
Chloé
Environmental report 2021

## SUMMARY

# HIGHLIGHTS OF CHLOÉ'S ENVIRONMENTAL IMPACT 2021

## 61,062 $tCO_2e$*

**global carbon footprint, which is equivalent to the average annual carbon footprint of 6,106 French citizens**

## 59%

**of lower impact products on average in one year for Chloé Ready-to-wear**

## 19%

**reduction of $CO_2e$ emissions per product between 2019 and 2021**

## 58%

**of $CO_2e$ emissions come from the procurement of raw materials**

## 2 tons

**reduction of plastic packaging, a reduction made possible by the switch to new hangers made of 100% recycled paper and fully recyclable**

## 19%

**reduction of water consumption between 2019 and 2021**

*Scope 1,2,3. This value includes renewable electricity purchases for boutiques and headquarters calculated according to a market-based GHG Protocol method. See definition in Appendix.

## 2 —

# INTRODUCTION AND SCOPE

# INTRODUCTION

**“Two years ago we made a commitment to shift our Maison towards a purpose-driven business model, embracing social and environmental sustainability in everything we do. Such a decision came from our belief that companies today need to reinvent themselves and take full responsibility and accountability for the impact they have on the planet and on all stakeholders. Amidst a very challenging external context between a global pandemic, a rising climate crisis and the global period of instability from a geopolitical perspective, it is more important than ever to reevaluate the role that our organisations play in the society and at Chloé, we strongly believe that it is our responsibility to use business as a force for good.”**

**— Riccardo Bellini, President & CEO**

# INTRODUCTION

In June 2022, we published for the first time our Sustainability Report. This global report explains our entire strategy and the progress we have made so far on each of our four pillars: People, Sourcing, Communities and Planet. This report can be found in the Sustainability Section of our website.

In this Environmental Report, we focus more specifically on the impact we have on the planet. Since 2019, we have been conducting an annual environmental footprint assessment, with a focus on our carbon emissions and water consumption of which you will find the results for 2021 in this report. In July 2021, the SBT initative approved Richemont's carbon reduction plans for 2025 and 2030. As a member of the group, Chloé committed along Richemont to reduce our global $CO_2e$ emissions for 2025 and we are currently working on our commitments for 2030.

We measure our impact on our entire value chain: from the extraction of raw materials to the delivery of our products in stores. Measuring and understanding our Maison's footprint enables us to identify our action plan, set goals and measure our progress afterwards. This report is the second one we share, and we will continue publishing our measurements every year.

Being conscious of our dependency on ecosystem services, we also launched in April 2022 the measurement of our first biodiversity footprint. Biodiversity is the foundation of our everyday lives and our value chain is undeniably linked to it, which is why we will make specific commitments in favor of biodiversity in 2023, based on the results of the footprint study.

As we are aware that we cannot move forward on these major topics on our own, we insist on increasing and strenghtening the collaboration with our partners, in our industry and beyond. We all have a responsibility and a role to play, and that calls for collective and systemic change.

*2020 is published too but it cannot count as a reference year due to the COVID Pandemic.

## OUR GLOBAL OBJECTIVES 2021

- **8.4%** - Exceeded

**reduction of our $CO_2e$ emissions on scopes 1 and 2 in absolute terms (vs 2019)**

- **15%** - Exceeded (19%)

**reduction of our scopes 1, 2 and 3 global $CO_2e$ emissions per product (vs 2019)**

- **10%** - Exceeded (19%)

**reduction of our water consumption in production (raw materials and manufacturing)**

- **36%** - completed

**carbon emissions offset across our supply chain (we currently are at 100% HQ-level)**

# SCOPE - WHAT DID WE MEASURE?

— 1 —

**OUR 3 MAIN CATEGORIES**
**HAVE BEEN ASSESSED**
**Representing 97% of our total turnover(1)**

**Ready-to-wear** (Chloé & See by Chloé)

**Leather goods** (Chloé & See by Chloé)

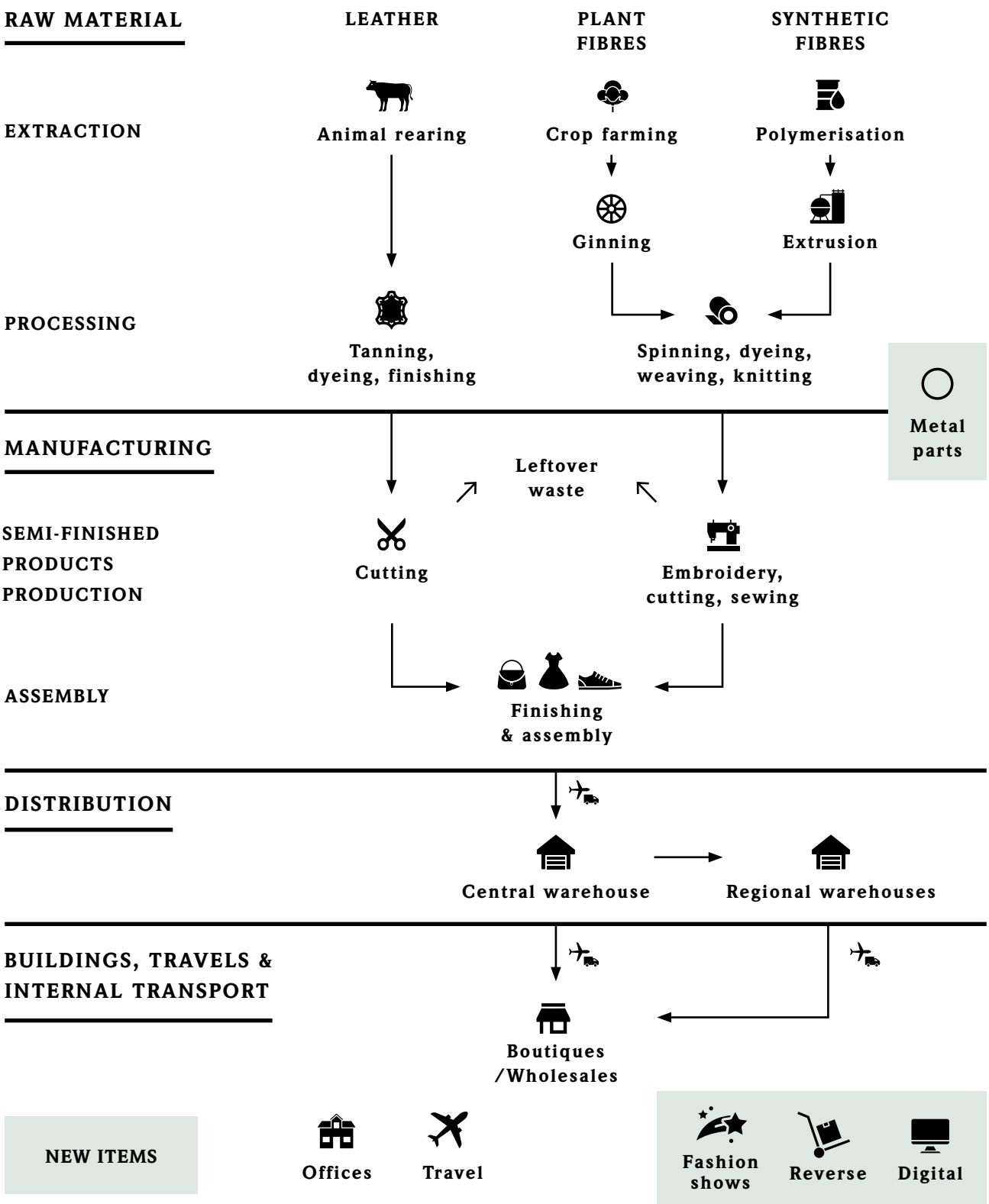
**Shoes** (Chloé)

(1) exluding fashion accessories & licenses (fragrance, eyewear, children wear and See by Chloé shoes - produced by our licensing partners).

