



2020 SUSTAINABLE DEVELOPMENT REPORT

LACOSTE 

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INTRODUCTION

TOWARDS DURABLE ELEGANCE



EDITORIAL



Thierry Guibert, CEO Lacoste

These times have undoubtedly shaken up many of our certainties and shaken many truths we took for granted. All over the world, it was the occasion for a profound questioning of our consumption patterns, our ways of working, our relationship with time, and our relationship with others.

But difficult and trying as it is, it also brings hope. Because it has seen the birth - at all levels of our societies - of tremendous outbursts of solidarity, generosity and altruism, because it affects what is most precious to us - our health, our loved ones, our lifestyles - this unprecedented period will leave lasting traces. Even more, it reminded us of the urgency to find collective responses to the major social and environmental challenges of our time: to reduce the inequalities that fracture the cohesion of our societies and to fight against the disturbances that affect our planet.

At Lacoste, it also demonstrated the strength of our founder's values, which still drive our House almost ninety years after its creation: team spirit, daring, tenacity. And elegance. It is these Values, carried day by day by the unwavering commitment of our employees, that have enabled our company to demonstrate its strength and resilience in these troubled times.

It is these same values that drive our vision for society. In keeping with the legacy of René Lacoste, who was convinced that the long-term success of his company would be built on its ability to act for the common good, we believe that elegance is more than ever a value to be placed at the heart of our game.

At Lacoste, we believe that elegance goes beyond style. That it is a force that sets women and men in motion and brings them together. That it is a way of being and behaving, a requirement to respect others, a desire to embrace all the diversities that make our communities stronger to form more just, more united and more inclusive societies.

This is why we have called our societal project Durable Elegance. It revolves around two major ambitions: to contribute to making equal opportunities a reality and to lead the way by giving life to the principles of the circular economy.

We have placed this dual requirement at the heart of our corporate strategy. To achieve this, we have set objectives for 2025. They underpin a profound transformation of our company as well as to rethink our entire ecosystem. For each of our commitments, this report highlights the path we have already taken and our roadmap for the years to come.

And because our success depends on active cooperation with all our stakeholders, Durable Elegance is above all a systemic approach. Because it is together - with our employees, suppliers, customers and partners - that we will be able to build a more elegant world.



LACOSTE IN A FEW FIGURES

FACILITIES



6

Factories

France, Argentina, Japan



1 100

Stores



15 000

Partner outlets

MEN & WOMEN



8 500

Employees

65% of women and 35% of men



1

Foundation

Foundation Lacoste created in 2006



3

Internal training schools

PRODUCTION



85%

**of the textile fibres used
are cotton**



4,5 million

**polo shirts sold worldwide
or 1 every 7 seconds**



1,8 billion €

In revenues

Our brand purpose

Elevating elegance to a value
that transcends differences

Our mission

Freeing movement
and connecting cultures

Our sustainable development approach

Durable Elegance



A SECTOR THAT NEEDS REINVENTING

Over the last century, the fashion industry has evolved following the traditional cycle of two collections per year. Since the early 2000s, new players have appeared offering a whole new way of conceiving and consuming fashion, with an increased rate of new collections, to the point of offering several dozen per year.

This constantly renewed offering, driven by fast-paced production times, low prices and manufacturing costs, and low quality products that quickly become obsolete, has fuelled a growing demand: today 100 billion items are produced each year - that's almost twice as many as twenty years ago.

Most importantly, this over-consumption of textile products has had both social and environmental impacts that can be clearly identified today. Increased pressure on production costs has accelerated the breakdown of supply chains and the relocation of production to developing countries, leading to increasingly unstable and sometimes even unacceptable working conditions.

Our planet is also affected by this over-consumption. Upstream, producing ever more textile fibres requires the use of increasingly intensive agriculture and a major shift to synthetic fibres made from fossil resources. The uncontrolled use of chemicals for dyeing fabrics also has a negative impact on the natural environment and local ecosystems. Downstream, synthetic fabrics release increasing amounts of microfibres during each wash cycle that typically end up in our oceans. At the end of the chain, the vast majority of these clothes, which are worn for shorter and shorter periods of time, end up in landfill sites or are incinerated, even though a significant amount could be recycled or reused.



THE FUNDAMENTALS OF SUSTAINABLE DEVELOPMENT AT LACOSTE

This model, which has become dominant in the last two decades, is not the one embraced by Lacoste. It is neither socially nor environmentally sustainable. For several years, Lacoste has been working alongside other key players in the sector to improve and reinvent industry practices. Now more than ever, we need to reconcile the necessity and enjoyment of wearing clothes while respecting human kind and preserving the planet.



