

Chloé

Sustainability Strategy

Guidelines for Supply
Chain Partners

2022



Introduction

This document is a non-exhaustive list of guidelines made for our suppliers regarding sustainability. It aligns with Chloé's sustainability strategy and main commitments which are also shared in this document.

Summary

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“Social and Environmental sustainability are first and foremost about accountability and constantly striving for improvement.”

— Riccardo Bellini, CEO of Chloé



“You always have a choice, sustainability will always be my choice.”

— Gabriela Hearst, Creative Director of Chloé

We believe in a partnership-based approach

Driven by our purpose *Women Forward. For a fairer Future* and the roll-out of our sustainability strategy, we wish to nurture our relationships with all our suppliers to go further together in improving our environmental and social impacts.

Sustainability cannot be achieved without strong collaborations and knowledge sharing, which is why we want to tie new links with you with sustainability as a common goal.

This document is dedicated to sharing with you our guidelines for building a sustainability governance and for improved environmental and social performances.

These guidelines are in line with our values and are the key sustainability items that we look at when sourcing products and materials.

We hope that this will help you identify what you could do to go further in your own sustainability strategy. We wholeheartedly invite you to get in touch with us if you have any suggestions, questions, or good practices to share, at this dedicated email address: sustainability@chloe.com

— Aude Vergne, Chief Sustainability Officer at Chloé



Chloé's Sustainability Strategy



One Purpose: Women forward. For a fairer future.



We pledge to use the reach and creativity of Chloé as a force for good to bring positive social change and to lower environmental impact, by empowering and uplifting women. Our purpose guides all our actions. It was added to Chloé status in 2020 and was translated into an ambitious sustainability plan with a dedicated governance.

Sustainability Governance

To review our efforts and progress in implementing our mission in all dimensions of our business, in 2021, we created a sustainability board composed of Chloé board members and two external advisors specialised in social and environmental positive impact, which meets twice a year.

We are taking action on four pillars



People



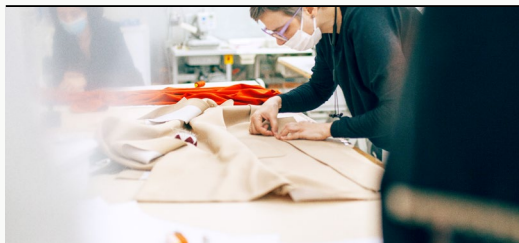
Sourcing



Communities

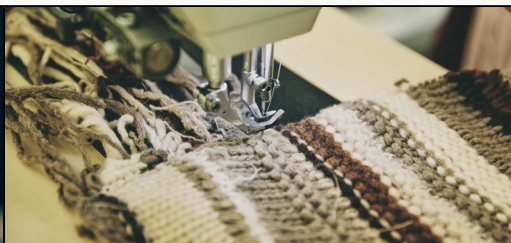


Planet



2025 Vision

Advance Gender Equality and Inclusion throughout the workplace while supporting and inspiring individuals to take action.



2025 Vision

Reach more than 90% Lower Impact Materials & 30% of Fair-Trade sourcing on all categories, while ensuring transparency & traceability on all products.



2025 Vision

Create opportunities and reduce inequalities for girls and women.



2025 Vision

Reduce our impact on climate and biodiversity. Reach -25% on carbon emissions per M€ sales, -25% of global water usage & -25% packaging and logistic waste with the aim of stopping the use of plastic.

To guide our actions, we use the SDGs framework and especially these five goals:





