 through 10.

Table 7 Evaluation of Kering Group's Environmental (E) Dimension Information Disclosure

Dimension	Material Topic	Evaluation Indicator	Max	2021	2022	2023	2024
E	E1 Environmental Management System	E1.1 Environmental management policy and system	2	2	2	2	2
		E1.2 Environmental management objectives and plans	2	2	2	2	2
		E1.3 Environmental protection investment amount	2	1	1	2	2
		E1.4 Environmental management system certification	2	2	2	2	2
	E2 Climate Change Response	E2.1 Total greenhouse gas emissions	2	2	2	2	2
		E2.2 Carbon intensity indicators	2	2	2	2	2
		E2.3 Science-based targets (SBTi)	2	1	2	2	2
		E2.4 Proportion of renewable energy use	2	2	2	2	2
	E3 Resource Utilization	E3.1 Total energy consumption and intensity	2	2	2	2	2
		E3.2 Water consumption and conservation measures	2	2	2	2	2
		E3.3 Raw material traceability and sustainable sourcing	2	2	2	2	2
		E3.4 Sustainable packaging material ratio	2	1	1	2	2
	E4 Biodiversity	E4.1 Biodiversity conservation policy	2	1	1	1	2
		E4.2 Use of rare species and alternative solutions	2	1	1	2	2
	E5 Pollution Prevention	E5.1 Wastewater/waste gas/waste management	2	1	1	2	2
		E5.2 Chemical management and restricted substance list	2	2	2	2	2

Table 8 Evaluation of Kering Group's Social (S) Dimension Information Disclosure

Dimension	Material Topic	Evaluation Indicator	Max	2021	2022	2023	2024
S	S1 Employee Rights	S1.1 Number and composition of employees	2	2	2	2	2
		S1.2 Employee training investment and hours	2	1	1	2	2
		S1.3 Occupational health and safety management system	2	2	2	2	2
		S1.4 Employee turnover rate	2	0	1	1	1
		S1.5 Gender pay equity and diversity policy	2	1	1	2	2
	S2 Supply Chain Responsibility	S2.1 Supplier code of conduct and audits	2	2	2	2	2
		S2.2 Supply chain labor standards compliance rate	2	0	1	2	2
		S2.3 Raw material traceability transparency	2	1	2	2	2
	S3 Craftsmanship Heritage	S3.1 Artisan training programs and apprenticeship system	2	0	1	1	1
		S3.2 Intangible cultural heritage protection investment	2	0	0	1	1
	S4 Consumer Rights	S4.1 Product quality and safety standards	2	1	1	1	1
		S4.2 Customer privacy protection and data security	2	0	1	1	1
	S5 Community Engagement	S5.1 Philanthropic donation amount	2	0	1	2	2
		S5.2 Community development project participation	2	0	1	1	1
		S5.3 Anti-violence and women's empowerment programs	2	0	1	2	2

Table 9 Evaluation of Kering Group's Governance (G) Dimension Information Disclosure

Dimension	Material Topic	Evaluation Indicator	Max	2021	2022	2023	2024
G	G1 Corporate Governance Structure	G1.1 Board independence and diversity	2	2	2	2	2
		G1.2 Sustainability committee establishment	2	2	2	2	2
		G1.3 ESG indicators linked to executive compensation	2	1	1	2	2
		G1.4 Shareholder rights protection mechanism	2	2	2	2	2
	G2 Compliance and Risk Control	G2.1 Anti-corruption and business ethics policy	2	2	2	2	2
		G2.2 Internal control and risk management system	2	2	2	2	2
		G2.3 Whistleblowing mechanism and whistleblower protection	2	1	2	2	2
	G3 Information Disclosure	G3.1 ESG report publication and third-party assurance	2	2	2	2	2
		G3.2 Double materiality assessment	2	0	0	0	2
		G3.3 Industry organization participation (Fashion Pact, etc.)	2	2	2	2	2
	G4 ESG Strategy	G4.1 ESG strategic planning and objectives	2	2	2	2	2
		G4.2 ESG data management system and digitalization	2	0	1	2	2

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Table 10 Summary of Kering Group's ESG Information Disclosure Scores by Dimension (2021–2024)

Dimension	2021	2022	2023	2024	Maximum Score
Environmental (E)	27	28	31	32	32
Social (S)	9	16	22	24	30
Governance (G)	18	20	22	24	24
Comprehensive Score	54	64	75	80	86

Tables 7 through 10 show that the E dimension has a maximum score of 32 points. Kering Group's scores from 2021 to 2024 were 27, 28, 31, and 32 respectively, demonstrating excellent and continuously improving performance. This achievement primarily stems from the Group's leading practices in climate change response (SBTi verification), the EP&L innovative tool, and biodiversity conservation (SBTN verification).