Lacoste has always been guided by the legacy of our founder. Almost 90 years ago, René Lacoste designed stylish and timeless clothes that provide the greatest freedom of movement. He made the quality of his products a source of desire for his customers, thus establishing a lasting connection to his brand.

Altruistic, as well as being committed to reducing inequalities and preserving environment, he and his wife Simone Thion de La Chaume have always focused on sharing expertise and preserving natural ecosystems. During the Second World War, for example, René Lacoste entrusted young workers with the planting of 40,000 trees for the family golf course at Chantaco. He combined environmental and social action by preventing these men from being sent to Germany to do forced labour for the 'STO' (Compulsory Work Service). Later, the couple allowed caddies to train on the same golf course, helping to produce a whole generation of young champions. Lacoste couple continued to seek and reveal the potential of youth, to encourage their inclusion and growth.



PART 3

This story has shaped the development and success of the Lacoste company over the past decades. **Today, faithful to this legacy, Lacoste has devoted time to analyse the developments of the industry and our own ecosystem with the desire to reinforce future development around the founding principles of our creator.**

Therefore, our teams have prepared a global review in conjunction with stakeholders via a materiality analysis. We have conducted an environmental review of all our activities around the world. We did not avoid any questions about the company's social, corporate and environmental responsibility. Through this comprehensive insight, we were able to identify and prioritise our impacts, and define the main social expectations related to our activities. We were able to identify the strengths upon which we can build our future development, as well as our areas of improvement for the coming years.

At Lacoste, we are proud that we have never compromised on our demand for quality. We have maintained an offering centred around a range of timeless products designed to last. We have maintained a rhythm of two collections per year. We modernise our historical industrial facility in Troyes, France, to preserve, transfer and develop our expertise.

However, over the last twenty years, structural changes in the industry have also forced us to adapt. Like most other companies, Lacoste has extended its industrial and commercial network around the world by relying on a network of partners who share our ethical values and quality requirements. Nevertheless, the fragmentation of our supply chains has also exposed us to the risks of more complex traceability and less direct control over the social and environmental practices of our production ecosystem. We are also aware that the practices which underpin a linear economic model can no longer be sustained with the fragile natural balance of our planet.

We have emerged strengthened by this work and with a strong conviction.

Our long-term growth is inseparable from an economic model that demands less from the planet and offers more to people.

This is why Lacoste is now committed to a process of transformation by making its sustainable development strategy the primary example of their purpose:

Elevating elegance to a value that transcends differences



DURABLE ELEGANCE BY LACOSTE

To fulfill its corporate responsibility, Lacoste has structured its sustainable development approach and named it «Durable Elegance».

3/1 DURABILITY AT THE HEART OF OUR SOCIAL PROJECT

**DURABLE
ELEGANCE**
SHAPE A MORE ELEGANT WORLD

FOR PEOPLE AND COMMUNITIES:

At Lacoste, we believe that through diversity the collective becomes stronger. This is why Lacoste wants to take action to make our society more inclusive, to promote equal opportunities and to allow women and men to flourish by overcoming the barriers linked to their social background or disability.

We also want to include the local communities involved in its supply chain, so that they can benefit from the positive effects of the business and their living conditions can be sustainably improved.

FOR THE PLANET:

Lacoste has always designed products to last. Faced with the current linear economic model, Lacoste wants to prove that the circular economy is the way forward for our industry. By embracing and implementing these principles, we and our partners are committed to the Ellen MacArthur Foundation's Make Fashion Circular initiative to minimising the environmental impact of our operations, but also to extend the life of our products and manage the end of life of textile materials.

3/2 ELEGANCE AS A DRIVING FORCE

In a world that too often tends to focus on what divides us, we want to put elegance back at the heart of the game. For Lacoste, elegance goes far beyond chic clothing and external appearance. Faced with the challenges of our time, we believe that elegance is a value to be placed at the heart of the game. Elegance is above all a respectful relationship with the rules, an honesty towards oneself and towards others. It is both a way of being and making society. Fair play has always been part of our company's DNA. We acknowledge our mistakes with humility and welcome criticism as an opportunities to improve. More than ever, we believe that this demand for exemplary behaviour can bring people together across social and cultural divides. Elegance can then become a transformative force, capable of freeing movement and energies to form fairer and more sustainable societies.



THE 3 OTHER CORE VALUES THAT ARE GUIDING US

01
PLAY AS
ONE TEAM

02
PLAY BY
DARING

03
PLAY WITH
TENACITY





PLAY AS ONE TEAM

Promoting equal opportunities and bringing circular fashion to life are two ambitions that we cannot pursue alone. To make them a reality, we know that we will need the commitment of everyone: first of all, all of our employees; of our suppliers, distributors and customers throughout the world; of our competitors too; and the help of many technical, institutional and civil society partners...

