



SMCP

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SMCP Group Biodiversity, Water and Pollution reduction Policy

Version 1

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Validated by: Group Sustainability Department

Introduction

Aware of current and future environmental challenges, our company is committed to adopting an ambitious and holistic approach to reducing its environmental footprint. The Group's implemented policies notably cover:

- The reduction of greenhouse gas emissions;
- The limitation of impacts on biodiversity;
- The reduction of the water footprint generated by product manufacturing;
- The reduction of water, air and soil pollution linked to product manufacturing;
- The prevention and reduction of waste.

Topics such as climate, the use of lower-impact certified materials, and circular economy practices are addressed in dedicated policies available on the Group's website.

This policy outlines SMCP's strategy on biodiversity, water, and pollution reduction. Through the [SMCPPlanet](#) pillar of its CSR strategy, the Group acts to limit its impact on biodiversity by rethinking product eco-design, selecting certified materials, and using less impactful transformation processes.

The biodiversity, water and pollution reduction policy defined by SMCP aims to provide appropriate responses to identified material impacts and risks. It therefore focuses strongly on the sourcing methods of raw materials used in the Group's products. These guidelines are shared with the Group's suppliers. Supply chain traceability, down to the farming and cultivation stages, constitutes an essential foundation for implementation and is the subject of a dedicated program across all Group brands.

The Group publishes each year, in its sustainability report, the progress and evolution of this policy. This content is reviewed and audited by an independent third party, ensuring transparency in our approach.

Biodiversity and Ecosystems

Impact and Dependency Analysis

The Group has carried out an assessment of its activities' impacts on biodiversity and their dependency on ecosystem services. This analysis covers:

- The proximity of the Group's operated sites to key biodiversity areas;
- A global life cycle assessment of products' impacts across the five main drivers of biodiversity loss as defined and ranked by IPBES: changes in land, freshwater and marine use; direct exploitation of natural resources; climate change; pollution of soil, water and air; invasive alien species;
- The dependency of its activities on ecosystem services;
- Exposure to physical and transition risks at 2030 and 2050 horizons.

The results of these analyses have informed the SMCP biodiversity policy and helped refine the Group's action plan.

Biodiversity Strategy

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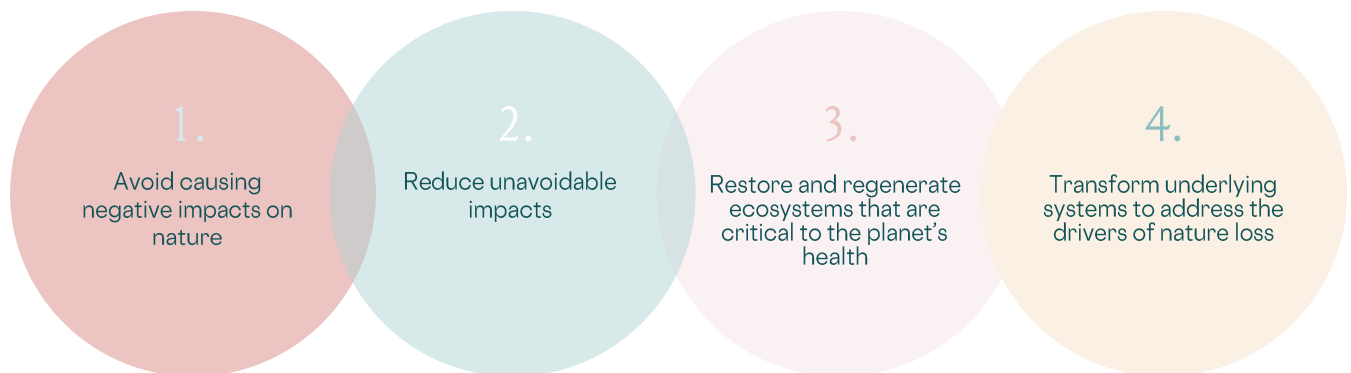
To address these challenges, SMCP structured its biodiversity strategy in 2024 around the following principles:

- Make traceability the essential precondition for any improvement;
- Prioritize material issues, namely the production of raw materials;
- Apply the action principles defined by the Science Based Targets Network (SBTN): avoid, reduce, regenerate, and transform;
- Act both locally (identifying suppliers near key biodiversity areas, regenerative wool project in Uruguay) and globally (reducing agricultural land use, sourcing certified materials, setting carbon reduction targets, etc.);
- Contribute to achieving the 2030 Kunming–Montreal Global Biodiversity Framework targets, notably those aiming to halt biodiversity loss, restore 30% of degraded ecosystems, and halve overall pesticide-related risks.