The S dimension has a maximum score of 30 points. Scores were 9, 16, 22, and 24 respectively, showing a significant upward trend but still with considerable room for improvement. The low score in 2021 was mainly due to the non-disclosure or only qualitative disclosure of multiple indicators such as employee turnover rate, supply chain labor standards compliance rate, craftsmanship heritage, and community engagement. As the Group gradually improved quantitative disclosure, scores improved significantly in 2023-2024.

The G dimension has a maximum score of 24 points. Scores were 18, 20, 22, and 24 respectively, demonstrating stable performance. The first introduction of double materiality assessment in 2024 pushed the score to the maximum.

From a comprehensive perspective, Kering Group's total score increased from 54 in 2021 to 80 in 2024, an improvement of 26 points over four years, reflecting the Group's sustained emphasis on and continuous improvement in ESG information disclosure.

5.7 Analysis of Strengths and Weaknesses

Strengths are concentrated in four areas. The EP&L innovative tool provides an industry-first methodology for monetizing environmental impacts. Both science-based targets (SBTi and SBTN) have received independent verification. The governance architecture linking ESG to executive compensation creates effective organizational-level drivers, and the URD is fully aligned with ESRS standards.

Weaknesses also warrant attention. Quantitative disclosure in the social dimension remains weak—key quantitative indicators such as employee turnover rates and supply chain violation rates are missing, and the completeness of quantitative disclosure directly affects the extent to which ESG performance promotes corporate performance. Supply chain transparency needs to be deepened—the complete supplier list has not been publicly disclosed. Carbon emission reduction drivers need further differentiation. A quantitative social impact assessment framework is currently lacking.

6. Optimization Paths for ESG Information Disclosure in the Luxury Industry

The preceding analysis has systematically examined Kering Group's ESG information disclosure, and common industry challenges have also been identified. This chapter proposes optimization paths from four dimensions: collaborative governance network construction, standards mutual recognition system development, supply chain transparent governance, and data-driven management upgrading.

6.1 Building a Multi-stakeholder Collaborative ESG Governance Network

Improving ESG information disclosure is not an isolated act of individual enterprises. Collaborative participation and joint advancement by multiple stakeholders is the proper approach for such a systematic endeavor.

Industry associations should play a platform and hub role. Organizations such as the Federation de la Haute Couture et de la Mode (FHCM) and the Camera Nazionale della Moda Italiana (CNMI) could take the lead in establishing luxury industry ESG committees, with the development of industry-specific disclosure guidelines and operational manuals as their primary task. Beyond general frameworks such as GRI and SASB, industry guidelines should particularly highlight luxury-specific topics such as rare leather alternatives and animal welfare, artisan rights protection, and cultural heritage preservation.

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Leading enterprises should assume a "benchmark leadership" role. Leading companies such as Kering Group and LVMH have already embedded ESG into their core strategies, and their disclosure practices and experiences can be promoted as industry best practice cases. Multilateral platforms such as the Fashion Pact and UN Global Compact provide channels for methodology sharing, and the construction logic and operational experience of innovative tools such as EP&L should be made accessible to small and medium-sized enterprises.

Investors should strengthen incentive and constraint mechanisms through "voting with their feet." There is an increasingly urgent need for ESG rating agencies to develop specialized rating models for the luxury industry rather than simply applying generic templates. Private equity and sovereign wealth funds, as important sources of capital for the luxury industry, can incorporate ESG disclosure quality into their post-investment management assessment systems.

6.2 Promoting Global Standards Mutual Recognition and Industry-specific Integration

Non-uniform standards are the core bottleneck constraining the improvement of ESG information disclosure quality in the luxury industry. International alignment and industry-specific development need to proceed simultaneously.

The alignment between ISSB and ESRS regulations should be actively promoted. The EU CSRD Directive came into effect in 2024, imposing mandatory disclosure requirements on non-EU companies listed in Europe. European-headquartered luxury companies such as Kering Group, LVMH, and Richemont need to take the lead in completing ESRS alignment. Companies in other regions can gradually incorporate the 12 ESRS disclosure standards into their existing reporting systems, following the approach taken by Kering Group in 2024.

The industry-specific pathway for double materiality assessment is worth exploring. Double materiality requires enterprises to assess both the financial materiality and impact materiality of ESG topics. Taking the luxury industry as an example—the stability of raw material supply (such as ethical sourcing of rare leather) is both a brand reputation risk (impact materiality) and directly affects product pricing and market demand (financial materiality). At the industry level, a double materiality assessment toolkit tailored to luxury business models can be developed, with reducing implementation barriers for small and medium-sized enterprises as a key focus.