People



Sourcing



Communities



Planet

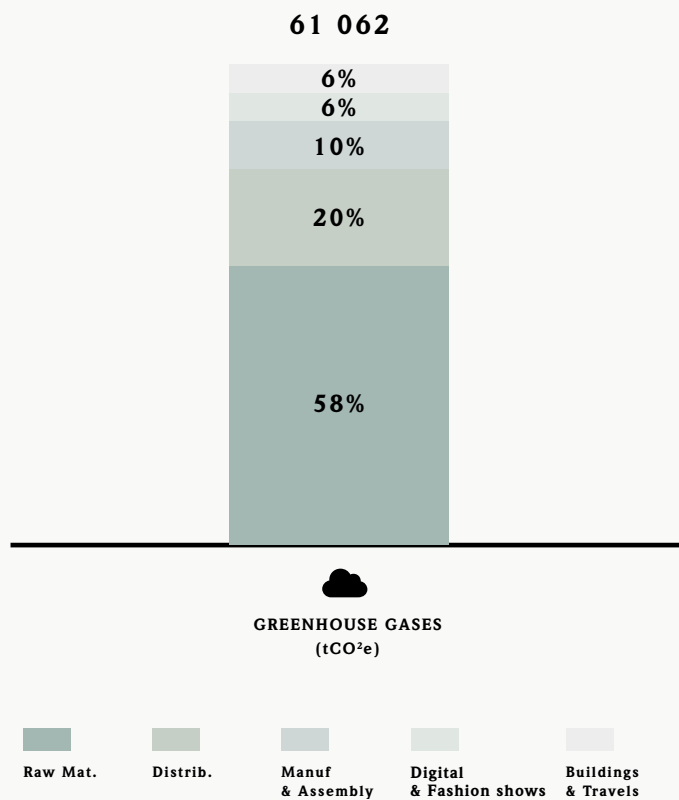
Our main achievements of 2021

- Achievement of B Corp Certification in October 2021.
- Final phase of development of our social impact measurement tool methodology
- Training of 100% of Chloé product teams on Lower Impact materials and eco-design
- More than 55% of lower impact materials used in the past 4 Chloé and See-by-chloé ready-to-wear collections offer
 - Offsetting of 36% of our carbon emissions across the supply chain

2022 Objectives	2022 Objectives	2022 Objectives	2022 Objectives
100% Collaborators trained on Diversity and inclusion. All collaborators will also be provided with training on gender equality and environment.	>60% Of lower impact materials on average for one year on Chloé Ready-to-Wear <i>New attributes published in May 2022.</i>	40 000 girls impacted by Chloé's contribution to UNICEF Girls Forward partnership and launch of 3 new local partnerships supporting gender equality in France, US and Asia.	-18% of global emissions per product.
100% Performance plan to include a sustainability objective.	>20% Fair Trade & social enterprises sourcing on Chloé Ready-to-wear.	0.25% Of revenue donated to initiatives for gender equality. By 2025, we plan to reach 1%.	45% Carbon emissions offset across the supply chain and 100% scope 1&2
2000 hours Of volunteering delivered in France, US, China & Japan, in line with our objective of donating 1% of time by 2025.	90% of our main suppliers* published on our website for transparency. * Finished goods, Raw Materials suppliers	3 Integrated (product orders + donation + volunteering) partnerships with social enterprises.	0 PVC in our products, Plastic in our BtoC Chloé packaging + -15% reduction of our BtoC and BtoB packaging and logistic waste.
Pilot project Implement a D&I measurement tool (the first digital solution).	Pilot project Digital ID deployment on dedicated capsule to be released in March 23 to ensure full traceability and transparency.	Pilot project Launch of a test in France to involve our clients and partners in our volunteering program.	Pilot project Launch our biodiversity roadmap. Support one partner in the transition of its practices towards regenerative agriculture.

Snapshot of our carbon footprint in 2021

TOTAL IMPACT 2021



68% of our GHG emissions come from the raw materials we use and the manufacturing & assembly of our products. We are aware that these production steps also contribute to our biodiversity footprint which we are currently measuring.

Our ecosystem and partners

Certifications
we have:



Frameworks
we are part of:



Our institutional
partners:





Guidelines for supply chain partners



Prerequisites

Requested commitments

1. Richemont Code of Conduct is signed ([available at this link](#) in English, and other languages).

2. PRSL – Product Restricted Substances List has been reviewed and signed (needs to be reviewed every year) ([available at this link](#))

Please see Appendix 1 for description of our supply chain including which tier are required to sign these two documents.

Please note that our commitment to traceability implies that your suppliers are also required to comply with these two documents.

Please see Appendix 2 for a summarized overview of our supplier control framework.

Social audits policy

Prior to any business relationship, Chloé starts an evaluation based on audits done for other clients (as long as they comply with Ethical Trade Initiative guidelines), on-site visits or other documents.

Following that, Chloé can conduct at any time its own social audit using SMETA specifications, with the support of SGS, ELEVATE or Bureau Veritas. These audits are financed by Chloé SAS, and will happen regularly based on suppliers' social audit results. In some cases, follow up audits and action plans will be needed between 3 to 6 months after the initial audits. Please see appendix 3 for details regarding the social audit scoring system as well as the remediation and escalation system following the audit.