The biodiversity strategy was validated by the Group’s Board of Directors following its presentation to the CSR Committee.

Avoid, Reduce, Restore & Regenerate, Transform

In line with the framework defined by the **SBTN**, the Group’s Biodiversity Policy is structured around four major principles of action:



1. Avoid

The Group’s biodiversity and ecosystem avoidance strategy is reflected in the following commitments:

- Ban on materials from protected animal species listed under the CITES convention and the IUCN Red List.
- The Group’s brands use only animal-derived materials from the food industry (beef, calf, lamb for leather) or wool from domesticated livestock (sheep, mohair, cashmere goats).
- Furs and exotic leathers (python, crocodile, lizard, etc.) are strictly prohibited.
- Zero deforestation linked to raw material sourcing by 2025.
- Among raw materials considered at risk of deforestation, SMCP is mainly concerned with wood derivatives (paper, cardboard, viscose) and leather.
- Achieving this target requires the use of certifications (e.g. FSC for viscose and cardboard) and sourcing that excludes high-deforestation-risk areas for leather (such as the Amazon basin), unless the tannery can prove that the herd of origin caused no deforestation.
- Zero conversion of natural ecosystems linked to operations and supply chains by 2030.
- This broader objective requires the use of certifications covering non-conversion criteria (e.g. RWS for wool, Regenerative Organic Cotton) and local-level traceability in high-risk countries.
- Identification of at-risk sites within supply chains due to proximity to key biodiversity areas, with the goal of reviewing 100% of regular tier-1 suppliers (manufacturing, assembly) and tier-2 suppliers (weaving, knitting, dyeing, tanning) by 2025, then extending to all production stages by 2030.

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- Identified sites will be investigated to ensure suppliers appropriately manage biodiversity-related risks.

2. Reduce

Reducing the impacts generated by the Group's activities on ecosystems and biodiversity is addressed through several policies detailed in other sections of the Sustainability Report, covering:

- The development of recycled materials (polyester, viscose, wool, cotton, brass, leather), which helps reduce land use for crops and livestock and limits the exploitation of natural resources (water, wood, etc.), while also having indirect positive effects on GHG emissions and pollution reduction.
- The Group's target is to reach 30% recycled materials by 2030.
- The certification of 100% of materials by 2030 under environmental standards addressing soil management, biodiversity preservation, water consumption, pollution, and GHG emissions reduction — including GOTS and OCS certifications for cotton, RWS for wool, FSC for viscose, and LWG certification for leather.
- The reduction of greenhouse gas emissions, with targets validated by the Science Based Targets initiative (SBTi).

In addition to these objectives, SMCP made an additional commitment in 2024 to reduce by 5% between 2023 and 2030 the total agricultural land area required to source its natural materials (cotton, linen, viscose, leather, wool). This goal goes beyond the minimum reduction threshold set by the SBTN (0.35% per year).

3. Regenerate

SMCP aims to provide financial support over the coming years to regenerative agriculture projects within its supply chains that meet the following criteria: soil regeneration, increased biodiversity, elimination of synthetic inputs, improved farmers' livelihoods, and enhanced animal welfare.

In parallel, the Group's brands will increase sourcing of materials from these supported projects.

Wool, as the raw material with the greatest ecosystem impact in the Group's portfolio, will be the priority focus for implementing such projects, with a first pilot scheduled for launch in 2025.

4. Transform

The transformational component of SMCP's strategy primarily aims to raise awareness among various stakeholders (employees, customers) about the relationship between the fashion industry and biodiversity, and to train design and production teams on these topics.

SMCP also seeks to collaborate through industry initiatives and working groups to share knowledge and advocate for stronger biodiversity integration into sectoral policies and certification frameworks.

The Group has been a member of the Leather Working Group (LWG) since 2023, which, among other activities, works to improve traceability in the leather sector and combat deforestation.