## SCOPE - WHAT DID WE MEASURE?

— 2 —

### THE FOLLOWING VALUE CHAIN WAS CONSIDERED



# SCOPE - WHAT DID WE MEASURE?

— 3 —

## TWO ENVIRONMENTAL IMPACTS WERE MEASURED

**GREENHOUSE GASES ($CO_2e$)**
**with Carbone 4[1] and in compliance with the GHG Protocol and Bilan Carbone[2]:**

**Greenhouse gases emissions contribute to global warming which has an impact on people, biodiversity and economies.**

**WATER USAGE ($M^3$)**
**with Argon & Co[3]:**

**Water consumption can contribute to water scarcity which endangers the ecosystems and communities health.**

**Other environmental impacts, such as land use, water pollution and eutrophication will be measured with CDC Biodiversité by the end of the year.**

(1) Carbone 4 is an independent and committed consulting firm specialising in energy transition and climate strategy.
(2) Please find more details in the Appendix section.
(3) Argon & Co is a business management consulting firm specialising in Operations Strategy & transformation.

3 —

# OUR 2021 ENVIRONMENTAL FOOTPRINT

# 2021 CARBON EMISSIONS RESULTS

**Our overall carbon footprint for the year 2021 accounts for 61,062 $tCO_2e$.**

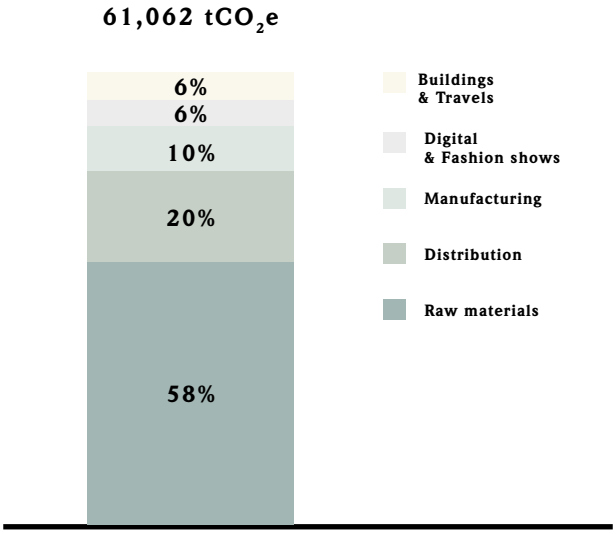
**Representing 58% of our total impact, raw materials extraction and processing is the main contributor to our $CO_2e$ emissions. This explains our decision to make the sourcing of lower impact materials one of our top priorities.**

**With a share of 20%, distribution is the second main contributor to our total impact. Distribution integrates upstream transport (from our manufacturing areas to our global warehouse), downstream transport (from our global warehouse to Chloé boutiques and regional warehouses) and reverse (return transport of products). Among this share of 20% linked to our distribution activities, 99% of $CO_2e$ emissions are due to air transport, which is why we started a pilot on maritime shipments in January 2022. This testing will be scaled-up throughout the year.**

**Manufacturing & assembly represent the third biggest contributor to our $CO_2e$ emissions, reaching 10%. We will launch an initiative with our main suppliers (more than 50% of revenue), asking them to measure their annual energy consumption. This will enable us to support them in reducing their $CO_2e$ emissions by focusing on energy consumption and gradually move towards renewable energies.**

**For the first time, we also measured the impact of our digital activities (such as visits on our e-commerce website or viewing time of videos on social media) and integrated the emissions of our fashion shows (2 per year) in our global measurement.**

**2021 GLOBAL $tCO_2e$ EMISSIONS**



# OUR ACHIEVEMENTS BETWEEN 2019 AND 2021

## SCOPE 3 REPRESENTS MORE THAN 99% OF OUR TOTAL EMISSIONS (See Graph 1)

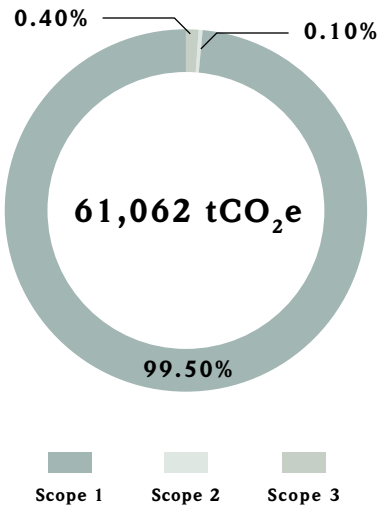
Our aim was to reach a reduction of 15% of $CO_2e$ emissions per product, which is a goal we have overachieved as we reduced our emissions by 19% per product. (See Graph 2)

This reduction is mainly due to a change in the purchase of raw materials as we increased the purchase of lower impact materials, which include organic and recycled materials for our collections.
In order to achieve this:

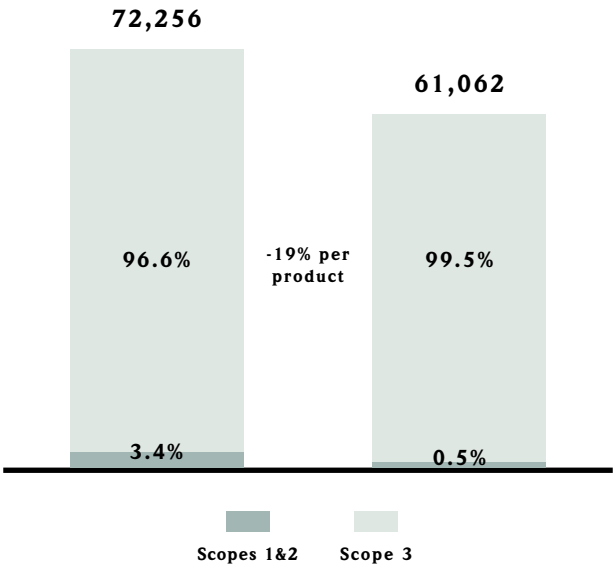
- We worked with external experts to identify preferred lower impact materials that could be used in the collections and published the list on our website (Attributes for Lower impact Materials).
- We regularly conduct mandatory in-house training to explain to our teams the importance of using this type of materials.
- Each year, our product teams are committed to increase the share of lower impact materials in our collections.
- We set sustainability-related objectives in the performance plans of 100% of our collaborators.