Additionally, Chloé strongly recommends all its suppliers to join the Sedex platform.

Learn more about Sedex...

Sedex is an association of leading members in responsible sourcing that provides the largest collaborative platform for sharing responsible sourcing data on supply chains. This platform is used by over 50,000 members in more than 150 countries.

Membership of Sedex provides suppliers with:

- A platform to upload a range of information on labour, health and safety, environment and business ethics in a standard format and share it with multiple clients.
- Tools and reports to help identify priority issues at manufacturing sites.
- Guidance on implementing ethical business practices.

Prerequisites

Focus on traceability



Chloé is seeking optimum traceability. We expect our suppliers to know the upstream supply chain of any items bought for Chloé's production, as you will be asked to provide us its description. In the case of raw material selected by Chloé, and/or bought by Chloé, we will ensure this traceability.

The best traceability will help reach full transparency, and Chloé has published the list of its suppliers and vendors in February 2022 ([available at this link](#)). This list will be updated twice a year and will progressively be completed with new suppliers. Please note that we are likely to discuss it with you soon.

As a member of HRH The Prince of Wales' SMI Fashion Taskforce, Chloé committed in Oct.21 to begin the Digital ID roll out process along with the adoption of a circular data protocol.

Giving our products a Digital ID will allow us to provide transparency and traceability enabling more informed decisions and new circular services for customers, such as care and repair services, as well as ones focused on resale and recycling.

The first test will start on some products of Summer 23 collection.

Our guidelines to integrate sustainability at a strategic level

Companies committed to sustainability adapt their governance through these following main steps:

- **Measure your activities' impacts on the environment** (many can be measured, and they are all interconnected: carbon footprint, water footprint, energy consumption, use of toxic chemicals and potential impacts on ecosystems around your factories, impacts on biodiversity etc); **and on people** (jobs created by your activity, trainings provided etc). This will help you understand which part of your activities is the most impactful.
- **Define your Sustainability strategy addressing all your main impacts and make it public.**
- **Adapt your processes to make sure your sustainability strategy is properly rolled-out:** open a Sustainability manager position, add regular sustainability discussions to your Board of Directors agenda, include your employees in the definition and the roll-out of your sustainability strategy through questionnaires or sustainability task forces, for instance.
- **Report on your progress in regards to the goals you have set.** In order to do so, design mechanisms and tools to track the evolution of your activities' impacts through time to evaluate the progress you've done each year.
- **Collaborate with your stakeholders and academic partners for the development of sustainable innovations, or with your competitors to progress on a common challenge.**
- **To go further, we encourage you to seek the highest CSR certifications available for your market** (B Corp, ISO 14000, SA 8000, HQE, BREEAM or LEED for your buildings, etc.) to highlight your efforts and foster a continuous improvement dynamic.

At Chloé, we believe that continuous improvement is the key for long term achievements. Please note that Chloé's Sustainability team might ask you information about your impact measures, your strategy and the progress made in the completion of your goals in order to assess our own environmental and social impacts measures.

Our guidelines to improve your environmental performance

Did you know that 68% of Chloé's carbon footprint is linked to its supply chain, and 10% specifically to manufacturing. This is why Chloé is committed to keep improving its own practices and to support its suppliers and partners in the transition toward more sustainable models. Here are the topics which we believe are essential to take into consideration:

- **Source lower impact materials**
- **Reduce your water and energy consumptions**
At Chloé, we value all improvements and innovations that help reducing the dependence of our products to the consumption of essential resources that are water and energy. We encourage you to use low consumption equipments and to opt for renewable energies (through contracts or on-site production) whenever it is possible.
- **Eliminate pollution linked to your use of chemicals**
 - Apply strict safety measures to eliminate all the environmental pollutions and human health hazards linked to your use of chemical products.
 - Monitor your use of chemicals and reduce as much as possible the share of toxic chemicals needed.
 - Chloé is exploring the possibility of rolling out an Manufacturing Restricted Substances List (MRSL) in addition to the existing PRSL. If you are already part of the ZDHC program, we are interested to hear about it.
- **Invest in circularity**
 - Optimize your processes to reduce the production of scraps and leftovers.
 - Reuse leftover materials (or deadstocks) and feel free to suggest us this solution as it is one of our favourite options. We are also open to any suggestions for reusing scraps and will happily accompany you in the development of such projects. You will find at this link our guidelines on deadstock use.
- **Avoid single use plastic**, at every step of the production process. At Chloé, we are also working to remove single use plastic from our products and wish to extend it to our supply chain.