At Lacoste, we believe that it is through diversity that the collective becomes stronger.

In our eyes, collaboration with all our stakeholders is therefore an essential condition for the success of any societal transformation project. With our partners, we seek to build a relationship of trust based on sincere and respectful dialogue, enriched by the multiplicity of opinions and expertise. It is by being attentive to the concerns of all that we will be able to build the collective solutions we all need.



PLAY BY DARING

Faced with the challenges of our sector, the statu quo is not an option. At Lacoste, the key word is «act». This is why we have set ourselves ambitious 5-years commitments. We are aware of how difficult it will be to achieve them. We will have to transform ourselves in depth, sometimes reinventing ourselves. At all levels of our organisation, we will have to continually seek better ways of doing things.

We face this challenge with enthusiasm and an open mind to new ideas. We are determined to explore new paths, to experiment with new practices, to forge new collaborations. Even if it means making mistakes sometimes and having to readjust our initial plans. But always bearing in mind that we have always built our successes by daring.



PLAY WITH TENACITY

This earned René Lacoste the nickname «Crocodile» after a classic match. By hanging on to get every ball. And by focusing to make up for every point lost.

Transforming our business and helping to reinvent our industry is a long-term effort. Our commitments to 2025 are only the first leg of a long-term game. Along the way, we will encounter many challenges that we must overcome. At Lacoste, adversity motivates us. It transcends us. We see it as an opportunity to continually improve. By persevering in difficult situations, by learning from our failures, we can strive for the excellence to which our company has always aspired.



PART 3

3/3 AN EXPANDED, STRUCTURED AND TRANSPARENT APPROACH

Our approach to sustainable development integrates the many actions that have already been implemented, in some cases for decades. The company is now taking a decisive step forward and is putting its long-term action into a new initiative.

Co-constructed with all the players in our ecosystem, our approach is now structured along three pillars so that Durable Elegance benefits as many people as possible:

01 PEOPLE

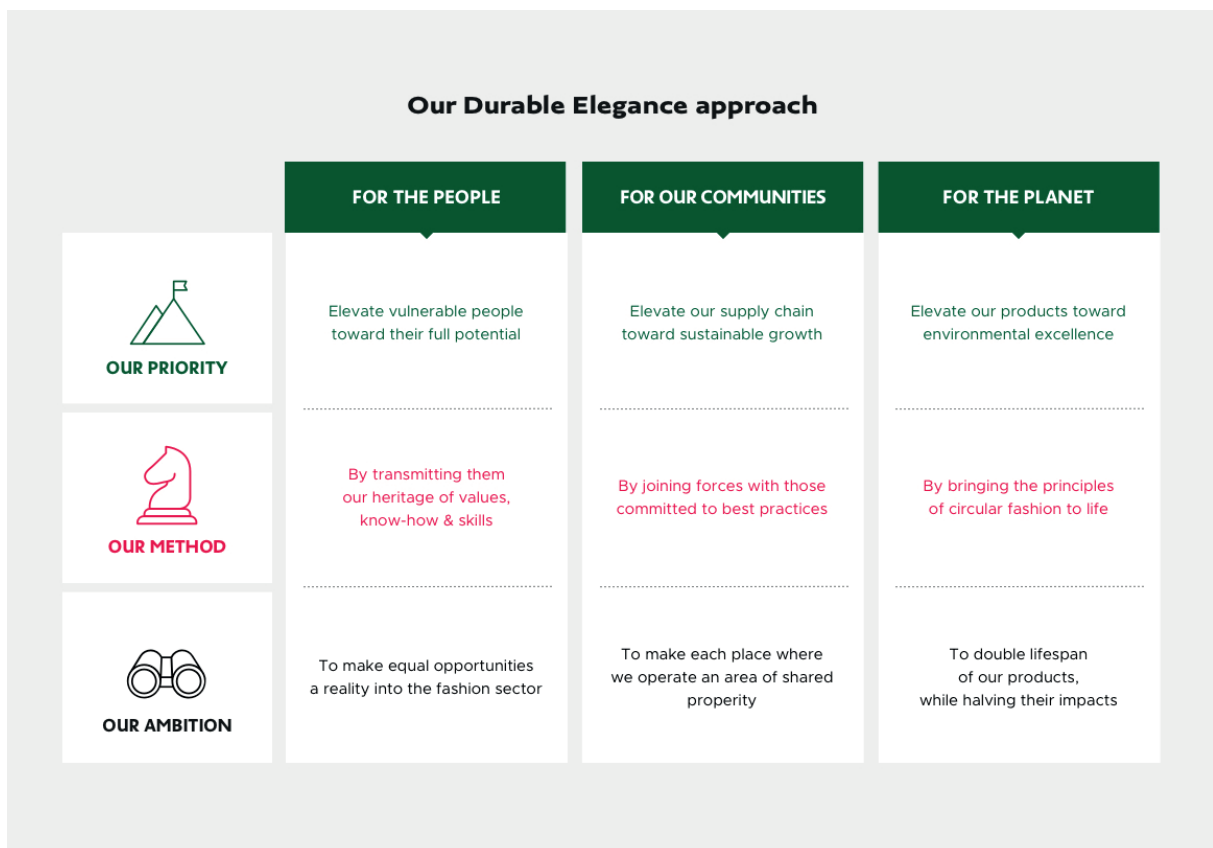
By elevating vulnerable people toward their full potential;