In 2021, our aim was to reach a share of 55% of lower impact materials on our Chloé Ready-to-wear offer, which we have completed and overachieved with an average of 59% throughout the year.

GRAPH 1: BREAKDOWN PER SCOPE OF CHLOÉ'S OVERALL $tCO_2e$ EMISSIONS ACCORDING TO THE GHG PROTOCOL




GRAPH 2: $tCO_2e$ EMISSIONS BETWEEN 2019 AND 2021



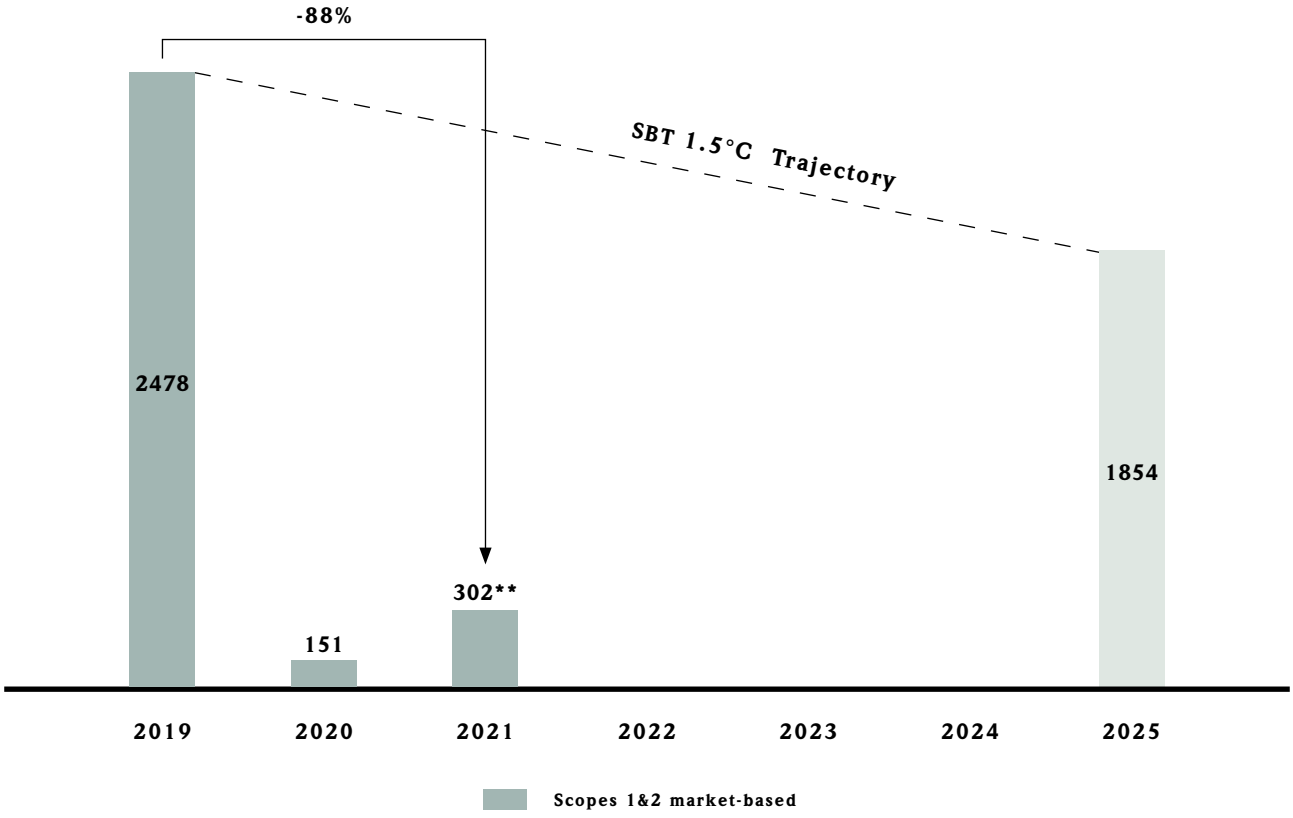
# OUR ACHIEVEMENTS BETWEEN 2019 AND 2021

## SCOPES 1 & 2 REPRESENT LESS THAN 1% OF OUR TOTAL EMISSIONS

**In 2021, our scopes 1 and 2 emissions were equal to 302 $tCO_2e$ compared to 2,478 $tCO_2e$ in 2019. This represents a reduction of 88%, as you can see in Graph 3.**

**Originally, our aim was to reduce our emissions by 4.2% in absolute annual value in line with the trajectory of 1.5° set by the Paris Agreement. If this goal has been overachieved, it is mainly due to the increase of renewable electricity purchases: from 25% in 2019 to 94% in 2021*. We are aware that buying renewable electricity through the purchase of Energy Attributes Certificates (EACs) or local actions to switch to renewable electricity options provided by local utilities, is only a partial solution to mitigate climate change as we also need to reduce the energy consumption of our buildings in absolute terms. At this stage, we reduced by 16% the energy consumption of our Paris Headquarters between 2019 and 2021.**

SCOPES 1&2 $tCO_2e$ EMISSIONS BY YEAR (GRAPH 3)




*GHG protocol requires businesses to quantify their purchases of renewable energies according to a location-based method (depending on the country's electricity mix) instead of a market-based one (depending on the renewable energies' origin). However, at Chloé, the choice has been made to communicate on both methods.

**302 $tCO_2e$ according to a market-based method and 1,473 $tCO_2e$ according to a location-based method.

# OUR 2021 WATER IMPACT

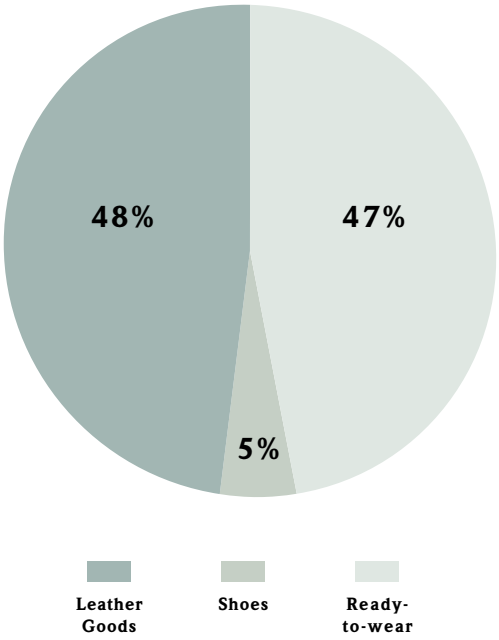
**OUR OVERALL WATER CONSUMPTION FOR THE YEAR ACCOUNTED FOR 2,570,424 CUBIC METERS OF WATER**

**This amount of water is equivalent to more 685 Olympic pools.**

**Between 2019 and 2021, we reduced our water consumption, which is measured for the raw materials and manufacturing scopes*, by 19%. Our original goal was to reduce our water consumption by 10%, we therefore exceeded this objective.**

**Raw materials have the most impact on both water and $CO_2e$ emissions. An overview of the impacts of our primary raw materials is provided on page 17. We reached a reduction of 19% by adressing this priority and increasing the use of lower impact materials. For example, the use of recycled cashmere has enabled us to reduce our water consumption by 82% compared to conventional cashmere.**

**DISTRIBUTION OF WATER CONSUMPTION PER CATEGORY (raw materials and manufacturing)**




*You can find the detailed methodology in the Appendix section.