Circularity is an important topic for Chloé and a key area of impact for our industry in general. If you have any projects related to circularity that you would like to share with us and be supported on, feel free to get in touch with Chloé's Sustainability Team (sustainability@chloe.com) and we will be happy to join your efforts.

Our guidelines to improve your environmental performance

Focus on lower impact raw materials

Did you know that raw materials are usually the main source of carbon emissions within luxury brand's supply chains?

For Chloé, it represents 58% of our total carbon footprint, which is why we are committed to sourcing lower impact materials.

This is why we have designed a framework to guide our teams and our suppliers in the sourcing of lower impact materials. We encourage you to take a look at it ([available at this link](#)) to better understand the choices we make for our raw materials and hopefully provide you with information to inspire your other clients and your own projects.

As Chloé wants to take circularity further, our low-impact materials policy focuses on certified recycled materials, which are our preferred option.

When evaluating animal-based materials, we take animal welfare into account. Here is how Chloé & Richemont are going further on this stake :

Chloé and SeeByChloé banned the use of fur and rabbit angora in their collections in 2018, and the use of exotic/endangered species skins in 2019. We have also banned any materials obtained with mulesing and live plucking.

Starting from 2022, our Chloé brand will be sourcing 100% of its bovine hides and leathers from Europe and Mediterranean rim countries to improve transparency on this material sourcing and be able to eventually better monitor animal welfare in its supply chain.

We have also been sourcing animal products produced under certifications that include traceability and animal welfare criteria such as wool certified by the Responsible Wool Standard. By 2025, all the wool used by Chloé will be either certified (RWS or GOTS) or recycled. All these commitments are being formalised through an Animal materials procurement policy to be published in 2023.

New in our 2022 Richemont Supplier Code of Conduct

We and Richemont now ask our raw materials suppliers to take into account the 5 Freedoms

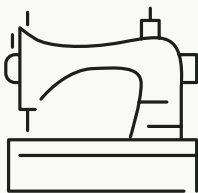
“Suppliers shall treat animals well and respect the Five Freedoms of Animal Welfare:

Freedom from hunger or thirst by ready access to fresh water and a diet to maintain full health and vigour.

- **Freedom from discomfort by providing an appropriate environment including shelter and a comfortable resting area.**
- **Freedom from pain, injury or disease by prevention or rapid diagnosis and treatment.**
- **Freedom to express the most normal behaviour by providing enough space, proper facilities and company of the animal's own kind.**
- **Freedom from fear and distress by ensuring conditions and treatment which avoid mental suffering (...).”**

Social impact focused on women is at the core of Chloé's sustainability strategy

We made this choice in line with our heritage and values, considering the extensive evidence that has demonstrated the need for strong, women-focused social policies in the garment industry. Here are three key pieces of data as a food for thought.



Globally, at least **1 out of 8 workers** is involved in the fashion and textile industry.

Source: Common Objective, 2018



80% of garment workers are women between the ages of 18 and 35.

Source: Labour behind the Label, 2016



In 2021, the global Gender Gap score was **32%.**

Which evaluates the remaining gap to be closed to achieve gender parity on the 4 dimensions the score measures: economic participation and opportunity, educational attainment, health and survival, political empowerment.

Source: World Economic Forum, 2021

Our guidelines to improve your social impact

Focus on people

Improving your social impact starts within your company by meeting the needs of your employees:

- **Prevent any form of discrimination** whether in the hiring process, for raises and promotions, for access to certain benefits or in day-to-day management. Discrimination can take many forms (age, sex, social background, ethnicity, gender identity, etc.), we encourage you to remain vigilant.
- **Ensure gender equality by offering equal pay for equal career development opportunities.** Gender equality is a priority for Chloé and we are very interested in your plans or initiatives for improvement.
- **Provide regular training in job-related skills** as well as life skills to enable career progression and develop employability.
- **Define parenthood policies** (paid parental leave for both mother and father, also applying to adoptive parents and same-sex parents, adapted working hours if needed, full reintegration of new parents at their position after parental leave, etc.).
- **Consider these points when looking for new suppliers and partners**, and share your experience with them to encourage your suppliers to follow your lead.

