

Chloé

Materiality analysis

January 2021



The materiality matrix

Intro

Sustainability forms an integral part of Chloé’s corporate strategy, the tool to put forward innovative proposals for our stakeholders. The different aspects of the sustainability path undertaken are based on an approach focused on transparency, integrity and reliability, with the aim of engaging internal and external stakeholders of our business.

One of the most important tools Chloé used to set sustainability priorities is the materiality analysis, which told us which issues most concern our stakeholders and how these impact our business model, and viceversa.

Material topics definition

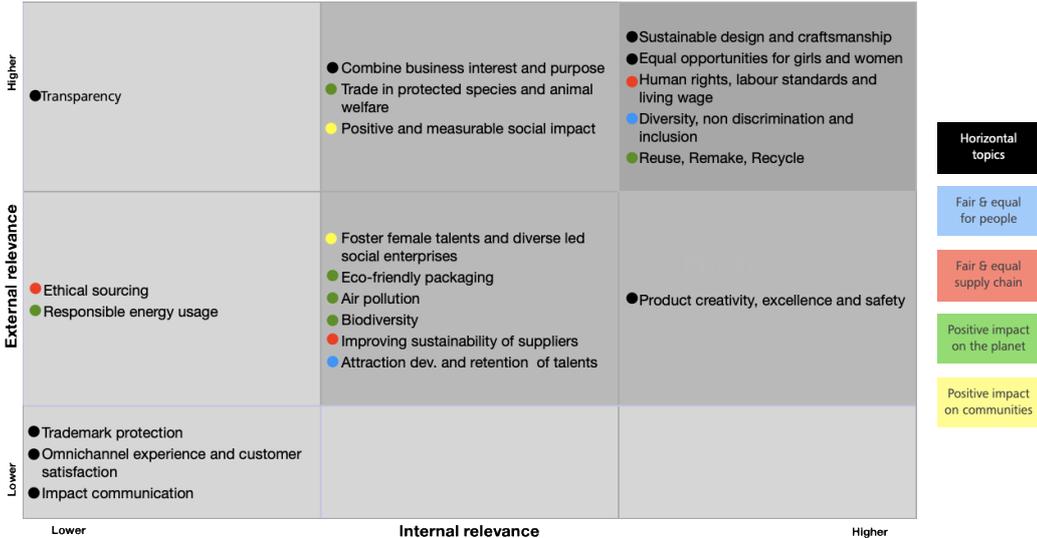
We define topics that are material to Chloé as those that:

- ◆ have or may have a significant impact on the company’s finances or operations
- ◆ have or may have a significant impact on the environment or society, now or in the future
- ◆ can substantially influence the assessments, decisions and actions of our stakeholders and shareholders

Materiality matrix

The result of the process undertaken in 2020 is a materiality matrix featuring 21 material topics within 5 components, on which we shall concentrate to develop and implement our sustainability strategy. The most relevant both internally and externally, will form the basis for planning further priority actions.

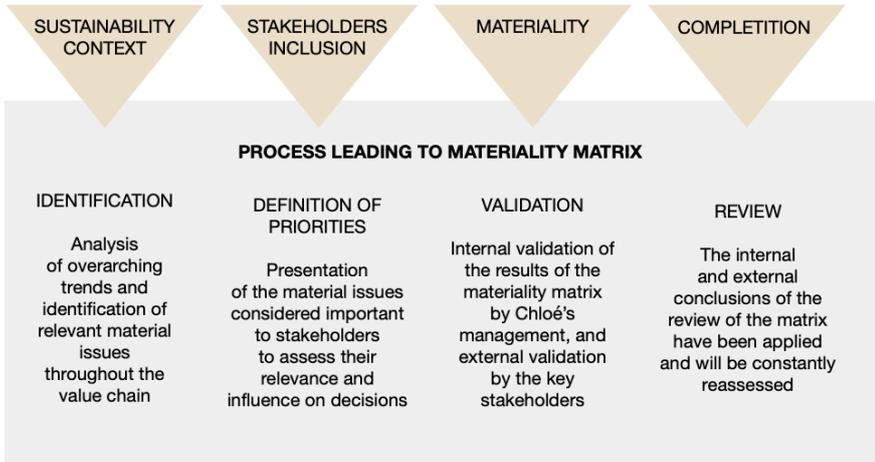
Fig. 1: Chloé’s 2020 materiality matrix



Process leading to materiality matrix

The materiality matrix creation process has had four phases:

Fig. 3: Matrix creation process



Phase 1: Identification via desk analysis

During the desk analysis phase, we conducted a documentary analysis of internal and external sources to identify the full range of topics to be assessed. The following sources were considered and based on the results of benchmarking, a number of material topics were included:

- ◆ international standards and publications
- ◆ reports and articles on global trends (e.g. World Economic Forum, UN Global Compact)
- ◆ industry trends/reports
- ◆ sustainability reports/non-financial statements of peers and competitors
- ◆ changes in regulations

Material topics identified and description

Twenty-four material topics were identified and for each identified topic a detailed description has been specified. Topics were grouped following the criteria set forth by the Richemont Sustainability strategy in their 2019 Sustainability report (link):

