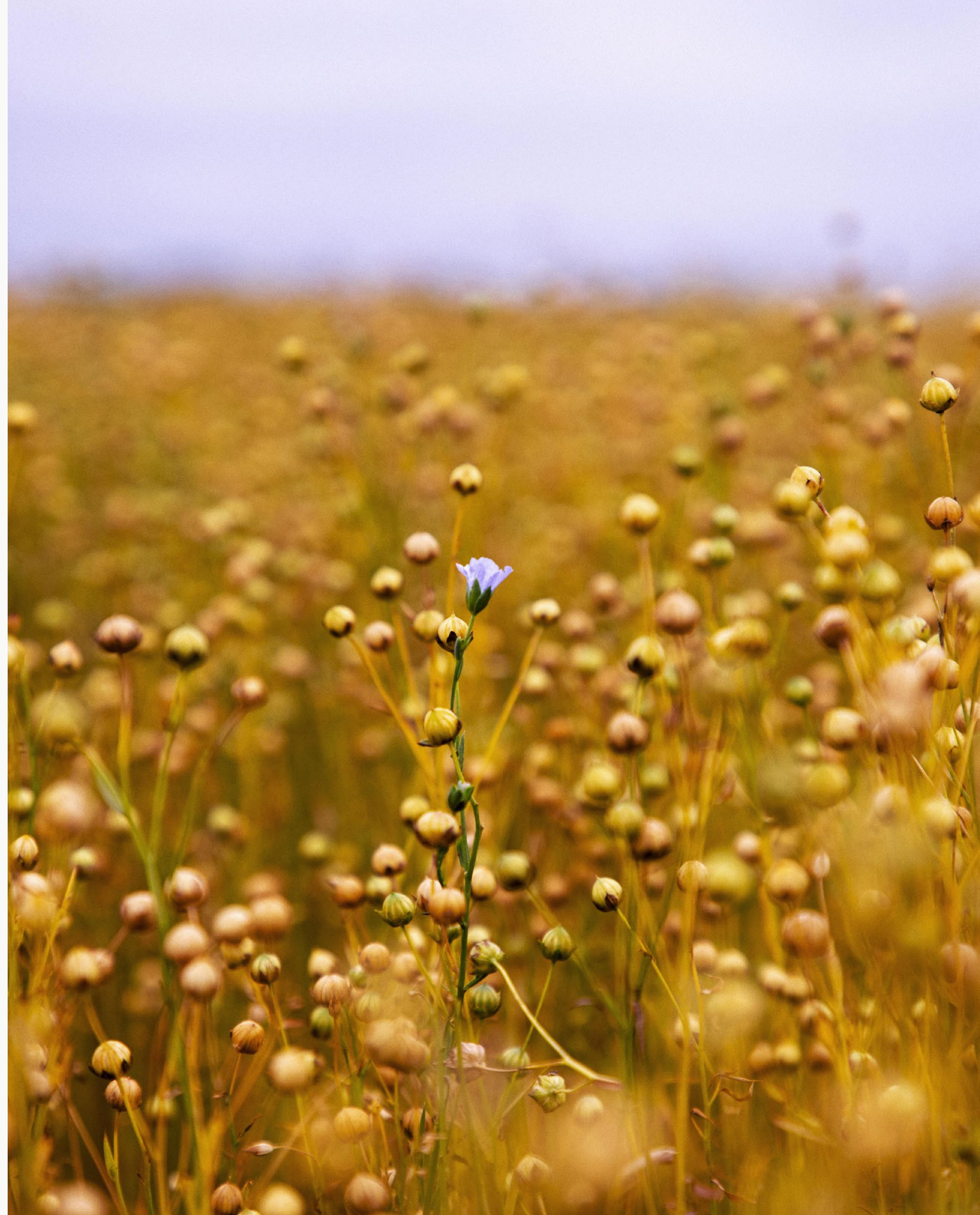# Chloé

**Sustainability
Strategy**

Guidelines for sourcing

—

2023 - Version 3

1

Raw materials
& products

Introduction

Based on our environmental impact research, available on Chloe.com, we learned that our biggest impact comes from raw materials. This has prompted us to work with external experts to develop internal guidelines - based on facts, scientific studies and certifications - for *lower impact* materials and products.
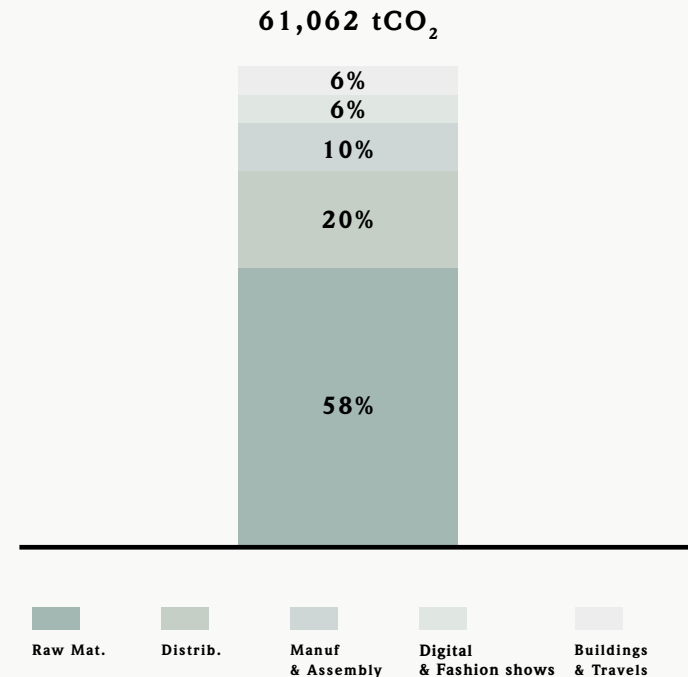
These guidelines are followed by all Chloé Maison departments. For instance, we consider that organic cotton or recycled silk are *lower impact* materials because they have a lower impact on the environment or animal welfare, compared with their conventional equivalent (e.g. non-organic cotton or virgin silk).

Our goal is to increase the proportion of *lower impact* materials and products in collections, in order to:

1. Reduce our environmental footprint. For instance, we committed to reach at least 90% of *lower impact* products on all categories by 2025. In 2022, we reached 60% for Chloé Ready-to-wear.