We strongly expect you to pay your employees a living wage* when a minimum wage is not defined by local laws or when it is not satisfactory. This is also a parameter that we will measure through our SP&L tool (see box below).

At Chloé, we are developing a tool named Social Performance & Leverage (SP&L) to assess our own social impacts as well as those of our suppliers. If you need support to identify your areas of improvement and develop action plans to address them, feel free to get in touch with Chloé's Sustainability Team (sustainability@chloe.com) and we will be happy to join your efforts. We plan to progressively contact all our suppliers to carry out this measurement in addition to the audit process in order to get a complete picture of our activities' social impacts.

*According to the UN, a « living wage is defined as the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his dependents. Elements of a decent standard of living include food, water, housing, education (note from Chloé: we include also the education of the workers' children), health care, transportation, clothing and other essential needs including provision for unexpected events. »

Our guidelines to improve your social impact

Focus on communities

Improving your social impact extends to your interactions with local communities. We have listed key guidelines to strengthen them:

- **Hire or continue hiring from local communities and in groups and minorities that are frequently underemployed.** You can partner with local organisations to target the best candidates for you and make their integration and training successful.
- **Support local organisations or initiatives with donations and involve your employees in the process** (e.g. by matching donations collected by your employees for a local cause)
- **Participate in or actively support local initiatives**, for example by hosting an event or an organisation in your companies' facilities. At Chloé, we hosted the NGO Sheltersuit during the making of wind and waterproof jackets with our fabric deadstocks for people experiencing homelessness and help them launch their own brand.
- **Allow your employees to volunteer for local NGOs during workdays.** For instance, at Chloé all our employees can benefit from 8 paid hours per year to volunteer for women-driven NGOs, we would be happy to share our learnings with you.
- **To go further, build long-term partnerships with local stakeholders** (NGOs, universities, municipalities) in favour of local development and of the improvement of social and environmental impacts.

At Chloé, we believe that women are essential change agents in the transition towards sustainability. We like to support companies and organisations that are women-driven and we are very interested in your initiatives with local communities focusing on gender equality, women's empowerment, girls' access to education, etc.

Our guidelines to improve your social impact

Focus on fair trade

Chloé works with the World Fair Trade Organisation (WFTO) and launched its first fair-trade luxury collection of both ethically produced and environmentally responsible designs in 2021.

WFTO is a global membership organisation of social enterprises fully practicing Fair Trade. Its Guarantee System is the only international verification model focused on social enterprises that put the interests of workers, farmers and artisans first. Social enterprises reinvest a significant part of their profits in their social mission. We are currently evaluating other Fair Trade certifications, and are willing to assess on request your Fair Trade projects and local certifications.

If you believe that social impact is at the core of your business model, but you don't have a certification yet, we are interested. Please get in touch with the Chloé Sustainability Team to learn more about our Fair Trade goals and discuss how we can collaborate by joining our efforts. **Please use this dedicated email address:** sustainability@chloe.com

We can for example assist you in the certification if you wish to. We have developed a specific set of guidelines for ethical producers that we can share with you on-demand. We are especially interested by social enterprises led by women or with a positive impact on women.

More on WFTO > [World Fair Trade Organization | Home of Fair Trade Enterprises \(wfto.com\)](https://www.wfto.com)

Chloé is currently reviewing other certifications.

Did you know that Fair Trade principles actively contribute to empowering women ?

In 2011 already, a study carried out in 7 countries (Kenya, Uganda, India, Tanzania, Nepal, Mexico, Nicaragua) highlighted the many positive outcomes of Fair Trade certifications for the women involved:

"(...) women have experienced significant progress in meeting their practical and strategic needs through being engaged in collective forms of enterprise and linked to Fair Trade markets. Being organized in groups has allowed women to learn from each other, pool resources to acquire inputs and capital, receive training and improve production techniques. This has been central to enabling them to produce marketable goods and trade with Fair Trade buyers on more favourable terms. Across all seven countries, women reported how the income they have gained has strengthened their livelihoods and helped them meet their households' material needs such as food, clothing and shelter."