It is also a partner of the NGO Canopy, which fights deforestation linked to the use of packaging materials (paper, cardboard) and cellulosic fibers (viscose, modal, rayon, etc.).

In addition, SMCP participated in a working group under the French Ministry of Environment to develop actions for the fashion sector as part of the National Biodiversity Strategy.

This collective initiative identified levers to make biodiversity a business opportunity, map sector-specific risks, and propose pathways to reduce pressures on ecosystems.

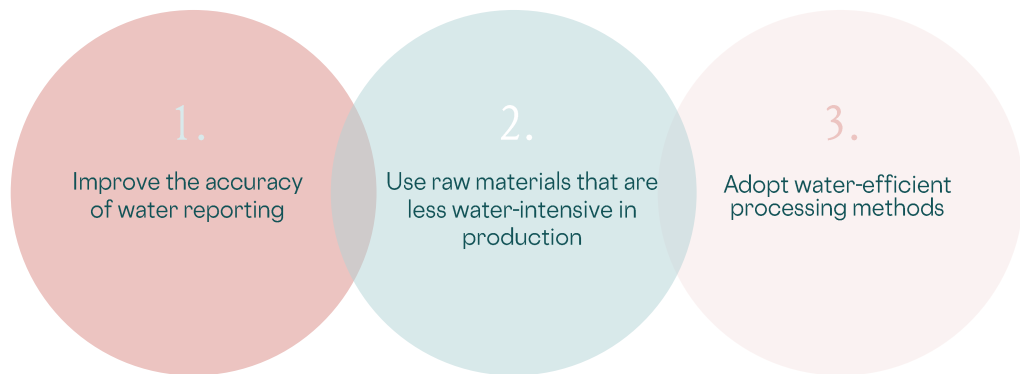
In this context, and in line with the "Transform" pillar of its strategy, the Group shared its practices and action plans with other participants.

Water Footprint Reduction

In 2024, the Group conducted a full water footprint assessment. The analysis showed that product manufacturing and use (washing) represent the most water-intensive stages in SMCP's value chain. Water consumption from operated sites (offices, stores, warehouses) represents less than 1% of total use and is therefore not material.

The production of raw materials is the main source of water consumption, primarily linked to cotton crop irrigation in many regions of the world. The transformation of raw materials, particularly tanning and dyeing, is also highly water-intensive. Similarly, consumer garment washing accounts for water use of the same magnitude as material transformation. Since water-related issues vary by geographic location, SMCP conducted a water stress risk assessment across its supply chain.

Based on this analysis, the Group defined the following objective: reduce water consumption linked to product manufacturing by 30% between 2022 and 2030, as this is the most water-intensive activity associated with the Group. Actions are structured around three main priorities:



1. Improving Water Reporting Accuracy

Currently, water consumption data for raw material production and transformation are based on scientific estimates. To better monitor water use and the impact of reduction actions, the Group aims to establish reporting based on real water consumption data, collected from key transformation stages such as dyeing and tanning (tiers 2 or 3).

Thanks to its traceability work, the Group has an increasingly detailed understanding of the geographical locations of its suppliers and raw material production areas.

This information helps identify water-stressed regions at each stage of production and will eventually enable targeted local actions to reduce consumption where water scarcity risks are highest.

2. Using Raw Materials with Lower Water Intensity

The Group's brands aim to increase the share of certified materials requiring less water for production. This includes recycled materials (cotton, wool, polyester, viscose) and certain man-made fibers (LENZING™ ECOVERO™ viscose, LivaEco, TENCEL™, Lyocell, etc.).

For example: using recycled cotton instead of conventional cotton reduces water use by about 90%. Producing LENZING™ ECOVERO™ viscose requires 50% less water than standard viscose.

Regarding organic cotton, there is no scientific consensus that its cultivation requires less water than conventional cotton. Water consumption depends more on the country of production and irrigation practices. Therefore, improving traceability of cotton cultivation areas is a key priority to reduce water consumption linked to this material.

3. *Adopting Water-Efficient Transformation Processes*

Alternative technologies are being adopted to limit water use in the most water-intensive processes such as tanning, dyeing, and denim washing.

LWG-certified tanneries consume on average 1.3 to 2.7 times less water than non-certified ones (LWG Bronze vs. LWG Gold). OUI The Group's goal is that by 2030, 100% of leather used in products will come from LWG-certified tanneries.