02 COMMUNITIES

By elevating our supply chain toward sustainable growth;

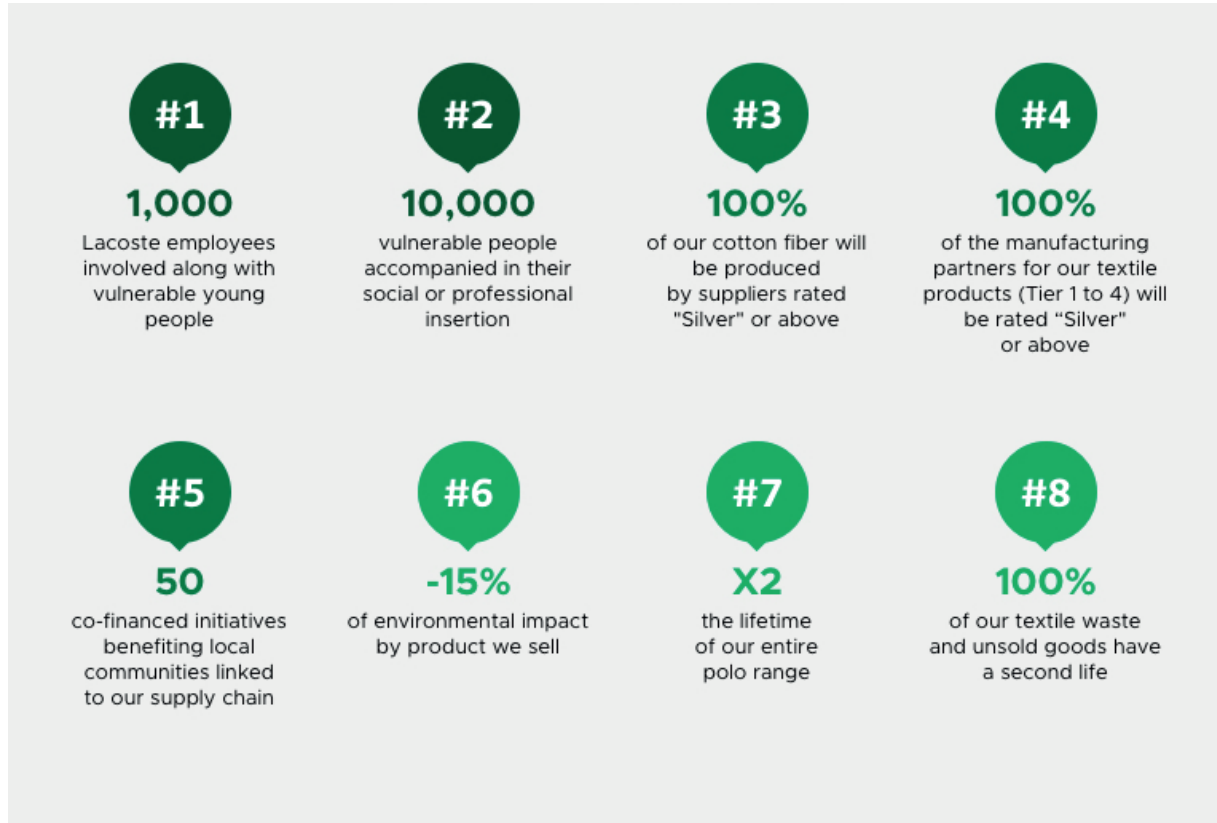
03 PLANET

By elevating our products toward environmental excellence.



3/4

OUR 8 COMMITMENTS FOR 2025





PILLAR 1

DURABLE ELEGANCE FOR PEOPLE



From the creation of his first polo shirts, René Lacoste has been committed to freedom of movement. His vision goes far beyond clothing. Freedom of movement involves encouraging the development of the individual by giving him the full capacity to act and to achieve his ambitions.