Source: WIEGO, 2011

Conclusion

With this document, we wish to spark spontaneous and frequent discussions on what you have already or are planning to implement in your company to improve your impact on the environment and on all your stakeholders (employees, local communities, etc.).

We believe that a partnership-based approach is the key to achieve ambitious changes that will contribute to lowering fashion industry impacts.

We wholeheartedly invite you to reach out to the Chloé Sustainability Team if you have any suggestions, questions or good practices you would like to share. Please use this dedicated email address: sustainability@chloe.com

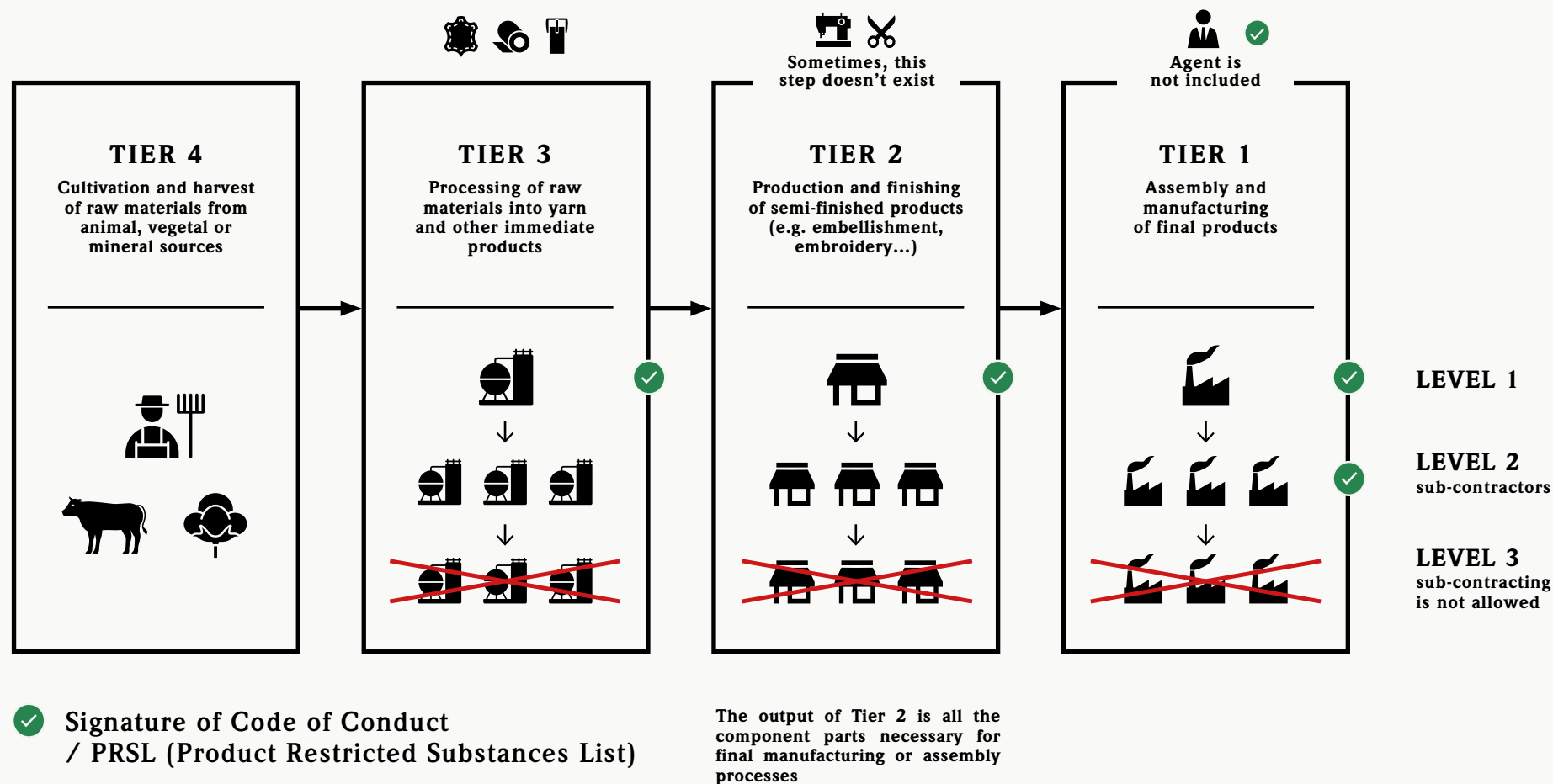


Appendix

Appendix 1

Description of our supply chains

Chloé works with a worldwide network of tanneries, fabrics makers, embroiderers, product manufacturers who make possible the production of unique, craftsmanship products.