2. Support teams in sourcing the preferred *lower impact* raw materials
3. Help our customers to make more informed purchase decisions with precise, factual product information.

This is why the raw materials we source and how we source them is one of our top priorities.

2021 GLOBAL tCO$_2$ EMISSIONS

61,062 tCO$_2$

6%	
6%	
10%	
20%	
58%	

Raw Mat.   Distrib.   Manuf & Assembly   Digital & Fashion shows   Buildings & Travels
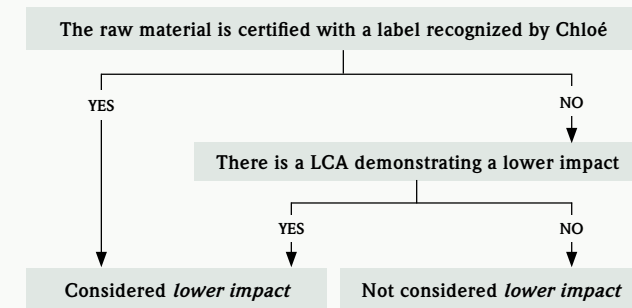
Rules for lower impact materials

Definition

The Chloé Maison considers a raw material as *lower impact* if:

• It is certified with a standard recognized by Chloé. To be recognized, the standard must define requirements for climate change mitigation, for biodiversity protection or animal welfare (more details p.17).

• It has no virgin synthetic fibers and there is a Life Cycle Assessment (LCA) available, demonstrating a significantly lower environmental impact compared with the conventional material. The LCA is recognized as the most robust methodology in terms of environmental impact assessment, and we collaborated with external experts to carry out LCA for raw materials (more details p.16).