In keeping with this approach, we are now placing equal opportunities at the heart of our Durable Elegance model. Although anyone can work towards achieving their goals, the most vulnerable often may need support to overcome the barriers, restrictions and even discrimination arising from their circumstances. For Lacoste, equal opportunities must enable everyone to develop their talents in order to reveal their full potential.

This is why we are now committed to helping young people who lack confidence, socially disfavoured people or suffer from handicap, in order to promote their social development and integration into professional life.

Through **The Lacoste Elevating Journey**, we encourage our employees to go out and meet these vulnerable people, to offer them personalised support according to their age and needs. These different programmes aim to pass on our knowledge and expertise to those who need it most.



OUR PRIORITY

Elevate vulnerable people (socially disadvantaged or disabled people) toward their full potential



OUR METHOD

Passing on Lacoste's values, expertise and know-how



OUR AMBITION

To make equal opportunities a reality in the fashion industry



PART 1

A CENTURY OF COMMITMENT TO THE MOST VULNERABLE

Aware of a reality that leaves some people by the wayside, René Lacoste has been fighting against inequalities from the beginning. Since then, the company has continued to deepen and broaden its support for socially disfavored or disabled people.



1/1

RENÉ LACOSTE AND ANDRÉ GILLIER - THE ORIGINATORS

The creator of the crocodile brand believed in the values of sport and mutual assistance as tools for empowerment. He believed that by supporting vulnerable people, it is possible to help them overcome **the barriers and constraints linked to their social conditions, in order to give them the ability to act and achieve their goals.**

René Lacoste demonstrated this when he gave young people from some of the poorest backgrounds the opportunity to play golf, thus helping to create an entire generation of champions. When, during the Second World War, he entrusted young workers with the planting of 40,000 trees for the family golf course at Chantaco, he combined environmental and social action by preventing these men from being sent to Germany for forced labour as part of Compulsory Work Service (STO). Throughout his life he helped many young people reach their potential, by cultivating team spirit, motivation and self-improvement.

“

Confidence, tenacity, perseverance, rigor: with weapons like these, everyone can build a life.

René Lacoste

His partner and friend André Gillier, who was entrusted with the production of his polo shirts, shared the same values and desire for greater social justice. André was a leading figure in the French hosiery industry and his avant-garde social policy earned him the nickname “Industrial philanthropist”.



1/2

A COMPANY MAINTAINING
THE SPIRIT OF ITS FOUNDERS

The Lacoste company - and subsequently its foundation - have always cultivated this spirit of solidarity inspired by René Lacoste.

COVID :
THE GROUP HAS
RESPONDED

In 2020, more than 200,000 anti-Covid protective masks were produced by its historic factory in Troyes and offered to the inhabitants of the Metropolis.

In the same year, Lacoste also launched **an exclusive polo shirt to thanks all the volunteers** who work for the International Federation of Red Cross and Red Crescent Societies (IFRC). The entire turnover of the **Merci Polo** was donated to the IFRC in support of the volunteers who make its heart beat faster.

TSUNAMI :
IMPLEMENTATION
OF DISASTER AID

Following the 2011 tsunami in Japan, Lacoste donations enabled a charity to help 142 orphaned children, offering various means of support from counselling to education loans. The company provided 10,000 items of warm clothing in the most affected areas and participated in a sale to raise funds for the Red Cross.

ILLNESS WEAKENS,
LACOSTE HELPED TO
FIGHT IT

Lacoste financed medical research, which included, on his 60th birthday, launching a worldwide campaign to support the fight against **multiple sclerosis**. Similarly, for many years, proceeds from his Pink Croc Collection have been donated to **breast cancer research** in the United States.

LACOSTE SUPPORTS
PEOPLE WITH
DISABILITIES
WHO WANT TO
DEMONSTRATE THEIR
TALENTS

Since 2013, Lacoste has been clothing **the French Olympic and Paralympic teams**. In order for both teams to represent French elegance and benefit from the same comfort, tailor-made clothing is essential to accommodate the morphology of each person, whether they have a disability or not. In the workshops, the outfits of the 250 Paralympic athletes are being redesigned.

THE LACOSTE FOUNDATION

Established in 2006 under the aegis of the Fondation de France, its objective is to restore the confidence of socially disadvantaged young people by instilling into them the values of sport. Drawing on a network of **partner associations active in 8 countries**, the **Lacoste Foundation has helped 70,000 underprivileged young people between the ages of 6 and 21 to flourish, gain self-confidence**, follow their own path to achieve their goals and build their lives.



OUR TEAMS, THE PRIORITY

As the architects of its past and future success, Lacoste's employees occupy a special place at the heart of the sustainable development initiative. The integration of diverse backgrounds, gender equality, safety, development of skills and employability, detection of potential and career management of talent within the Group, are all prerequisites for the deployment of initiatives with external stakeholders.