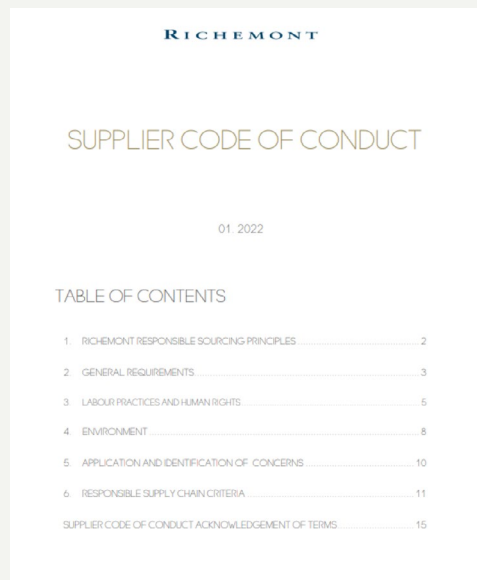


Appendix 2

Our supplier control framework

Chloé has defined a framework for sustainable manufacturing practices, which outlines the social, environmental and ethical standards our partners have to abide by.

The base of our sourcing policy (to be signed by all suppliers)



+
PRSL

Audit referentials *in line with ETI (Ethical Trade Initiative) standard & Richemont code of conduct*

SMETA audit

0B: Management Systems	
1: Freely Chosen Employment	Social
2: Freedom of Association	Social
3: Health & Safety	
4: Children and Young Workers	Social
5: Wages & Benefits	Social
6: Working Hours	Social
7: Discrimination	Social
8: Regular Employment	Social
8A: Sub-Contracting and Homeworking	Social
9: No harsh or Inhumane Treatment - Discipline & Grievance	Social
10A: Entitlement to Work	Social
10B: Environment	
10C: Business Ethics	
11: Other Issue Areas	

+
Richemont referential

Scope

Social compliance of larger suppliers (more than 10 employees on the production site) is evaluated every 2 years minimum with SMETA 2P. For even larger suppliers (more than 100 employees) and of wet processing facilities, environmental compliance is also evaluated, with SMETA 4P referential.

Social compliance of small suppliers (less than 10 employees on the production site) is evaluated every three months minimum to a year with the internal Richemont referential.

All of these audits are carried out by external accredited auditing companies.

Appendix 3

Remediation and escalation system following social audit

Social audit result define the scoring for the supplier

SCORING		
A		No major NC / No minor Social NC Only other minor NC
B		No major NC Minor NC + Minor Social NC + Major NC
C		Major Social NC
D		Critical NC

Main current Non Compliance examples:

Critical:

- Absence of functional fire alarms / smoke detectors
- Hazardous waste improperly handled / stored / disposed of

Major:

- Isolated occurrence of blocked fire exits
- No / inadequate safety measures / anti-explosion measures for chemicals (e.g. no anti-leaking system, secondary container, unbunded)

Minor:

- Necessary working equipments for the job not provided (e.g. scissors)
- Isolated failure to provide payslips with complete, accurate and understandable information to workers

SCORE	STATUS	FOLLOW UP PROCESS
A	Maintain	Chloé follow up for Non Compliance corrective measure implementation if any
B	Follow & Challenge	Corrective action plan proposal within 1 month + Chloé follow up for Non Compliance corrective measures implementation
C	Follow & Improve	Corrective action plan proposal within 2 weeks + submission to external auditor for social major Non Compliance closure according to timescale defined
D	Improve immediately or stop	Corrective action plan proposal within 1 week + submission to external auditor for critical issue closure according to timescale defined Or commercial business relationship stopped immediately until evidences of corrective measures implemented

Chloé's Governance:

- Suppliers Compliance is managed independantly from Industrialisation & Buying departments activities
- Social & environmental compliance are part of Suppliers review during Sourcing Committee before each new collection development (every 3 months)