A	HORIZONTAL TOPICS	
A.1	Sustainable design and craftsmanship: rebalancing design circles	Uplifting eco-design into an active tool for supporting eco and social sustainability while preserving crafts and savoir faire to continue the maison heritage as an essential tool for the development of luxury products A new cross pollinating approach where producers' craftsmanship is part of product development and design and creativity are fed to the designers by artisans' unique skills

A.2	Product creativity, excellence and safety	Inject new creativity into all collections and maintaining the level of excellence in the maison is known for and promoting product safety in line with all statutory safety requirements under European or national law
A.3	Combine business interest and purpose	Assure and constantly assess the maison's success in relation to its assets, liabilities and overall market strength while taking into consideration impact on Planet and on People of all operations
A.4	Trademark protection	Safeguarding intellectual property rights to protect Chloé's trademark from counterfeiting and infringement
A.5	Impact communication	Communicating how our products or services are linked to our sustainability strategy, social/environmental initiatives. Doing so can boost a company's sales by targeting consumers who choose the companies they support based on the values espoused. Impact communication is a critical way to support our purpose-driven work in these unprecedented times.
A.6	Promoting equal opportunities for girls and women in all operations	Guaranteeing equal rights, skills and access to opportunities for girls and women in all of the maison's operations. Challenge and overcome the norms and stereotypes that hold women back in order to achieve a transformational effect benefitting whole communities directly or indirectly touched by our operation as well as individuals and their families.
A.7	Transparency	Making sure that more and more information on our operations are available and for which others (consumers, investors, lawmakers, journalists, NGOs, trade unions, workers themselves) can hold us and retailers to account for our policies and practices.
A.8	Omnichannel experience and customer satisfaction / customer experience	Assuring that the individual customer touchpoints, which allow customers to seamlessly continue to engage over multiple channels, are satisfactory and the customers are happy with their transaction and overall experience with the brand
B	FAIR AND EQUAL IN THE SUPPLY CHAIN	
B.1	Human rights, labour standards and living wage in the supply chain	Assuring the respect of human rights and labour standards along the entire supply chain. Striving for assuring to all workers involved in the supply chain, have the ability to earn enough for a worker and his or her family to cover basic needs and live with dignity.
B.2	Supporting programs for improved sustainability performance of suppliers (transfer of knowledge)	Accompanying existing suppliers in their journey for enhanced sustainability via capacity building program and the promotion of better environmental and social sustainable practices
B.3	Ethical sourcing	Introducing new practices to enhance accountability and responsible practices in the supply chain in different key areas. Promoting the use of B corp certified and/or fair trade verified producers among the suppliers
C	FAIR AND EQUAL IN DIRECT OPERATION (PEOPLE)	
C.1	Diversity (ethnic/geographic/sector/handicap/social background/body positivity), non discrimination and inclusion	Recruitment to be based on the principle that multi-faceted and multi-cultural work forces can bring a wide array of experience, knowledge, background, culture and heritage which can lead to innovation, enhanced operations, and improved relationships with all stakeholders. Selection of Chloé girls/spokespersons/models to be based on inclusion with body positivity, among others, being part of it
C.2	Attraction, development and retention of talents	Assure that best talents are scouted to support all operations that their skills are constantly developed and that they all wish to contribute for longer period to the success of the maison
D.1	POSITIVE IMPACT ON COMMUNITIES	
D.1	Foster female talents (artists, entrepreneurs...) and diverse led social enterprises	Creating sponsorship and mentoring schemes within the reference communities to foster talent and creativity at all levels, whilst creating a visible and active support network for new social entrepreneurs and fair trade producers
D.2	Positive and measurable social impact	Developing a specific methodology for measuring the social impact of Chloé operations. The latter address a key industry needs not yet covered by any effective instruments and once

		developed, its methodology should be acknowledged as reference for the industry
E	POSITIVE IMPACT ON ENVIRONMENT	
E.1	Eco friendly packaging	Support the use of designs and materials chosen in boxes, mailers, and packing materials to minimize its impact on the environment.
E.2	Recycle, material reuse, circular economy and responsible consumption	Bonding all operations with the view of maximising both reuse and recycling of mterial used as well as support reponsible consumption within the maison and its supply chain
E.3	Trade in protected species and animal welfare / Animal well-being / Exotic animals	Promoting animal well being starting from raw material purchase and supplier producers. Eliminate the us eof protected species and exotic animals
E.4	Biodiversity	Diminishing the impact of the brand on biodivesity loss
E.5	Air pollution	Diminishing the impact on air pollution
E.6	Responsible energy usage (stores, renewable energy)	Enhance and promote the use of responsible and alternative use of energy. Supporting the development and use of eco-friendly materials in VM and in store operations

Phase 2: Definition of priorities

To assess priorities among the identified material topics, we had two approaches.

Firstly, we worked with internal sources to select priorities by holding meetings across corporate functions.