For our employees to become ambassadors of the company's values and to ensure its development in harmony with its commitments, their professional fulfilment is a priority, reflected in the human resource policy.



MAKING EQUAL OPPORTUNITIES A REALITY

Now more than ever the major societal challenges of our time are to give everyone the same opportunities to succeed and integrate, and to respect differences.

At Lacoste, we believe that the contribution of each stakeholder is essential to fight against the growing inequalities that fracture our communities. In addition to our responsibility as an employer, we are aware of the societal role that companies like ours can play alongside public authorities and the many key players in the educational and community sectors in promoting the inclusion of the most vulnerable.

Aware of this responsibility and strengthened by its social heritage, Lacoste has placed equal opportunities at the heart of its Durable Elegance approach, developed a roadmap, and quantified its commitments for 2025.



OUR ROADMAP FOR EQUAL OPPORTUNITIES

In 2020, the crocodile brand is launching its Elevating Journey roadmap to promote equal opportunities. Designed to promote the social and professional integration of people who are socially disfavored or suffering from handicap, this plan is based on three specific areas, depending on the age and needs of the beneficiaries:

SELF CONFIDENCE

Work with vulnerable young people to boost self-confidence, restore self-esteem, develop life paths with them and help them to build their career vision with enthusiasm.

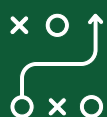
STARTING-UP

Support socially disfavored people or people suffering from handicap to make their entrepreneurial dream in the fashion industry a reality by providing them with our expertise and resources.

QUALIFICATIONS

Share our expertise and know-how with disfavored or young people suffering from handicap who have a passion for fashion, enabling them to acquire skills and professional experience, enhancing their employability in the industry.