# SUMMARY OF THE RAW MATERIALS USED IN OUR PRODUCTS IN 2021

| Group | Gross weight (% of the total weight) | Raw material | Gross weight (detailed % of the total weight) |
|---|---|---|---|
| Leather | 37% | Bovine | 33% |
| | | Goat | 2.7% |
| | | Lamb | 1.3% |
| Animal fibres | 5% | Wool | 2.8% |
| | | Cashmere | 0.4% |
| | | Recycled cashmere | 0.2% |
| | | Mohair | 0.1% |
| | | Silk | 1.3% |
| | | Organic silk | 0.2% |
| Vegetal fibres | 24% | Cotton | 17.3% |
| | | Recycled cotton | 1.3% |
| | | Organic cotton | 0.4% |
| | | Linen | 5% |
| Plastics & synthetic fibres | 22% | Polyester (including recycled) | 8% |
| | | Other plastics (elasthane, EVA, PE…) | 14% |
| Artificial cellulosic fibres | 5% | Cellulose – acetate | 5% |
| Others | 7% | Rubber | 6% |
| | | Metal, cork, hardwood | 1.0% |
| Total weight raw materials for garments | | | 1,263.28 T |
| Packaging | 100% | Plastics | 5.5% |
| | | Cotton | 0.2% |
| | | Organic Cotton | 29.6% |
| | | Certified and partly recycled paper | 41.2% |
| | | Cardboard | 5.8% |
| | | Wood | 17.7% |
| Total weight raw materials for packaging | | | 319.03 T |
| TOTAL GROSS WEIGHT | | | 1,582.31 T |

# SUMMARY OF THE RAW MATERIALS USED IN OUR PRODUCTS IN 2021

## ANIMAL AND VEGETAL FIBRES

The share of animal fibres and vegetal fibres reflects the evolution of our raw materials purchases between 2019 and 2021, with the reduction of conventional silk (-36%) and the increase of organic silk, recycled cashmere, organic cotton and recycled cotton.
We increased the use of linen in our collections from 0,5 tons in 2019 to 61 tons in 2021. Linen is grown without using pesticides and herbicides, resulting in fields that are healthier for farmers, wildlife and surrounding communities, with processes that reduce water consumption and is hence a lower impact material by nature.

## SYNTHETIC FIBRES

Synthetic fibres still represent about 22% of our material mix in 2021. In Ready-to-wear collection, our aim is to reduce microplastic pollution which is why we decided to gradually eliminate virgin synthetic fibres. By the end of March 2022, we had already removed from our sales platform every product that contained PVC as the main material or as the major component. Other products containing PVC can continue to be distributed and sold until December 2022 but cannot be produced anymore.

## PACKAGING

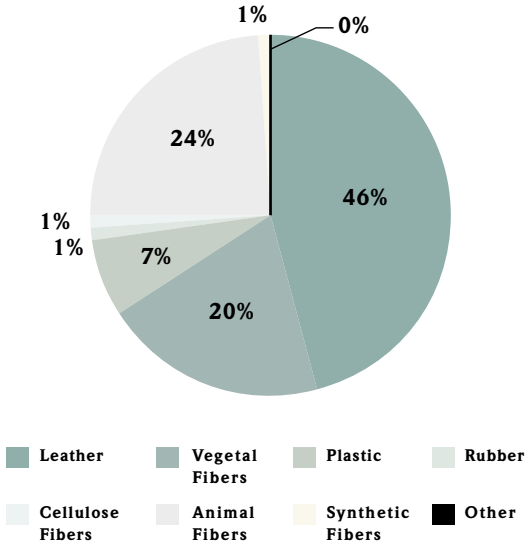
The gross weight of our packaging represents 319 tons of raw materials:
Most of our packaging is made of paper and cardboard and a strategy has has been implemented in 2021 to:

- Reduce packaging's waste by 15% by 2022
- Reduce the use of plastic in our packaging
- Eliminate plastic in our consumer packaging by 2022

Since June 2021, all new hangers purchased are made of 100% recycled paper and are fully recyclable. On top of this, we chose to bring our shopping bag manufacturing factories closer to the different shipment areas (in Europe for the shopping bags shipped to European locations) which will result in a reduction of at least 50% of $CO_2e$ emissions.

You will find detailed information on each of our main raw material below.

DISTRIBUTION IN % OF $tCO_2e$ EMISSIONS PER RAW MATERIAL



# FOCUS ON RAW MATERIALS

## LEATHER

**Leather, our most-used raw material, represents 37% of our procurement and constitutes 46% of our $CO_2e$ emissions. As leather goods represent a strategic category for our Maison, we are working on decreasing the environmental impacts of our leathers through the following key initiatives for our Leather Goods category:**

- **70% of our leather is certified by the Leather Working Group (LWG). LWG certifies tanneries based on their water and energy usage, management of chemicals, solid waste, and wastewater. We joined the Leather Working Group in 2017 to support more sustainable leather manufacturing.**
- **75% of our cattle hides are sourced in Europe as sourcing our raw materials near our manufacturing plants helps reduce our emissions.**

# FOCUS ON RAW MATERIALS

## ANIMAL FIBRES

**Animal fibres represent only 5% of our purchases but amount to 24% of our $CO_2e$ emissions for raw materials.**

- **Conventional cashmere has a very high carbon and water footprint: it represents less than 1% of our global raw materials purchase, but 7% of our $CO_2e$ emissions and 23% of our water consumption. Cashmere is a high-quality material that requires a lot of ressources for its production – you need between 2 and 5 goats during a full year to make one sweater – and is also the most impactful material regarding land use. The high and increasing demand has led to over-production, responsible for soil degradation and desertification, in Mongolia and China mainly. For all of these reasons, we are working to decrease the share of conventional cashmere in our collections: in 2021, 33% of the cashmere we used in our collections was recycled cashmere.**

- **Conventional silk is a high-quality material. It is very resistant but it has a significant environmental impact. This material requires the use of pesticides and a large amount of water. This explains why we have increased the use of organic silk in our collections, which has allowed us to reduce our water consumption by 13% in silk production.**

### DISTRIBUTION IN % OF THE QUANTITY PURCHASED, THE $CO_2e$ EMISSIONS AND WATER CONSUMPTION

| | % tons | % $tCO_2e$ | % $M^3$ |
|---|---|---|---|
| Leather | 37% | 46% | 3% |
| Vegetal Fibers | 24% | 20% | 43% |
| Plastics | 14% | 7% | 1% |
| Rubber | 6% | 1% | 0% |
| Cellulose Fibers | 5% | 1% | 0% |
| Animal Fibers | 5% | 24% | 52% |
| Synthetic Fibers | 8% | 1% | 1% |
| Other | 1% | 0% | 0% |

# FOCUS ON RAW MATERIALS

## VEGETAL FIBRES

Cotton is the most widely used vegetal fibre in our collections. It represents 19% of our overall raw material purchases and accounts for 17% of our $CO_2e$ emissions and 42% of our water consumption. It also requires fertilizers and pesticides that pollute the air, soil and water. We aim to significantly decrease the use of conventional cotton by favoring lower impact natural materials such as recycled cotton, linen or by using deadstock textiles instead of producing new raw materials. In 2021, recycled and organic cotton have allowed us to reduce our $CO_2e$ emissions by 5%.

