



SMCP

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SMCP Group Climate Policy

Version 2

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Approved by: Group Sustainability Department

Introduction

Aware of the current and future climate challenges, our company is committed to adopting an ambitious and holistic approach to reducing its carbon footprint and strengthening its resilience to climate change.

Through the **SMCPlanet** pillar of its CSR strategy, the Group aims to reduce greenhouse gas emissions and biodiversity impacts by acting on its products, transport flows, energy consumption, store design and packaging.

This ambition is set out in the Group's Climate Policy, which reflects the commitments of SMCP and its brands, and is aligned with SMCP's carbon reduction pathway validated by the Science Based Targets initiative (SBTi).

The SMCP Group has therefore aligned its climate strategy with the objectives of the Paris Agreement on climate change, to which it is fully committed

This policy defines our commitments in terms of mitigation, by reducing greenhouse gas emissions across our entire value chain, and adaptation, by integrating climate-related risks into our business model to protect our activities and stakeholders.

Our approach goes beyond tackling climate change alone: it is part of a broader vision that considers interactions with other environmental issues, such as biodiversity preservation, sustainable resource management and material circularity. We integrate these dimensions into our strategic and operational decisions to build a more sustainable and resilient business model.

Through this Climate Policy, we reaffirm our determination to act responsibly and collaboratively, engaging our partners, suppliers and customers to build a low-carbon and ecosystem-friendly future together.

The Group publishes annually the developments related to its Climate Policy (actions, progress, results) in its Sustainability Report. The reported content is reviewed and audited by an independent third party.

As employee engagement is key to achieving the objectives of our CSR strategy, the Group strives to regularly share its progress with teams, notably through internal communications, awareness initiatives and discussions with the management teams.

Our Climate Governance

The Climate Transition Plan has been developed in consultation with various Group departments (Brand Production, Finance, Supply Chain, and Sustainability) and validated by the Climate Committee and the Board of Directors.

It is fully integrated into the company's strategy and reflected in business plans. The outcomes of the Group's carbon reduction policies are monitored by the CSR Committee of the Board of Directors and presented at the Annual General Meeting and during financial results disclosures.

Our Transition Plan for Climate Change Mitigation

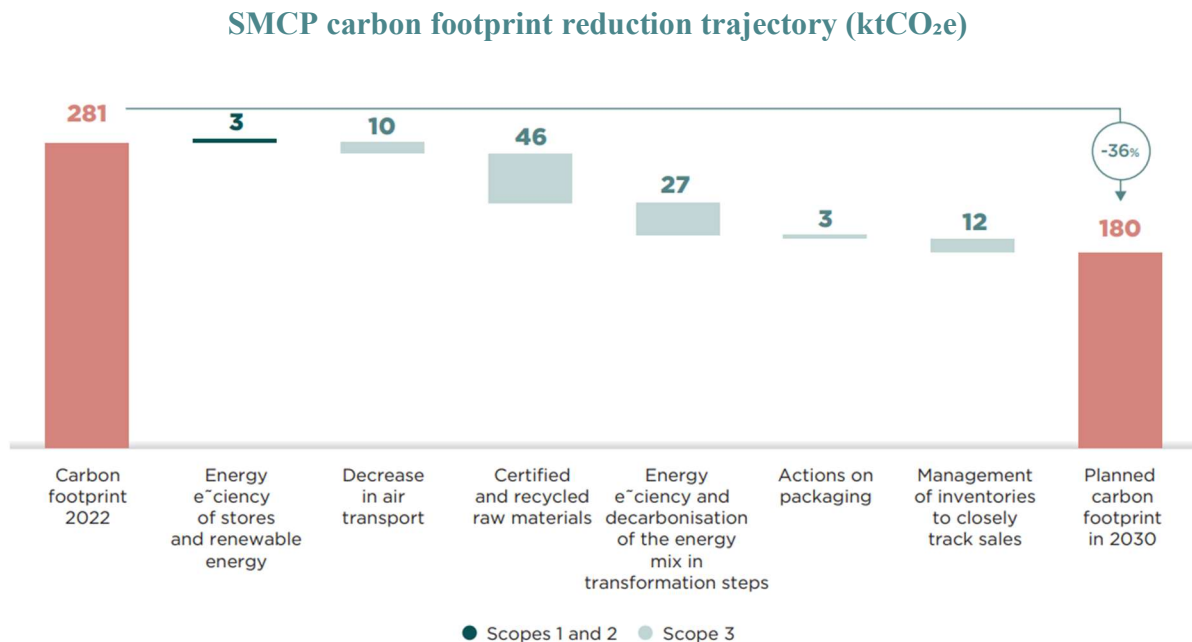
Our Reduction Targets by 2030

Since 2023, SMCP Group has implemented a climate transition plan for mitigation, developed in line with its greenhouse gas (GHG) reduction targets validated by the Science Based Targets initiative (SBTi).

Between 2022 and 2030, SMCP commits to reducing its absolute GHG emissions by:

- 50% for Scopes 1 and 2 (market-based) under the GHG Protocol;
- 42.5% for Scope 3 non-FLAG emissions (related to product production and transport);
- 30.3% for Scope 3 FLAG emissions (related to forest, land and agriculture impacts).

Overall, the Group's objective is to reduce its total absolute GHG emissions (Scopes 1, 2 and 3) by 36%.