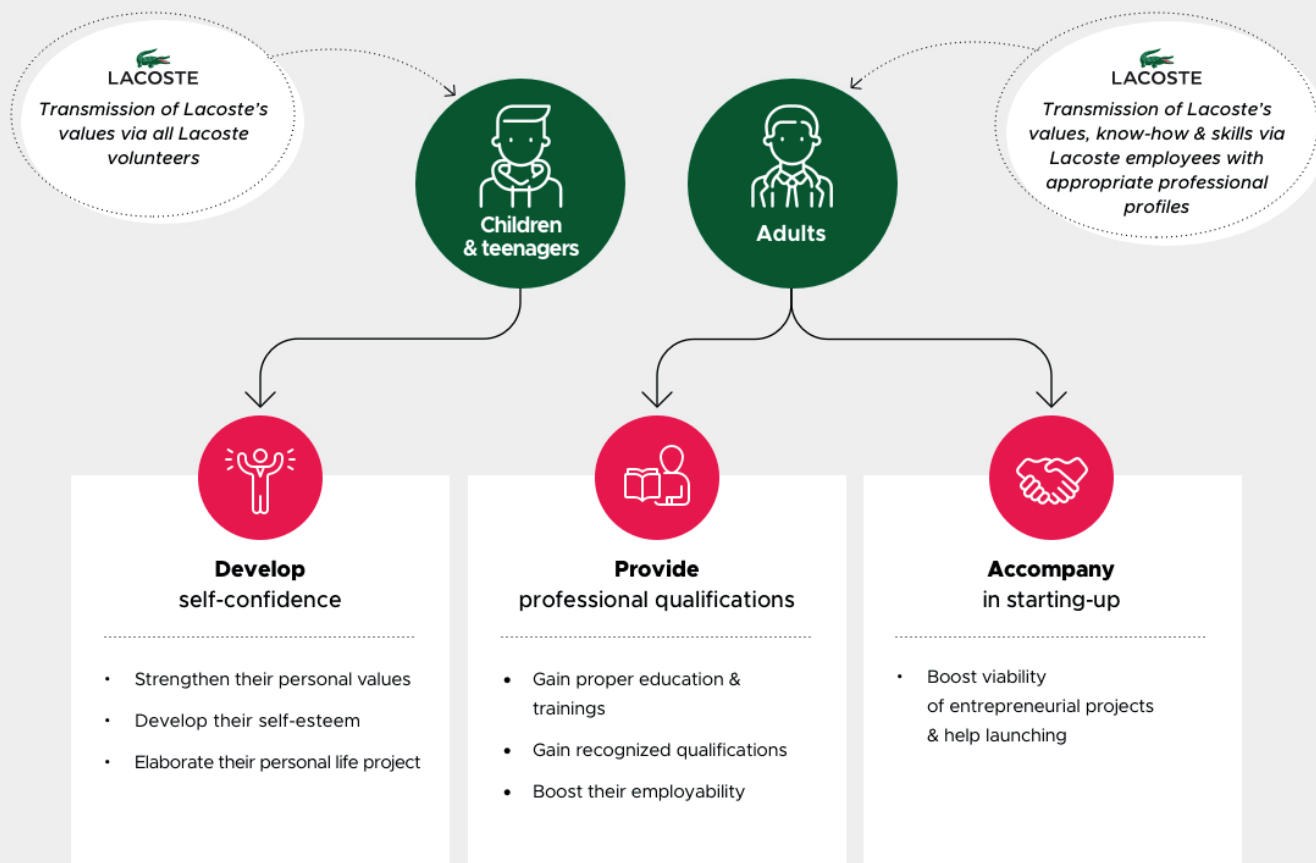


OUR FULL ACTION PLAN



WE ARE ACTING

for people who are socially disfavored or suffering from handicap, focusing on equal opportunities



The implementation of this action plan involves working together with a growing number of associative and institutional partners. It also relies on the involvement of all our employees. Regardless of their level of responsibility or profession, we want each of our employees to have the opportunity to help vulnerable people. For this reason, we give them the ability to volunteer their time, and to share their expertise as well as their personal skills.



2/1

SELF CONFIDENCE

Restore confidence in their own abilities to vulnerable young people is an essential step to enable them to project themselves into the future and develop a life path.

This fundamental work is more than ever at the heart of the Lacoste Foundation's mission, whose resources have been boosted in recent months to extend the network of partner associations and its geographical coverage.

As an extension of the grassroots work carried out by the organisations supported by the Lacoste Foundation, we want **to extend child or adolescent sponsorship on a large scale**. Based on the feedback from pioneering experiments initiated by our employees in recent years, we believe this type of long-term individual support is one of the most effective ways of enabling young people in vulnerable situations to look to their future with the confidence they need.

In addition to these plans, Lacoste also wants to **help young people have a better understanding of the business world and fashion industry**.





Established in 2006 under the aegis of the Fondation de France, the Lacoste Foundation has developed a network of partner associations, allowing us to work together to promote **the social and professional integration of disadvantaged young people.**

In 2020, the Lacoste Foundation worked with 11 partner associations around the world, providing them with financial support and equipment to launch their sport and education programmes: Sport in the City, Crocogolf, Handisport Federation, Comité départemental de Golf du Nord in France, Gol de Letra in Brazil, CityParks in the United States, Israel Tennis & Education Centre, Jogo Aberto in Caju-Rio de Janeiro, Birdies de Mogador in Morocco, Association sportive de Golf de Djerba in Tunisia and Academia dos Champs in Portugal.

This winning alliance with our historical partners has already enabled us to help more than 70,000 young people around the world.

By repositioning the Foundation at the heart of our commitment to equal opportunities, Lacoste wishes to give its Foundation a fresh boost and to spearhead its campaign to help young people in vulnerable situations to gain confidence in themselves and find their place in society.

In 2020, the Lacoste Foundation's activities have been extended and its resources consolidated, enabling it, over the next few years, to extend its network of associations to new partners who share our values and our ambition in promoting equal opportunities.

To achieve this, the Lacoste Foundation is working alongside its historical partners to further strengthen the impact of their joint programmes. Additionally, it is already setting up new programmes with associations such as Comme les Autres and Eloquentia in France, Life Project 4 Youth in the Philippines and Right to Play in Thailand. By opening up to new sporting activities such as dance, and by working with other associations promoting the personal development

of young people, the Lacoste Foundation wants to become a launch pad enabling an increasing number of young people in socially vulnerable situations or with a disability to develop their self-esteem and acquire the behavioural skills needed for their personal development and future professional integration.

These new areas open up new possibilities. New projects are already being developed to help more young people around the world overcome the barriers of their differences. **To help them turn their differences into strengths for their own development.**



THE LACOSTE FOUNDATION IN ACTION

Four iconic examples illustrate the support provided by the Lacoste Foundation to vulnerable young people, through its support to partner associations.

01 GOL DE LETRA

As part of the activities of this Foundation, which helps children from Brazilian favelas to flourish through global educational assistance, Lacoste has been supporting the «Open Game» programme for 12 years. Mixing sport and culture, it is dedicated to young people aged 8 to 18 living in the Caju favela of Rio de Janeiro. These children are given the opportunity to learn and practice five different sports: tennis, judo, table tennis, gymnastics, and Futsal, during their free half-day before or after school. They also participate in tournaments. Each class begins with a 15-minute discussion on values.

In addition to these weekly classes, the programme provides cultural outings and trips to the United States as well as events where families and community members are invited.

334 children have benefited from this programme since the project was launched in 2006.