The Circular Denim project launched in our Spring22 collection promotes recycled and recyclable materials and components, eliminating all metal parts to favor recyclability. We were inspired by the Jeans Redesign Guidelines published by the Ellen MacArthur Foundation. For our Spring22 collection, we also started using deadstock fabrics. For the Fall22 collection, we went one step further and developed an exclusive material made of 70% recycled cotton and 30% hemp, which is grown in France. The Life Cycle Assessment led by Quantis indicates that our Circular Denim from our Fall22 collection represents a 47% impact reduction per product in comparison with our conventional cotton jeans.

Globally in our collections, the purchase of linen has been multiplied by 110 between 2019 and 2021. Linen is a material that consumes little water and pesticides and is locally source, which is why it is a lower impact material by nature. We have conducted with Quantis a Life Cycle Assessment on our Woody bag and found out that the use of linen instead of conventional cotton contributed to a reduction of 16% of $CO_2e$ emissions per bag.

# FOCUS ON DISTRIBUTION

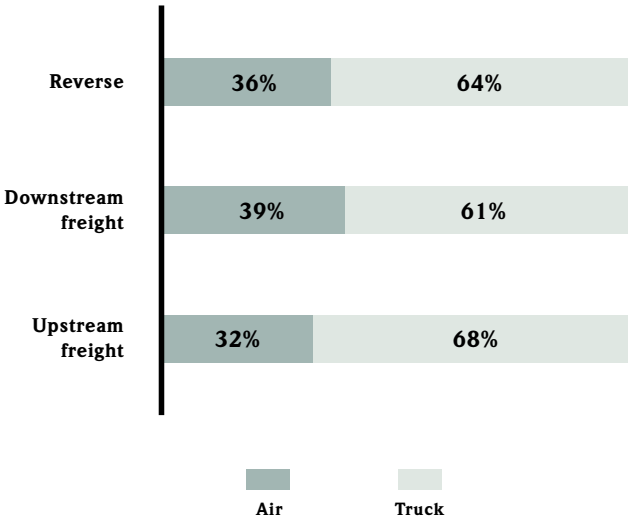
The transport of our finished products is the second main contributor to our overall emissions: it represents 20% of our emissions.

99% of these $CO_2e$ emissions are part of our Supply chain impact and are more specifically due to air transport. Indeed, air transport generates from 40 to 100 times more $CO_2e$ than road transport.

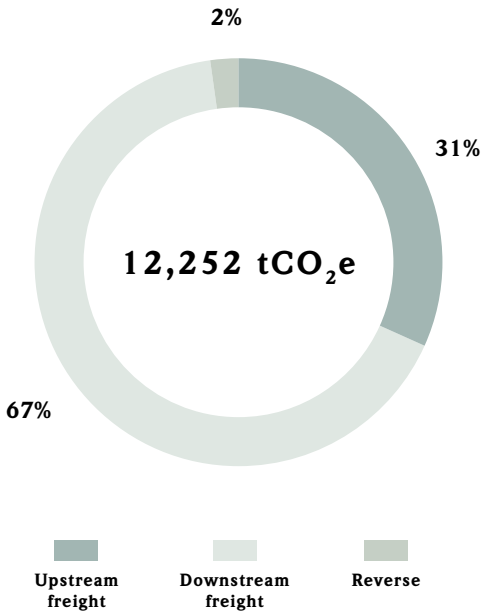
However, as you can see in Graph 1, 61% of our dowsntream freight are made by truck. Reducing the share of air transport is a priority for us: we started a pilot project on maritime shipments in January 2022 and will continue and increase it throughout the year.

Our $CO_2$ emissions related to distribution accounted for 12,252 $tCO_2e$ in 2021, this increase is mainly due to the fact that we produced heavier products.

GRAPH 1: PERCENTAGE OF DELIVERY QUANTITIES PER SHIPMENT OPTION




GRAPH 2: SHARE OF OUR $tCO_2e$ EMISSIONS WITHIN OUR SUPPLY CHAIN



# FOCUS ON SUPPLY CHAIN

**In 2021, we launched a sustainability roadmap to reduce our supply chain impacts. Here is a glimpse of our progress towards our objectives:**

- **100% of reverse made by maritime shipments by December 2021**
  **– This objective was completed.**
- **Use maritime freight for 15% of our permanent accessories by 2023**
  **– This objective is in progress, the switch started in January 2022.**
- **Reduce the weight of our transport packages and optimize our transportation's filling rate by focusing on reducing our primary packaging's filling rate by 15% in 2022 for our Leather Goods and Shoes categories and eliminating non-necessary protection packaging for finished products.**
  **– This objective is in progress.**

**The ongoing acceleration of the transition of our supply chain, including these three objectives but also many more projects currently being led, will lead to reductions of our $CO_2e$ emissions. The first results of this action plan will be published next year.**

# 4 —

# ROADMAP TO REDUCE CHLOÉ'S ENVIRONMENTAL FOOTPRINT

# OUR GLOBAL OBJECTIVES TO REDUCE OUR ENVIRONMENTAL FOOTPRINT

## VISION FOR 2025

**25%**
**Reduction of our $CO_2e$ emissions on scopes 1 and 2 in absolute terms (vs 2019)**

**25%**
**Reduction of our global $CO_2e$ emissions per product (vs 2019)**

**25%**
**Reduction of our overall water consumption in production (raw materials and manufacturing)**

**100%**
**of carbon removal and carbon sequestration across our different activities in order to contribute to carbon neutrality***

## OUR GLOBAL OBJECTIVES TO REDUCE OUR ENVIRONMENTAL FOOTPRINT FOR 2023

**12.6%**
**Reduction in absolute value of our emissions on scopes 1 and 2 (vs 2019)**

**18%**
**Reduction of our global $CO_2e$ emissions per product by 2022 (vs 2019)**

**18%**
**Reduction of our overall water consumption in production (raw materials and manufacturing)**

**100%**
**of scopes 1 & 2 and 45% of scope 3 balanced either by carbon removal or by carbon sequestration across our different activities in order to contribute to carbon neutrality***

**Pilot project**
**Launch our first product line supporting regenerative agriculture practices and accompany one partner on improving practices thanks to a biodiversity impact assessment**

*In previous reports and content, we used to talk about offsetting, but we are adjusting our vocabulary to better align with the evolving standards.