The raw material is certified with a label recognized by Chloé

YES → NO →

There is a LCA demonstrating a lower impact

YES → NO →

Considered *lower impact*	Not considered *lower impact*

Best practices

• We take into account raw materials' end of life in order to avoid microplastic pollution for instance. This is why we encourage the use of natural materials rather than synthetic ones in our collections in order to gradually eliminate synthetic fibers.
• We consider Chloé's leftover material as *lower impact*, including base fabric for potential future embellishment (e.g. embroidery or printing).
• All suppliers must comply with Richemont's Code of Conduct and the Product Restricted Substances List.
• We prefer to avoid the use of cellulosic fibers such as cotton, which may contribute to high water consumption and deforestation.
• Rules for lower impact materials also apply for threads & trims.
• For semi precious stones, suppliers must provide a certificate with proof of origin country, scientific name, chemical formula and mining origin.

Animal welfare sourcing requirements

• Banned animal fibers: fur & angora (rabbit) since 2018, camel hair, yak wool and since 2023 virgin down feathers.
• Banned leather: pork leather, kangaroo leather & leathers from exotic endangered species since 2019.
• Since April 22 (winter 22 collection), we source bovine leather only from animals that have been born, raised and slaughtered in Europe.

Metallic pieces

• We recommend the galvanic process option for its lower impact in term of energy consumption, water usage and chemical usage.
• We prefer recycled metallic materials, for instance recycled zamack or tin.
• For any questions regarding gold and silver traceability, we always refer to the Responsible Jewellery Council.

Rules for lower
impact products

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Chloé has committed to reach more than 90% *lower impact* products in all categories by 2025.
For a product to be considered as *lower impact*, it must follow specific rules depending on its category.

**Ready-to-wear
& Leather goods**

A Ready-to-wear or Leather good product is considered as *lower impact* if its main material (above 80% of the product weight) is *lower impact*.

<u>Note:</u> If a product is composed of 2 or more main materials, all the materials have to be *lower impact* for the product to be considered *lower impact*.

Shoes

Shoes are composed of two parts: A = upper/lining & B = sole, which can both be considered *lower impact*.
A shoe is considered *lower impact* if 50% of its total weight (A+B) is composed of *lower impact* material(s).

Main standards
we recognize

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The below table lists the most demanding industry supply chain certifications, standards or brands that are recognized by Chloé. These standards must cover climate change mitigation, protection of biodiversity or animal welfare. The details of standards requirements can be found in appendix 2 of this document. This list is non-exhaustive and will be regularly updated.

Global Organic Textile Standard (GOTS) is the leading textile processing standard for organic fibers. The aim of this standard is to define worldwide, recognized requirements that ensure organic status of textiles.

The **Responsible Wool Standard** (RWS) addresses the welfare of sheep and the land they graze on, ensuring that wool comes from farms that have a progressive approach to managing their land, practice holistic respect for animal welfare of the sheep and respect the Five Freedoms of animal welfare.

The **Organic Content Standard 100** (OCS100) is an international, voluntary standard that sets requirements for third-party certification of certified organic input and chain of custody. The goal of the OCS is to increase organic agriculture production.

ZQ is a merino wool certification, setting high standards for fiber quality, animal welfare as well as environment and social responsibility.

Global Recycled Standard (GRS) is an international, full product standard that verifies the recycled content of products and responsible social, environmental and chemical practices in their production. The goal of the certification is to increase the use of recycled materials in products.

The **Responsible Down Standard** (RDS) recognize the humane treatment of ducks and geese used for collecting down insulation, prohibiting practices such as live-plucking, moult-harvesting and force-feeding. RDS ensures complete traceability across the supply chain and recognize the Five Freedoms approach.

Recycled Claim Standard 100 (RCS100) is used to certify any product containing 95-100% recycled content, without certifying the raw material. It is a voluntary, third party certification, does not address social or environmental issues and simply ensures transparency from the recycling stage the final selling of the product.

The **Leather Working Group** (LWG) is an organization whose members are stakeholders, right from tanneries to retailers, in the leather supply chain. The LWG has audit protocols to certify the environmental compliance of its leather manufacturing members. Chloé recognize the bronze, silver or gold medals.