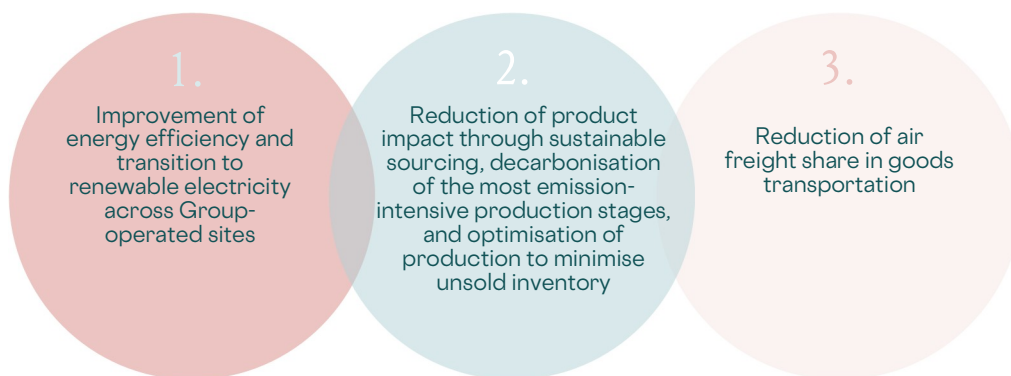
To stay on track with its carbon trajectory, the Group has established annual action plans and defined interim milestones. By 2025, the goal is to achieve a 14.5% reduction in emissions compared with 2022.

Our Reduction Measures

In line with SBTi methodology, SMCP's 2030 target focuses on the most significant Scope 3 emission sources from the reference year.

The Group's carbon reduction policies therefore cover Scopes 1 and 2, and Scope 3 emissions related to product manufacturing and transport (including packaging) — representing 88% of total emissions.

SMCP's carbon reduction efforts are mainly concentrated on Scope 3 emissions and structured around three key areas of action:



Net Zero Target by 2050

In 2025, the Group's carbon neutrality targets for 2050 were also validated by the SBTi. This target is defined as follows:

- Scopes 1 and 2: SMCP will reduce absolute GHG emissions by 90% by 2050 (vs. 2022 baseline).
- Scope 3: SMCP will also reduce absolute GHG emissions by 90% by 2050 (vs. 2022 baseline).
- Scope 3 FLAG: SMCP will reduce absolute FLAG-related GHG emissions by 72% by 2050 (vs. 2022 baseline).

1. Group-operated sites

GHG emissions from Scopes 1 and 2 are primarily linked to the energy consumption of SMCP's stores, offices and warehouses.

Achieving the 50% reduction target between 2022 and 2030 relies on two main levers:

- **Reducing site energy consumption**, especially in stores, through the installation of low-energy lighting and air conditioning systems during refurbishments and openings, and through energy monitoring tools to identify unusually high consumption sites. The Group is committed to improving the energy efficiency of all its sites;
- **Purchasing electricity from renewable sources**, with the objective of reaching 100% renewable electricity by 2030.

2. Product manufacturing

Product manufacturing accounts for 75% of the Group's total emissions. The main sources are raw materials, particularly those of animal origin (wool, cashmere, leather), which have a higher carbon footprint than plant-based or synthetic fibres, and energy use during production stages such as dyeing.

To address these, the Group focuses on two main areas:

- **Raw materials:** By 2030, SMCP aims to use **100% certified materials** (e.g. organic or recycled cotton, recycled wool and polyester, lower-impact viscose, etc.). Reducing wool-related emissions is key to achieving the Group's climate goals, notably by increasing the use of recycled wool and sourcing from regions with lower-emission production, including regenerative farming practices;
- **Energy use in manufacturing:** The Group's brands are working to collect detailed data on energy consumption and types of energy used by suppliers involved in spinning, weaving, knitting and dyeing. This improved reporting helps refine GHG calculations and identify opportunities for improvement. Subsequently, SMCP will collaborate with suppliers to reduce energy consumption at high-impact sites, promote renewable energy use and phase out coal boilers.

In addition, the Group will work to reduce unsold inventory (through improved stock allocation) and expand its second-hand, rental and repair services to lower its overall footprint.

3. Freight transport

Freight transport accounts for 8% of the Group's GHG emissions. Around 90% of this relates to B2B flows (from suppliers to warehouses in Asia, Europe and the US; between warehouses; and from warehouses to stores). B2C transport corresponds to e-commerce deliveries in the Group's operating countries.

Air transport represents 28% of freight volume (in tonne-kilometres) but 92% of freight GHG emissions. Maritime transport, which accounts for 45% of volume, represents only 1% of transport emissions.

Gradually shifting from air to sea freight is therefore a top priority to reduce the Group's carbon footprint. This strategy relies on the redesign of logistics flows (e.g. direct shipments from suppliers in China to Asian and US warehouses, bypassing Europe) and improved production and stock planning.

Climate Risk Analysis

Acknowledging the increasing impacts of climate change, SMCP has conducted a detailed assessment of physical risks (extreme weather events, resource disruptions, etc.) and transition risks (regulatory changes, market evolution, stakeholder expectations) for 2030 and 2050 horizons.

The results of this study help us adapt our practices, refine our action plan, and strengthen the resilience of our operations. We maintain continuous monitoring of climatic, scientific and regulatory developments to adjust our strategy and anticipate future challenges.

This analysis will be updated every two years.

Identified Material Risks

Physical risks

- Operational risks: decline in cotton crop production worldwide and disruption of processing operations in Asian and North African countries due to the resurgence of acute risks (flooding, heat waves) and chronic risks (decreased productivity due to heat, heavy rainfall, drought), leading to higher product manufacturing costs

Transition risks

- Regulatory risk: implementation of a carbon tax on textile products in Europe
- Reputational risk: customer disaffection for brands that are insufficiently committed to the fight against climate change leading to a decline in revenue
- Operational risk: increase in energy prices leading to an increase in product manufacturing and site operating costs