
ENVIRONMENTAL COMPLIANCE POLICY



1. Introduction

The Etam Group has made reducing its environmental impact a priority, driven in particular by its CSR strategy and its decarbonisation targets validated by the Science Based Targets Initiative (SBTi).

As part of this approach, the Group is committed to taking action at every stage of its supply chain. The Group's suppliers are key partners in this regard and must ensure compliance with the criteria and principles set out in the *Supplier Code of Conduct*.

This document, intended for Suppliers, formalises the Group's environmental standards and requirements and aims to support Suppliers in their operational implementation.

2. Scope

This Environmental Compliance Policy applies fully and mandatorily to all Tier 1 suppliers of the Group's merchandise.

Suppliers are responsible for cascading and enforcing these requirements throughout their supply chain.

Any updates to this document will be notified by the Group and shall be applied immediately.

3. Our standards

Legal compliance

The Supplier must comply with all applicable laws, regulations, and standards. The Supplier must also cooperate with the Group to ensure compliance with legal provisions relating to the supply chain that apply to the Group's brands across all their markets.

Environmental management

The Supplier must have a clearly defined environmental management system adapted to its business model to identify, measure, and control its environmental impacts. Its effective implementation must ensure the continuous improvement of the environmental performance of the site and production facilities.

- The Supplier is encouraged to follow the international ISO 14001 standard when developing its environmental management system.
- The Supplier must identify the environmental impacts of its operations and implement appropriate measures to prevent, reduce, and remedy negative impacts on local communities, natural resources, the climate, and biodiversity.
- The Supplier must designate a clearly identified contact person, internally and vis-à-vis the Group, responsible for monitoring and implementing environmental management.
- The Supplier is encouraged to train and raise awareness among management and employees regarding the consideration of environmental issues into daily operations.

Environmental reporting

In order to meet regulatory requirements, refine the calculation of its Scope 3 greenhouse gas emissions, and monitor its environmental trajectory, the Supplier must provide the Group with environmental data and information on a regular and structured basis.

- The Supplier must carry out annual environmental reporting, using the format provided by the Group.
- The Supplier must systematically collect the information requested by the Group within a defined scope.
- The Supplier must provide, upon request, verifiable supporting evidence for all information submitted.

Circularity

In line with the Group's commitments, the Supplier is encouraged to implement concrete actions to promote circularity: reducing resource consumption, increasing the share of recycled materials, minimising waste, and improving reuse and/or recycling rate.

Energy and greenhouse gas emissions

- The Supplier must implement an action plan to measure (in kWh), monitor, and reduce its energy consumption. Measurements must be carried out within a clearly defined and comparable scope over time and monitored at least on a semi-annual basis.
- The Supplier must identify, measure, and disclose the types of energy used for its consumption, as well as the share of renewable energy.
- The Supplier is encouraged to carry out an annual carbon footprint assessment based on its energy consumption data, covering its direct and indirect emissions (Scopes 1, 2, and 3), in accordance with international standards such as the GHG Protocol and with the support of a qualified expert.
- The Supplier is encouraged to set targets and implement an action plan to reduce its greenhouse gas emissions.
- The Supplier must provide, upon request, verifiable supporting evidence for all information submitted.

Water

The Supplier must implement concrete actions to measure, monitor, and limit its water consumption, particularly in high water-stress areas (according to the World Resources Institute's Aqueduct Water Risk Atlas – see Appendix), and to limit wastewater discharges.

- The Supplier must comply with all applicable laws and regulations relating to water.
- The Supplier must identify, monitor, and measure its water consumption (in m³).
 - This must be monitored and measured at the level of different processes.
 - Where the site is vertically integrated, measurements must also be taken at each production stage.
 - Measurements must be based on a clearly defined and comparable scope over time and monitored at least annually.
- The Supplier must identify, classify, and measure the sources of its water consumption and report them annually.

- This includes drinking water from the municipal supply, groundwater, surface water, rainwater, and externally supplied condensed steam water.
- The Supplier is encouraged to implement a concrete action plan to improve the efficiency of water resource management (reduction of consumption, reuse, etc.).
- The Supplier must monitor pollutants in its effluents and ensure treatment of water resulting from water-intensive processes prior to discharge.
 - The Supplier must comply with all the requirements set out in the ZDHC Wastewater Guidelines.
 - The Supplier is encouraged to regularly monitor the quality of discharged water.
- The Supplier must provide, upon request, all supporting evidence relating to water management.

Waste

The Supplier must implement concrete actions to measure, control, and limit the impact of its waste, effluents, and discharges, and to ensure responsible management.