Cradle-to-Cradle is a private certification, assessing the safety, circularity and responsibility of materials and products across five categories of sustainability performance: material health, product circularity, clear air & climate protection, water & soil stewardship and social fairness.

Chloé list of lower impact raw materials

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	Main raw materials	Lower impact materials	Recognized certifications	Example of recognized brands	LCA available
Natural vegetal fibers	Cotton	Recycled cotton	GRS, RCS100		Yes
		Organic cotton	GOTS, OCS100		Yes
	Linen	Recycled linen	GRS, RCS100		
		European linen			Yes
		Organic linen	GOTS, OCS100		
	Hemp	Recycled hemp	GRS, RCS100		
		Organic hemp	GOTS, OCS100		
		Other		Marmara hemp	Yes
Natural animal fibers	Cashmere	Recycled cashmere	GRS, RCS100	Re.Verso™	Yes, for Re.Verso™
		Certified cashmere	GCS, SFA		
	Silk	Recycled silk	GRS, RCS100		
		Organic silk	GOTS, OCS100		Yes
	Wool	Recycled wool	GRS, RCS100	Manteco	Yes
		Organic wool	GOTS, OCS100		
		Certified wool	RWS		
		Other		ZQ regenerative wool	
	Down	Recycled down	GRS, RCS100		
		Certified down	RDS		
Leather / others	Leather	Certified leather	LWG Bronze, Silver or Gold		Yes
		Regenerative leather			Yes
	Others	Plant-based, plastic free and recyclable material		Mirum®	Yes
		Cellulosic fibers made from recycled pulp originating from clothing inputs			Yes
Synthetic fibers	Elastane	Recycled elastane	GRS, RCS100	Creora® regen spandex	Yes, for Creora®
	Polyester	Recycled polyester	GRS, RCS100		Yes
		Biobased certified polyester		Q-NOVA®	Yes, for Q-NOVA®
	Polyamide	Recycled polyamide	GRS, RCS100		Yes
		Biobased certified polyamide		EVO®	Yes, for EVO®

Traceability

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Traceability is the ability to trace the history, application or location of a material all along its life cycle. Acquiring full traceability (definition below) of our supply chain, from field to finished product, is an ongoing and challenging process for the Maison. For instance, we have been publishing on Chloe.com every year a non-exhaustive <u>list</u> of our suppliers on all Chloé categories.

Full traceability

A *fully traceable* raw material has a full known supply chain which is auditable, verifiable and constant during the production of an article. For each step of the supply chain, we require the names, addresses and precise regions (province, county, country) of the suppliers involved, including those of subcontractors.

A ready-to-wear or leather goods product is considered *fully traceable* if its main material (i.e. above 80% of the product weight) is made from *fully traceable* raw materials.

Notes:
• Required information and documentation are saved under transactional form: purchase orders, delivery bills, blockchain certificates...
• For fabrics or leathers, we do not require the farmers' name but only the number of farms and farmers involved. However, individual farmers may be contacted for environmental projects such as Life Cycle Assessments or regenerative agriculture studies.
• A raw material cannot be qualified as *fully traceable* if there is a trader or intermediary involved. For instance, for leather, we require a direct business transaction between the slaughterhouse and the tannery.
• For blended fabrics, all raw materials must qualify as *fully traceable* for the fabric to be *fully traceable*.
• Semi-precious stones cannot be considered *fully traceable*, because it is only possible to trace up to a specific mining and collection zone.

Vertical

To qualify as *vertical*, a product must be considered *lower impact* and *fully traceable*.

We launched for the spring/summer 2023 collections the "Vertical" project, with products (bags, shoes and ready-to-wear) in linen, silk, wool and leather considered as *vertical*. We plan to extend this experience to other collections, for the years to come.

Notes:
• The finishing step on a product already cut must occur in the country where the product is manufactured.
• In the case of linen, the raw material must be harvested and transformed in the same continent to be considered as *vertical*.

2

Fair trade

Fair trade & social impact framework

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At Chloé, we consider that fair trade products, produced by environmentaly responsible partners,
support economic inclusion and reduce social inequalities. Our goal is to increase their proportion in
collections and reach 30% fair trade products by 2025 on all categories.