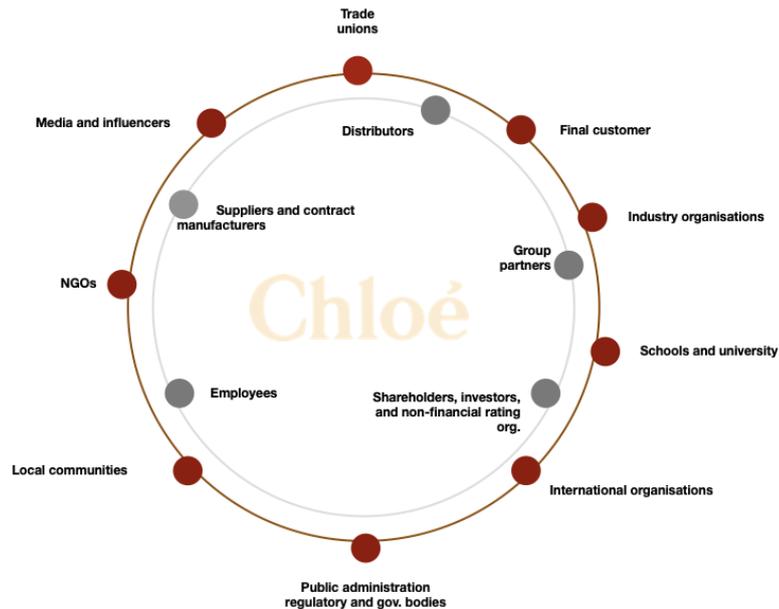
Secondly, we identified and selected our stakeholders on the basis of the awareness of our social role and deep connection with the local community, which is necessarily related to our operations, for the purposes of understanding their expectations and translating them into actionable objectives.

Key stakeholder identification

The identification process included three steps:

- ◆ identifying key relevant stakeholders to understand their relevance to our objectives and material issues
- ◆ prioritizing our most important stakeholders
- ◆ analysing each stakeholder and take their perspective into account to determine the appropriate level of engagement

The following group of stakeholders were identified:



Phase 3: Validation

External and internal validation

The identified topics were assessed during different stakeholder engagement activities (interviews, meetings focus groups and survey) and internal meetings (Strategic Committee and survey of top management).

The assessment was carried out in the manner recommended in the GRI standards as well as the AA1000 Stakeholder Engagement Standard Guidelines for identifying, mapping and defining stakeholders' expectations as well as for processing the results of their engagement and prioritizing them.

Engagement tools included:

- ◆ Online Sustainability Survey and interviews have been collecting the opinions of:
 - ◆ Employees organizations representing 100% of staff in France and in the regions (China, Apac, US, Europe)
 - ◆ Suppliers accounting for: over 50% of the production for RTW, accessories and shoes collection; 57% of licensed products
 - ◆ International organizations and independent NGOs among which: UNICEF, Fashion Revolution, World Fair Trade Organization, Ellen MacArthur Foundation
 - ◆ Press representatives and influencers relevant to Chloé
 - ◆ Government bodies the likes of Fédération Française de la Couture
 - ◆ CSR managers at Richemont group and within other group's partners
- ◆ Over 20 digital meetings with several peers and competitors, clients from different regions and industry partners
- ◆ Three focus groups with top management, design team and production managers

Phase 4: Review

The internal and external input provided critical feedback that was used to help develop our materiality matrix and sustainability strategy. After the results of the survey were produced, they were shared with the respective stakeholders.

We shall continue engage with our stakeholders on an adhoc basis

throughout the year to inform the development of our sustainability strategy, find out more about their expertise, expectations and priorities, and obtain their feedback.

We see it as essential to set a review process and have a good understanding of the issues that matter to them and why they keep or not being relevant. Through a continuous dialogue we plan to gain insights that will enable us to align our sustainability initiatives to stakeholders' requirements and ensure they deliver positive impact to society.

From this moment on:

- ◆ We shall maintain an active dialogue with our most relevant stakeholders to understand their views
- ◆ We shall include our stakeholders in the implementation process of new strategies and programmes
- ◆ We shall incorporate their feedback where appropriate to help us continually improve our strategy

Annex 1: Materiality and SDGs

The Sustainable Development Goals (SDGs) are a collection of 17 global goals designed to be a "blueprint to achieve a better and more sustainable future for all". The SDGs, set in 2015 by the United Nations General Assembly and intended to be achieved by the year 2030, are part of a UN Resolution called "The 2030 Agenda".

The following table indicates where Chloé's activities under a material issue have an impact (direct or indirect) on achieving the SDGs. It does not indicate the scale of our contribution though.

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
A HORIZONTAL TOPICS																		
A.1	Sustainable design and craftsmanship																	
A.2	Product creativity, excellence and safety																	
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B FAIR AND EQUAL IN THE SUPPLY CHAIN																		
B.1	Human rights, labour standards and living wage																	
B.2	Improve sustainability performance of existing suppliers																	
B.3	Promote ethical sourcing from new suppliers																	
C FAIR AND EQUAL IN DIRECT OPERATION (PEOPLE)																		
C.1	Diversity, non discrimination and inclusion																	
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