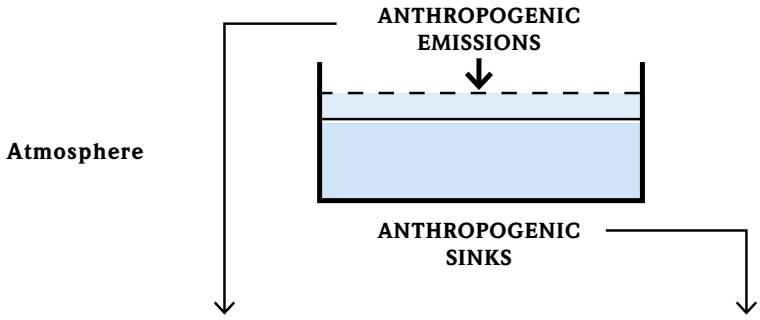
# FOCUS ON CARBON NEUTRALITY*

We believe that measuring our impact is the first step towards improving it. Our first objective is to reduce our Scopes 1, 2 and 3 as much as possible. However, we know that we won't be able to reduce it all, which is why since 2014, we also have been financially supporting projects that help us balance our $CO_2e$ emissions.

We are currently in the process of revising our entire strategy aligned with NET ZERO INITIATIVE to meet the following objectives:

- Reduce and avoid emissions within and outside our value chain
- Contribute to carbon neutrality through carbon sequestration projects

We want to contribute to the acceleration of collective decarbonization, by helping others reduce their emissions and by financially contributing to carbon sinks outside our value chain, as you can see in the graph below.




| Levers at a global scale | | REDUCING EMISSIONS | | IMPROVING SINKS |
|---|---|---|---|---|
| | | **PILLAR A** Reducing my GHG emissions | **PILLAR B** Reducing others' emissions | **PILLAR C** Developing carbon sinks |
| In my value chain | In my operations | Direct emissions ("Scope 1") | — | Direct removals |
| | Upstream and downstream | Indirect emissions ("Scope 2+3") | Emissions avoided by my products and services | Indirect removals |
| Outside of my value chain | | — | Emissions avoided through the financing of reduction projects | Removals through the financing of absorption projects |

Sources: Net Zero initiative by Carbone 4

*We follow Net Zero Initiative - Carbone 4 methodology. In previous reports and content, we used to talk about offsetting, but we are adjusting our vocabulary to better align with the evolving standards.

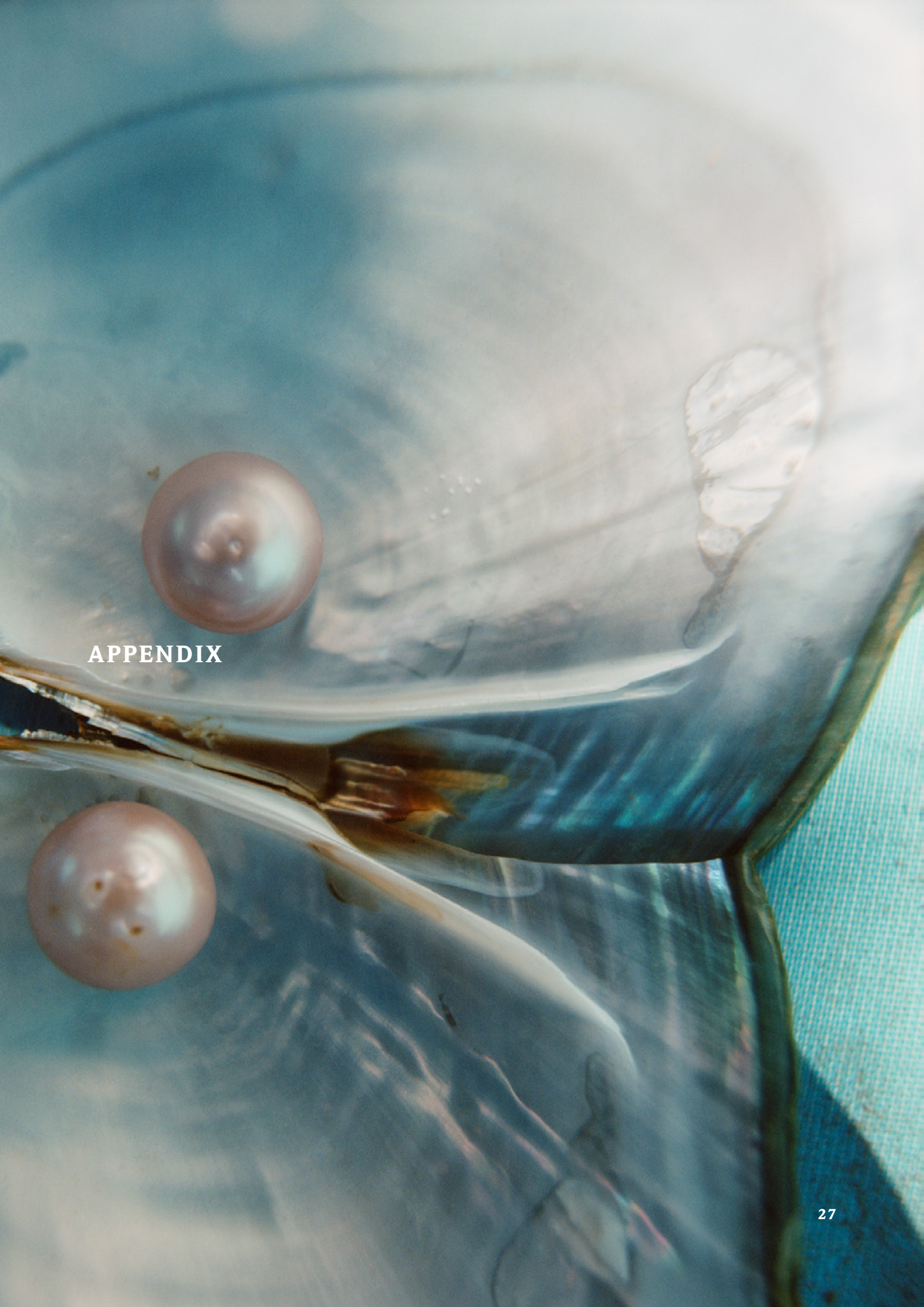
# CONCLUSION

**Thank you for reading our report.**

**This year, we exceeded all our objectives when it comes to our environmental impact reduction. We are aware that there are still many improvements that need to be made, but these accomplishments fuel our ambition for continuous improvement.**

**Change takes on many forms and we are dedicated to this journey; every year, we will set stronger objectives for the following year, keeping in mind the vision we set for 2025. For 2022, some of the objectives are set to consolidate the progress we already made in 2021 while some pilot projects we are launching, such as our biodiversity impact assessment, will help accelerate our transformation even further.**

**Systemic change will only happen through collaboration and openness. We encourage everyone – from individuals to organisations – to reach out to us and engage in conversations about our transformation or our industry's impact overall. You can reach out to us at sustainability@chloe.com.**



# APPENDIX

# METHODOLOGY AND SCOPE

**Our Maison has been measuring its environmental footprint since 2019 and has shared it externally since 2020. This Environmental report covers the calendar year 2019 & 2021, from January to December.**