Rules

For a product to be considered *fair trade*, it must have been produced by a WFTO guaranteed member or comply with the main
principles of the existing French regulation for fair trade commerce.

Main principles of the existing French regulation for fair trade commerce:

1. A long-term commercial partnership.
2. Strengthening of producer organizations with democratic governance.
3. The payment of an additional amount to finance projects and collective dynamics.
4. Transparency and traceability in the supply chain.
5. Raising consumer awareness of socially and environmentally sustainable production methods.
6. The promotion of environmentally friendly production methods and biodiversity.

WFTO

WFTO stands for World Fair Trade Organization, a global community of social enterprises that fully practice fair
trade. Its guarantee system is the only international verification model focused on social enterprises that put the
interests of people and the planet first.

Following a partnership signed with WFTO in September 2020, Chloé launched its first fair-trade luxury
collections in March 2021, which were both ethically produced and environmentally responsible.
In 2022, we reached 12% of Ready-to-wear fair trade products in the assortment.

**Chloé framework
for ethical trade**

In collaboration with external experts from Utopies, we have defined our own ethical trade framework (framework name not yet
determined), based on the principles of the existing French regulation for fair-trade commerce. The framework will help to:

• Qualify organizations practicing fair-trade driven commerce, by crossing the results of internal SMETA based social audits, the
  results of social impact with the new Chloé SP&L approach, the evaluation of living wage (by Fair Wage Network) and the share of
  disadvantaged workers within the organization.
• Improve Chloé's pratices for business collaboration with its partners, as the principles of fair trade on which we have based our
  framework qualifies a commercial relationship in its whole.

Working on a Fair Trade framework is an ongoing and challenging process and we will publish updates in the next version of this
document (e.g. definition and requirements for "social entreprises").

3

Animal welfare

Policy

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Context

Under Gabriela Hearst's artistic direction, Chloé favours the use of natural materials such as linen, wool or cashmere.
We are conscious of the impacts animal products have on the environment, on humans and on animal welfare, so we believe we must take responsibility for the welfare of the animals on which we depend. We recognize the scale of the challenge and are committed to do everything we can to meet it. It is in this context that we have defined our policy on animal welfare, structured around 4 pillars, to begin our journey.

Policy

1. Traceability
Improve traceability as it is a prerequisite to identifying levers and improving animal welfare along the supply chain.

2. Material selection
- Identify materials in our supply chain that lack the guarantees on animal welfare and ban them (see bans p.4).
- Streamline our sourcing of bovine materials exclusively to Europe (see p.4).
- Develop the use of recycled animal materials and when sourcing virgin materials, select those with social and environmental attributes that include traceability and animal welfare standards when available. For instance, by 2025, 100% of the wool used in Chloé collections will be recycled or certified by the Responsible Wool Standard.
- Enforce the Five Freedoms (freedom from hunger and thirst; freedom from discomfort; freedom from pain, injury or disease; freedom to express normal behaviour; freedom from fear and distress) throughout our supply chain, in line with the Richemont code of conduct signed by all our suppliers.

3. Innovation
- Research innovative materials and textiles that offer alternatives to our traditional leather-based products, with first products launching in 2023.

4. Collaboration: we wish to build a collaborative approach to animal welfare, as we acknowledge our limits to address this topic in a transformative way alone, considering the complexity of supply chains.
- Join initiatives to improve animal welfare, within and outside our sector.
- Discuss with young innovative brands and suppliers, to learn from them, and develop materials or products more respectful of animal welfare
- Seek the support and guidance of NGOs to develop our knowledge.

Next steps for 2024

- Definition of target of certified recycled materials for each category of animal materials we use.
- Definition of a policy specific to calf leather sourcing.
- Launch of pilot projects with animal materials traceable from the farm and high standards on animal welfare based on the Five Freedoms as a minimum.
- Close collaboration with our partner tanneries to define action plans to improve animal welfare within the supply chain.
- Joining a common initiative with companies within or outside our supply chain.