An industry-specific indicator system should be established. Building upon general ESG frameworks, three indicator modules merit attention. At the environmental level, natural capital accounting indicators such as EP&L-type metrics should be added. At the social level, characteristic indicators such as artisan training programs and intangible cultural heritage investments should be included. At the governance level, detailed indicators such as ESG-executive compensation linkage and brand-level ESG assessments should be incorporated.

6.3 Deepening Full-chain Supply Chain Transparent Governance

Insufficient supply chain transparency is a prominent weakness in luxury industry ESG disclosure. The establishment of a penetrative governance mechanism is imperative.

Supplier tiered access and dynamic assessment mechanisms should be implemented. Kering Group's practices can serve as a reference—quantitative indicators such as supplier compliance rates should be included in mandatory disclosure scope. A tiered disclosure mechanism from Tier 1 (direct suppliers) to Tier 3 (raw material sources) should be progressively implemented to achieve full-chain transparency, and core raw materials (such as cashmere and crocodile leather) should be traced to farm or ranch level, with animal welfare certification status disclosed.

The application of technologies such as blockchain to traceable disclosure shows broad prospects. The immutability of blockchain can effectively address supply chain information asymmetry problems. A "digital passport" can be assigned to each product, recording full lifecycle ESG data from raw material procurement to end-user sales. Consumers can scan a code to access product environmental impact and social responsibility information. This both enhances brand trust and fundamentally curbs "greenwashing" practices.

Luxury houses should set up separate safeguards for artisans. Craftsmanship is central to what makes these brands valuable, yet artisans sit at the furthest tip of the supply chain, where rights protection is weakest. Disclosure indices ought to include indicators such as "apprenticeship and artisan

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training schemes" and "investment in intangible cultural heritage protection," with firms reporting these outlays in hard numbers. Industry-level artisan certification and rights protection funds would fill remaining gaps.

6.4 Building a Data-driven ESG Management Closed Loop

The shortfall in quantitative disclosure stems largely from weak data management inside firms. What matters is a closed-loop system—collection, accounting, audit, disclosure—that runs on data from start to finish.

Integrated ESG data platforms need to go up faster. In most houses, ESG data sits in silos across departments, gathered mainly by hand—slow and prone to mistakes. Dedicated platforms can pull energy, emissions, and employee figures automatically and track them live. Kering began building its system in 2023 and now has data flowing from the holding company down to each brand. That is a model others might follow.

Internal audit and external assurance should move in tandem. Audit teams need to run regular checks on ESG data quality and put in place clear error-correction and accountability rules. On the assurance side, the aim should be to move from narrow modules—EP&L alone—towards the full set of ESG data. Kering's 2024 URD shows that broader assurance gives numbers more weight and wins stakeholder confidence.

Finally, firms need people who understand both ESG and the business. Disclosure quality is only as good as the staff behind it. Luxury enterprises should establish talent development systems covering the entire chain from data collection, indicator accounting, report preparation, to communication. Collaboration between enterprises and universities or research institutions to develop luxury sustainability courses and certification programs can cultivate composite talent who understand both business and ESG.

7. Research Conclusions and Outlook

7.1 Research Conclusions

Four main conclusions are drawn from this paper. First, Kering Group has established an industry-leading ESG information disclosure architecture. Its 2024 comprehensive score of 80 points (maximum 86 points) significantly exceeds the industry average. Practices such as EP&L, SBTi/SBTN verification, and board-level ESG governance serve as benchmarks. Second, the environmental dimension is a strength area (32/32 points). EP&L as an industry-first tool provides a methodology for internalizing environmental externalities. The social dimension is a relative weakness (24/30 points). Insufficient quantitative disclosure and the need for deeper supply chain transparency are the main constraints. Third, the luxury industry faces common ESG disclosure challenges including non-uniform standards, insufficient quantitative disclosure, greenwashing risks, and weak capabilities among small and medium-sized enterprises. Fourth, ESG information disclosure is a strategic tool for enterprises to build stakeholder trust and achieve long-term value creation, and strong performance promotes performance improvement through innovation-driven mechanisms.

7.2 Research Limitations and Outlook

This study has three limitations. The generalizability of single-case study conclusions needs to be verified. The construction of the evaluation index system involves some subjectivity. Data sources are limited to publicly disclosed documents, which may involve selection bias.

Future research can proceed in the following directions: comparative analysis of leading enterprises such as LVMH and Richemont, examination of consumer perspectives on the impact of ESG disclosure on purchase intention, tracking changes in corporate disclosure behavior following CSRD implementation, and verification of non-linear relationships between ESG performance and financial performance.

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