## MEASUREMENT METHODOLOGY

**The Maison's three categories are taken into account: Ready-to-wear (Chloé and See by Chloé), Shoes (Chloé) and Leather Goods (Chloé and See by Chloé), representing 97% of the turnover. We have decided to exclude from this report licenses (fragrance, eyewear, children wear and See by Chloé shoes – produced by our licensing partners) and fashion accessories. We take into account our entire value chain, starting with raw materials, going through upstream transportation, manufacturing factories, and ending with the shipment to our stores. We take into account our finished products delivered to our global wharehouse.**
**As a reminder, a carbon footprint is an evaluation of the quantity of the greenhouse gases emitted (expressed in $CO_2$ equivalent) over the year by a company's activities. The emissions are split into 3 items commonly called SCOPES. At Chloé, we measure and publish our impact on all scopes.**

- **Scope 1 covers all the emissions that were directly induced by the company, such as company-owned car emissions.**
- **Scope 2 covers indirect emissions related to energy purchases for instance. The GHG protocol requires businesses to quantify their purchases of renewable electricity according to a location-based method (which depends on the country's electricity mix) instead of a market-based one (depending on the renewable energies' origin). However, at Chloé, the choice has been made to communicate both methods externally.**
- **Scope 3 involves both upstream activities such as raw materials purchases, product manufacturing, business travel and downstream activities such as downstream transport. It is not mandatory to release this scope and it depends on the company: at Chloé, we decided to release it as 99% of our emissions are part of Scope 3.**

**Please see Table 1 on the page 30 for more details.**

# METHODOLOGY AND SCOPE

## EXPERTISE

**We collaborate with Carbone 4 to measure our carbon footprint and by Argon & Co to measure our water consumption.**

- **Carbone 4 used the Greenhouse Gas Protocol Corporate Standard to calculate our emissions in all items, except for two of them: fixed assets and freight. The asset item follows the Bilan Carbone methodology in order to integrate the depreciation rate. As for freight, it is a mix of both the GHG Protocol Standard and the Bilan Carbone methodologies to take into account the entire value chain of the company. These two methodologies are linked to the standard ISO 14069. Carbone 4 used and applied emission factors from two databases: ADEME's, Ecoinvent's and internationally recognised databases. Carbone 4 used the same methodology and emission factors for year 2019 and year 2021.**

**Our targets have been set using 2019 as a reference year given the fact that 2020 cannot be considered as representative in the midst of the covid pandemic. For this reason, we chose to compare our 2021 carbon footprint to our 2019 carbon footprint.**

# METHODOLOGY AND SCOPE

**Please find in the below table the items that were measured in 2021 compared to 2020.**

| Items measured | Environmental report 2020 | Environmental report 2021 |
|---|---|---|
| **Scope 1: Reporting company** | | |
| Company facilities | ✖ | ✖ |
| Company vehicles | ✖ | ✖ |
| **Scope 2: Upstream activities** | | |
| Purchased electricity | ✖ | ✖ |
| **Scope 3: Upstream activities** | | |
| Purchase of Raw material | ✖ | ✖ |
| Purchase of packaging | ✖ | ✖ |
| Water | ✖ | ✖ |
| Upstream freight | ✖ | ✖ |
| Upstream Energy | ✖ | ✖ |
| Waste generated in operations | ✖ | ✖ |
| Business travel | ✖ | ✖ |
| Commuting to work | ✖ | ✖ |
| Manufacturing | ✖ | ✖ |
| Fixed and leased assets | ✖ | ✖ |
| **Scope 3 indirect Downstream** | | |
| Downstream freight | ✖ | ✖ |
| Digital and Fashion shows | | ✖ |

**We intend to add more items to this list in the upcoming years and improve our measurement, including "Use of products sold" and "End of Life Treatment of sold products".**

# METHODOLOGY AND SCOPE

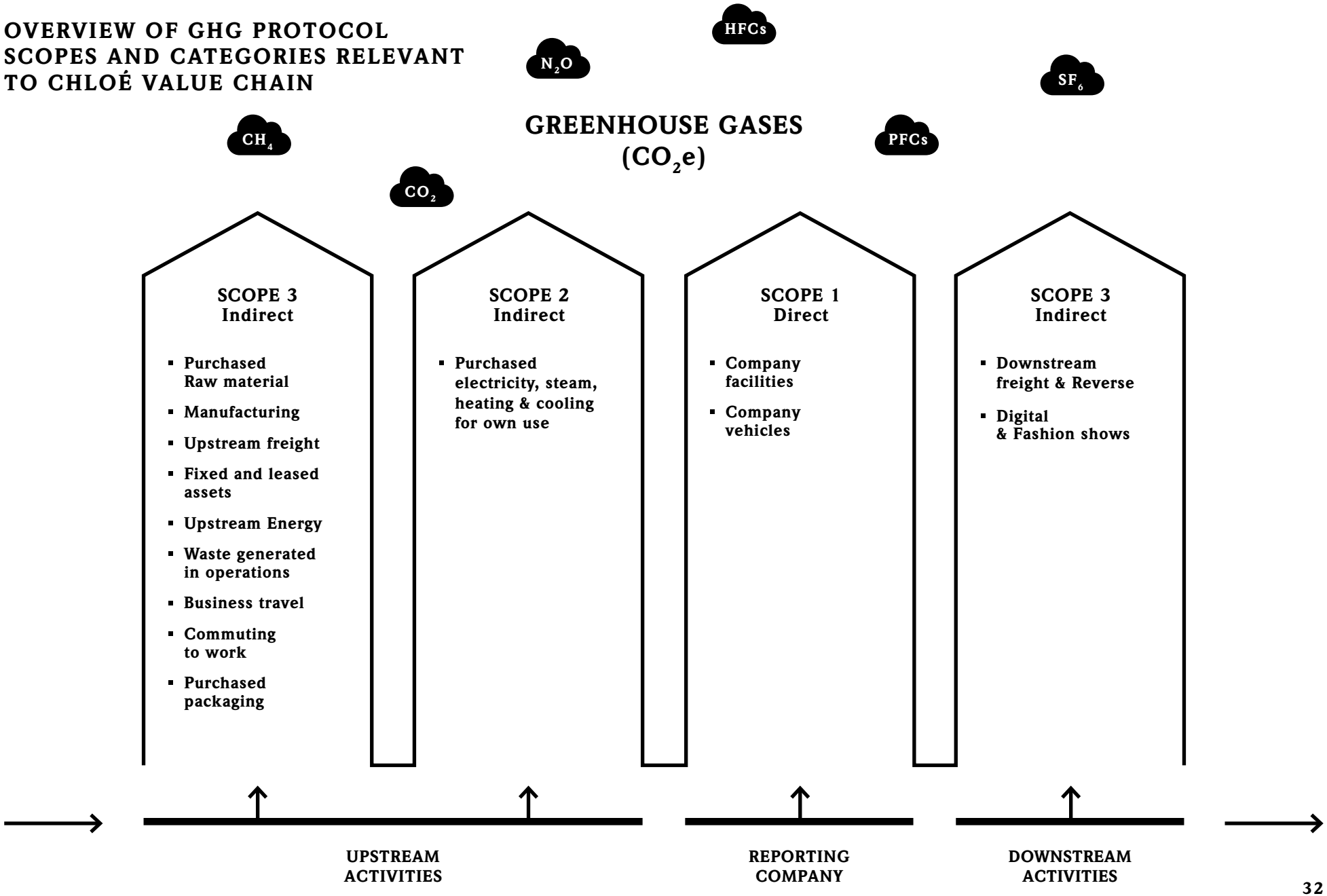
## WATER MEASUREMENT

**The assessment of water consumption was carried out by Argon & Co. For this study on water consumption, we considered the impact of our activity from the extraction of raw materials, through the manufacture of our products and finally our infrastructures' consumptions.**