4

Packaging

Requirements

Definition of packaging

Packaging refers to materials used all along the product life cycle for packing and tagging. There are two types of packaging: Business to Business (BtoB) and Business to Customer (BtoC).

BtoB: packaging used from our manufacturers to warehouses and stores. It includes cardboard, transport boxes, polybags, hangers, protective items and logistic packaging.
BtoC: packaging used for our customers. It includes primary packaging such as shoes boxes and dust bags, and secondary packaging such as shopping bags, gift boxes or silk paper.

Objective

Chloé Maison pledges to **reduce by 25% its BtoC packaging and logistic waste by 2025** (compared to 2021).

Our 4 main areas of action

AVOID	REDUCE	REPLACE	RETHINK
• The first step to stop packaging impacts.	• Where you cannot avoid, minimise.	• Positive actions. Replace when impacts cannot be avoided or fully reduced.	• Driving change at a global scale.
• Avoid impacts where possible by discontinuing the production of certain components.	• Reduce the weight and size of our components.	• Subsitute existing contents with lower impact packaging for instance.	• Reconsider and redesign our packaging following eco-desing principles.

Best practices

• Reducing the amount of packaging by avoiding certain components.
• Optimizing the weight and size of packaging.
• Not using plastic in packaging.
• Maximizing the use of recycled content (a minima, 50% for textile fabrics and 85% for other materials).
• Ensuring packaging is designed to be reusable and recyclable.

Appendixes

Appendix 1
Life cycle assessments

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The below table lists the raw materials considered by Chloé as *lower impact* because of an LCA demonstrating a possible and/or significant lower environmental impact. This list was established based on Chloé expertise and the collaboration with external experts such as Quantis and EVEA Conseil.

	Materials considered Lower Impact	Types of LCA*	Notes of LCA results	Source
Natural vegetal fibers	Organic cotton	Full LCA, ISO compliant	Lower impact material for most of the environmental indicators except for water use.	Here and here
	Recycled cotton	Full LCA	Recycled cotton is lower impact if a mechanical recycling process is used.	Here
	European linen	Internal data from WALDB		
	French linen (from Vertical project)	Full LCA, ISO compliant	LCA conducted by Chloé for the Vertical project.	
	Marmara hemp	Screening LCA	Only results of the LCA are available.	
Natural animal fibers	Recycled cashmere	Screening LCA	LCA is available for Re.Verso™ cashmere.	Here
	Organic silk (from Vertical project)	Full LCA, ISO compliant	LCA conducted by Chloé for the Vertical project.	
	Wool (from Vertical project)	Full LCA, ISO compliant	LCA conducted by Chloé for the Vertical project (wool from Uruguay).	
	Recycled wool	Full LCA, ISO compliant		Here and here
Leather	LWG certified leather	Full LCA, ISO compliant	LCA conducted by Richemont.	
	French calf (from Vertical project)	Full LCA, ISO compliant	LCA conducted by Chloé for the Vertical project.	
	Regenerative leather	Full LCA	Regenerative leather is a lower impact material, depending on the location, the set of practices and if there is evidence that what is called "regenerative agriculture" is focusing on the regeneration of living soil, improved micro hydrology, and conserving biodiversity at all levels.	Here
Other materials	Plant-based material Mirum	Full LCA	Non-public LCA conducted by Richemont.	
Cellulosic fibers	Viscose made from recycled pulp originating from clothing inputs	Full LCA, ISO compliant		Here
Synthetic fibers	Recycled elastane	Screening LCA	LCA is available for creora® regen spandex.	
	Recycled polyester	Internal data from WALDB		
	Biobased certified polyester	Screening LCA	May be lower impact, depending on the feedstock choice and agricultural practices.	Here
	Recycled polyamide	Screening LCA	LCA available for Q-NOVA® material.	Here
	Biobased certified polyamide	Screening LCA	LCA available for EVO® material. May be lower impact, depending on the feedstock choice and agricultural practices.	Here

*Types of LCA:
 • Full LCA, ISO compliant: LCA conducted and reviewed by an external third-party to meet with ISO 14040 standard.
 • Full LCA: provides a general good understanding of the environmental impacts of a product but there is no external critical review.
 • Internal data from WALDB: the World Apparel and Footwear Life Cycle Assessment Database founded by Quantis delivers robust data for environmental impact assessment.
 • Screening LCA: a quick assessment of the environmental impacts. Considered as *lower impact* by Chloé, taking into consideration a level of uncertainty because data are neither public nor verified by an external reviewer.