- The Supplier must comply with all applicable laws and regulations relating to waste management.
- The Supplier must track, measure, and report the volume of waste generated.
- The Supplier must identify, classify, and control all hazardous and non-hazardous waste streams.
 - The Supplier must monitor, control, and report the treatment and disposal methods applied to all hazardous and non-hazardous waste streams.
- The Supplier is encouraged to implement a concrete action plan to reduce its waste volumes and associated impacts. This action plan must in line with principles of circularity and the waste management hierarchy.
- The Supplier is responsible for the management, verification, and control of waste treatment.
 - The Supplier must ensure proper separation and storage of waste and provide training to workers on the handling and treatment of all waste streams.
 - The Supplier must promote the recycling of its waste and measure the share of recycled waste relative to its total waste volume.
 - Uncontrolled dumping and open-air burning are strictly prohibited.
 - Waste incineration must be conducted in a controlled manner, in closed systems equipped with appropriate filtration.
- The Supplier must provide, upon request, all supporting evidence relating to the management, treatment, and recycling of waste.

Management of chemical substances

- The Supplier must comply with all applicable laws and regulations relating to chemical management.
- The Supplier must comply with the Group's *Policy on the Use of Chemicals and RSLs*.
- The Supplier must maintain a clear inventory of all chemical substances used.
- The Supplier must train workers in the management, storage, and handling of all chemical substances present on site.

- The Supplier is responsible for the traceability, quality, and integrity of the chemical substances used.
- The Group reserves the right to require the Supplier to carry out tests on one or more products to verify compliance with the RSL. The tests must be conducted in one of the independent laboratories approved by the Group, in accordance with the RSL Testing Guidelines set out in the product specifications.
- The Supplier must provide, upon request, all supporting evidence relating to chemical management.

Packaging

In line with the Group's commitments, the Supplier must implement concrete actions to reduce packaging volumes and identify more sustainable alternatives.

- The Supplier must comply with the Group's packaging specifications.
- For all packaging, the Supplier must prioritise the use of recycled materials.
 - For all materials containing recycled content, the Supplier must provide the Group with the corresponding GRS Transaction Certificate.
- For polybags, the Supplier must exclusively source recycled low-density polyethylene (LDPE).
- For paper and cardboard packaging, the Supplier must source recycled materials certified FSC recycled or FSC mix, or PEFC, excluding any sourcing linked to deforestation.
- For all packaging, the Supplier must ensure their effective recyclability within existing recycling streams.
- The Supplier must provide all supporting evidence relating to the standards and labels of the materials used for its packaging.

Materials

The Supplier must comply with all of the Group's thematic policies:

- *Policy on the Use of Animal Fibres*
- *Policy on the Use of Cellulosic Fibres*
- *Policy on the Use of Cotton Fibres*

4. Evidence

To demonstrate compliance with this policy, the Supplier must provide the Group with the supporting evidence specified above. The Group reserves the right to request additional documentation.

5. Controls

The Etam Group monitors compliance with its Environmental Compliance Policy through environmental audits. Additional checks may also be carried out by the Group or by a third party appointed by it to verify that the Supplier's practices comply with this policy. These controls may be conducted at any time, including at the Supplier's premises and/or those of its own suppliers.

Audit

The Supplier must hold a valid environmental audit report covering the entire duration of production for the Group's brands. The standards accepted by the Group are as follows:

- Amfori Business Environmental Performance Initiative (BEPI)
- Higg Facility Environmental Module (Higg FEM – SAC)
- ICS Environmental Audit
- IPE (for Chinese suppliers only)

Audit renewal frequency

The environmental audit must be renewed every three years. The Group reserves the right to request a new audit before this deadline.

Temporary exemption during a transition phase

During a transition phase, and based on a case-by-case assessment, certain Suppliers may be temporarily exempted from the requirement to hold an environmental audit report, provided that they already have a structured environmental management system in place (e.g. ISO 14001 certification or BEPI self-assessment).

This transitional provision aims to progressively guide Suppliers towards a full environmental audit process in the medium term, in line with the Group's requirements.

Controls

Controls may take various forms, including (non-exhaustive list) unannounced site visits, document reviews, and interviews.

The Supplier must provide access to all relevant documents and information. During on-site visits, the Supplier must grant full access to its facilities to the Group's teams and/or to any third party appointed by the Group.

6. Non-compliance and sanctions

Non-compliance and continuous improvement of environmental rules and standards

Following an audit or control, the Supplier must implement the recommendations provided as soon as possible. In the event of identified non-compliance, the Supplier may be required to develop a corrective action plan, which will be monitored and verified as part of the Supplier's continuous improvement process.

Once non-compliances have been remedied, the Group reserves the right to request a new audit.

Sanctions

In the event of a breach of this policy, and depending on its severity, the Group reserves the right to take one or more of the following measures:

- **Suspension of orders until remediation is completed.**
- **Formal notice / exclusion:** depending on the severity of the breach, the Supplier may be formally notified and, where appropriate, excluded from the Group's list of suppliers.
- **Termination of the business relationship in the event of serious or repeated breaches,** without prejudice to any claim for damages.

7. Appendix

Aqueduct Water Risk Atlas

The World Resources Institute's Aqueduct Water Risk Atlas is available at the following link: [Aqueduct Water Risk Atlas](#).