For denim washing, laser and ozone technologies are favored, reducing both water and chemical use by half. In dyeing, new technologies such as "dope dyed" are increasingly used. This process integrates color directly into the fiber during filament production, eliminating the need for dye baths.

Overall, the Group's suppliers are encouraged, through the Supplier Code of Conduct, to preserve water resources.

Pollution Reduction (water, air, soil)

The Group's actions to combat pollution are structured around two main areas:



These actions are directly linked to those implemented to increase the share of certified materials and to decarbonize suppliers' energy consumption.

1. *Prevention and Reduction of Pollution and Waste*

All the Group's suppliers are required to comply with the principles of the Code of Conduct, which includes provisions on adherence to pollution regulations and the implementation of proactive environmental policies.

The material strategy pursued — aimed at increasing the use of certified materials according to recognized environmental standards — has a positive impact on reducing many types of pollution.

For example, recycled materials can reduce pollution in water, air, and soil by approximately 90%. Organic cotton or LENZING™ ECOVERO™ viscose also significantly reduce ecotoxicity. An environmental management system exceeding regulatory requirements is also mandatory for all processing sites (spinning, weaving, dyeing, etc.) handling materials certified under the Global Organic Textile Standard (GOTS) and the Global Recycled Standard (GRS).

The Group's brands also aim to use only leather sourced from tanneries certified by the Leather Working Group (LWG). The LWG audit framework includes specific sections on effluent management, air emissions, and chemical management.

Furthermore, the decarbonization of suppliers' energy mix — one of the main levers of SMCP's climate transition plan — contributes to reductions in fine particulate and ozone emissions. Regarding microfiber emissions from washing synthetic garments, the Group does not currently have policies in place to address this issue.

SMCP promotes responsible waste management throughout its value chain, in strict compliance with applicable regulations. The Group adopts a preventive approach, encouraging its suppliers to minimize waste generation at the source — from product design to distribution. When prevention is not possible, waste must be properly sorted, collected, and treated, with a focus on recycling and recovery. Finally, SMCP's actions and commitments related to product end-of-life are detailed in its Resource Use and Circular Economy Policy.

2. Substances of Concern

The Group is committed to reducing the use of substances of very high concern and substances of concern during product manufacturing through the purchase of certified materials. These certifications require manufacturing sites to comply with restricted substances lists due to their health or environmental impacts.

The GOTS certification for organic cotton has its own restricted substances list, while GRS and LWG certifications apply the Manufacturing Restricted Substances List (MRSL) defined by the Zero Discharge of Hazardous Chemicals (ZDHC) initiative.

Tests are also carried out on marketed products to ensure the absence of substances of very high concern listed under the European REACH regulation.

Collaboration to Achieve Objectives

Collaborating with Suppliers

SMCP recognizes that achieving its environmental objectives also depends on the efforts of its suppliers.

The Group and its brands select suppliers based on environmental criteria, including their ability to meet the Group's material standards.

The company maintains regular data exchanges with suppliers, encourages the development of new technologies and more responsible materials, and promotes the sharing of best practices. This collaboration aims to evolve production processes and move collectively toward more sustainable manufacturing methods.

The Group requires suppliers to implement concrete actions to reduce their environmental impacts. Suppliers must:

- At a minimum, comply with local and international environmental regulations;
- Improve the environmental performance of their products (eco-design, use of certified materials such as GOTS, OCS, RCS, GRS, RWS, etc.);
- Optimize the environmental performance of production sites;
- Ensure product traceability and chemical compliance (particularly REACH);
- Promote transparency throughout the supply chain;
- Prioritize rail and sea transport over air freight;
- Share environmental data (energy, resources, waste, emissions) upon request.

The Group's expectations toward its suppliers are also outlined in the [Supplier Code of Conduct](#).

Collaborating for a Lower-Impact Fashion Industry

SMCP actively engages in multi-stakeholder and industry partnerships to strengthen environmental and resource management practices.

The Group collaborates with key organizations such as **Canopy**, **the Fédération de la Mode Circulaire**, **the Leather Working Group (LWG)**, and **the Alliance du Commerce** to promote more responsible practices across the fashion industry.