Appendix 2
Certifications & Brands

The below table lists the industry supply chain certifications, standards or brands that are recognized by Chloé, and lists the area they cover: either climate change mitigation, protection of biodiversity or animal welfare. To learn more about their respective requirements, please follow the source link at the bottom of this page.

	Certification & brands	Climate change mitigation	Biodiversity protection	Animal Welfare
Organic fibers	Global Organic Textile Standard (GOTS) Organic Content Standard 100 (OCS100)	The GOTS[1] and OCS100[2] standards define requirements to verify organically grown and GMO free raw materials from the farm to the final product.	N/A.	GOTS[1] certification defines requirements to follow animal welfare principles (including mulesing).
Recycled fibers	Global Recycled Standard (GRS) Recycled Claim Standard 100 (RCS100)	The GRS[3] and RCS100[4] standards define requirements for recycled materials and certified organizations shall demonstrate their compliance with environmental requirements.	N/A.	N/A.
Regenerative agricultural practices		Regenerative agricultural practices reduce greenhouse gas emissions and help trap more carbon than conventional agriculture.	Chloé has worked on guidelines, in collaboration with Textile Exchange, for regenerative practices, which will help assess and select the regenerative raw materials which meet the lower impact standards.	N/A.
Leather	Leather Working Group (LWG)	The LWG[5] certification assesses the environmental performance and compliance of tanneries, including energy consumption, water usage or waste management.	Fighting deforestation is a key focus for LWG[5] and its members, visioning 100% deforestation free leather.	N/A.
Cashmere	Good Cashmere Standard (GCS) Sustainable Fibre Alliance (SFA)	Protection of the environment in which cashmere goats, farmers and farming communities live is one of the central aims of GCS[6].	With GCS[6], farmers co-exist with wildlife and do not negatively impact biodiversity on and around the areas they manage. SFA's Code of Practice[7] ensures that rangelands are managed in a way that minimizes the risk of pasture degradation and protects wildlife.	GCS[6] and SFA[7] use the Five Freedoms approach as a framework to cover all aspects of goats' lives.
Wool	Responsible Wool Standard (RWS) ZQ regenerative wool	N/A.	RWS[8] standard sets up progressive methods of land management, protecting soil health, biodiversity and native species. ZQ[9] helps farmers work with nature to continuously improve animal and environmental outcomes.	RWS[8] & ZQ[9] use the Five Freedoms approach as a framework to cover all aspects of goats' lives.

Source
1. GOTS Global Organic Textile Standard manual, v7 - here
2. OCS100 Organic Content Standard, v3 - here
3. GRS Global Recycled Standard manual, v4 - here
4. RCS100 Recycled Claim Standard, v2.2 - here
5. Leather Working Group - here

6. GCS Good Cashmere Standard v1.2 - here
7. SFA Sustainable Fiber Alliance - here
8. RWS Responsible Wool Standard v2.2 - here
9. ZQRX Regenerative Index - here
10. RDS Responsible Down Standard v3 - here

Appendix 3
Update record

Document name	Version	Publication	Additional content
Attributes for lower impact materials	1	March 2021	• Lower impact attributes and rules for raw materials and products • List of lower impact raw materials • List of recognized certifications
Attributes for lower impact materials	2	May 2022	• Extended rules for lower impact materials • Extended assessment of recognized certifications • Section for Life Cycle Assessments on raw materials • Minor updates
Sustainability Strategy - Guidelines for Sourcing	3	April 2023	• Dedicated sections for lower impact materials and products • Rules for fully traceable and vertical products • Section for fair trade & social impact framework • Section for animal welfare policy • Section for packaging requirements • Minor updates

Chloé