**The calculation we have in place to determine our water consumption is broken down into three categories:**

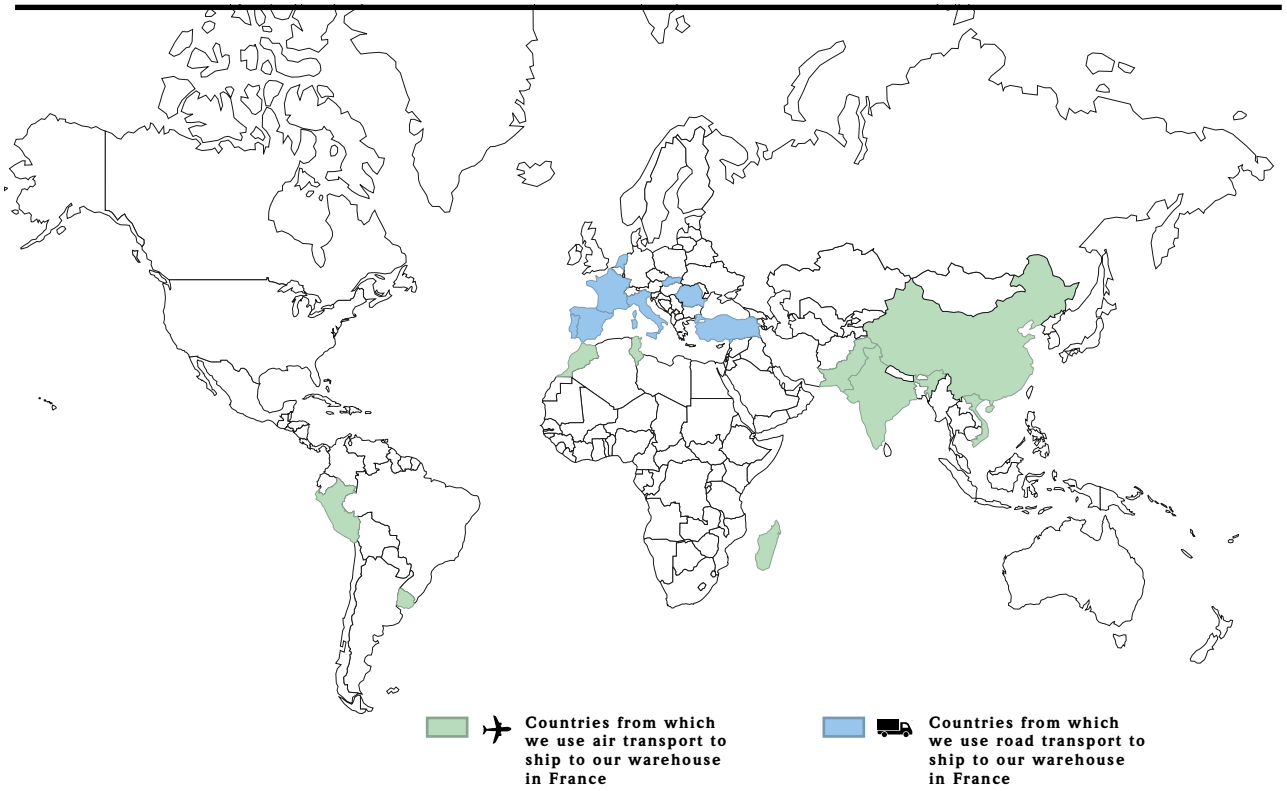
- **Raw materials: We used the Kering EP&L methodology**
- **Manufacturing: We used the Kering EP&L methodology**
- **Infrastructures: We used the water consumption data from our sites.**

## OVERVIEW OF GHG PROTOCOL SCOPES AND CATEGORIES RELEVANT TO CHLOÉ VALUE CHAIN



## MANUFACTURING – LEATHER GOODS / SHOES / READY-TO-WEAR CHLOE AND SEE BY CHLOE

| SOURCING CHLOÉ & SEE BY CHLOE | % MANUFACTURED GARMENTS |
|---|---|
| Europe | 62% |
| Asia | 33% |
| Africa | 4.8% |
| South America | 0.2% |



## 2021 CARBON EMISSIONS RESULTS

| $tCO_2e$ | 2019 | 2021 |
|---|---|---|
| Scope 1 | 150 | 217 |
| Scope 2 location based | 2,213 | 1,473 |
| Scope 2 market based | 2,328 | 85 |
| % of renewable electricity purchased | 25% | 94% |
| Total scope 1 and 2 market based | 2,478 | 302 |
| Scope 3 | 69,778 | 60,760 |
| TOTAL PER PRODUCT | -19% between 2019 and 2021 | |

# ABBREVIATIONS & GLOSSARY

| Abbreviation | Description |
|---|---|
| $CO_2e$ | Carbon dioxide equivalents |
| $tCO_2e$ | Tons of carbon dioxide equivalents |
| LCA | Life Cycle Assesment |
| SBT | Science-Based Targets |
| T | Metric Ton which equals to 1,000 kg |
| $M^3$ | Cubic meter which equals to 1,000 L |
| CY | Calendar Year |

| Glossary | Description |
|---|---|
| Carbon neutrality | Science defines global carbon neutrality as a balance between anthropogenic $CO_2$ emissions and anthropogenic $CO_2$ removals. Removing as much $CO_2$ annually as the emissions that are produced is the only way to stop the build-up of $CO_2$ in the atmosphere, and thus stabilize the temperatures later on. (source: Net Zero Initiative - Carbone 4) |
| Scope 1 | Scope 1 covers all the emissions that were directly induced by the company, such as company-owned car emissions. |
| Scope 2 | Scope 2 covers indirect emissions related to energy purchases for instance. The GHG protocol requires businesses to quantify their purchases of renewable energies according to a location-based method (which depends on the country's energy mix) instead of a market-based one (depending on the renewable energies' origin). However, at Chloé, the choice has been made to communicate on both methods externally. |
| Scope 3 | Scope 3 involves both upstream activities such as raw materials purchases, product manufacturing, business travel and downstream activities such as boutiques. |
| SBT | Science-Based Targets (SBT) provide a clearly-defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth. Launched in 2015, the Science-Based Targets Initiative (SBTi) is a partnership between CDP, the United Nations Global Compact, World Resources Insitutes (WRI) and the World Wide Fund for Nature (WWF). |