02 SPORT IN THE CITY

Lacoste has been supporting this association since 2010, which focuses on the development and professional integration of young people in disadvantaged neighbourhoods. Most notably, the Foundation funds its «Match Ball» programme, exclusively dedicated to young girls. It aims to prevent inhibition in adolescence, through sport and education. Today, this project involves 250 teenage girls, living in 17 neighbourhoods in Ile-de-France and Auvergne-Rhône Alpes.

The programme includes weekly tennis lessons, tournaments and invitations to inspirational events such as the US open and Roland Garros.

Combining sport and education, «Match Ball» also involves inviting these young girls to cultural outings and company visits throughout the year, internships during the school holidays and holiday camps, both in France and overseas, organised by other Lacoste Foundation partners such as US City Park in the United States and Gol de Letra in Brazil.

250 teenage girls aged 8 to 14 were accompanied

03 APPRENTIS D'AUTEUIL

Every year since 2010, Lacoste has supported the «Tennis School» project, implemented by the Auteuil apprentices who welcome children and teenagers at risk. Deployed in 21 facilities (10 social Children House, 8 boarding schools, 2 high schools and 2 primary schools), it caters for young people aged 6 to 20. As part of the association's programme of education, training and integration, it offers them effective tennis lessons, organises a major annual tournament, and offers them a one-week training course to improve their skills.

Lacoste's employees are also voluntarily involved in the school.

For example, Ophélie and Bich-Hanh gave a presentation on the visual merchandising and development profession. In conjunction with Lacoste's Human Resource department, other employees volunteered to offer internships or to present their profession in order to encourage young apprentices from the association.

592 young people from 6 to 12 were involved in this project in 2019.

04 ELOQUENTIA

Eloquentia is one of the new associations supported by the Lacoste Foundation. Through its workshops on rhetoric, stage expression and vocal coaching, this association helps everyone «find their voice», by encouraging dialogue and building confidence. Their work with young people, featured in the acclaimed film «Speak Up!» («À voix haute – La force de la parole» in French), in perfect harmony with Lacoste's commitment and activities, prompted the company to become involved with the project, in line with its long-standing support for Apprentis d'Auteuil.

As a result, since 2020, Lacoste has been offering young apprentices training sessions for a cumulative duration of between 14 and 28 hours.



MENTORING OF YOUNG PEOPLE

For several years, Lacoste employees have been supporting young people in difficulty through the Lacoste Foundation's partner associations in an even more comprehensive way. By mentoring a young person, the employee commits to develop an individual and ongoing relationship with the mentee. **Being a Lacoste «mentor» is a long-term investment: a minimum of one year, often extended to several years.**

The feedback received from these pilot initiatives has demonstrated the numerous benefits of mentoring. In terms of personal development, for example, it has proven to be mutually beneficial both for the mentee and the mentor themselves. The testimonies below perfectly illustrate this.

For example, Léandre, Marc's godchild, did a one-month internship in the Visual Merchandising department. This enabled him to participate in the organisation of an internal strategic conference at the FW21 showroom. Jimmy, him, sponsored by Clément, discovered the finance department.

«I have been mentoring Léandre for almost two years now and this interaction is a real advantage for me and also for him I think : indeed, it allows me to give much more meaning to my actions and my work, but also to my personal life since accompanying a young person goes beyond the professional field. It is a commitment and a natural «moral» contract. We have built up a relationship with Léandre based on interaction and mutual discussion, which is very simple. We meet regularly to discuss his studies, my work, but also his projects, his passions, what drives him. We enrich each other. Léandre is also very pleasant, proactive and friendly.



I introduced Léandre to the Lacoste world and today he is practically part of the team. Everyone appreciates him and he also came to do an internship with the global Visual Merchandising and this enabled him to find his path in life in the world of communication. His career choice could be made in a professional and caring environment thanks to the many people who took him under their wing.»

These wonderful stories have prompted Lacoste to extend the mentoring scheme by opening it up to a growing number of employees and beneficiaries. In order to do so, Lacoste's Human Resources department is in the process of developing and deploying this system. Becoming a mentor involves taking responsibility for the personal development of a mentee in difficulty. A task like this cannot be taken lightly. First of all, it requires the volunteer employees to receive dedicated training on the role, responsibilities, duties, and expectations of a mentor.

Starting in 2021, the mentoring scheme will be relaunched in France and deployed in Brazil in conjunction with Gol de Letra. In the following years, the mentoring scheme will be extended to all Lacoste geographic locations.

By 2025, we hope to build a hundred or so «mentor-mentee» teams, and to create mutually rewarding experiences, as well as stories of mentees gaining confidence in their talents and identifying their personal and career aspirations.



DISCOVERING THE BUSINESS WORLD AND THE LACOSTE COMPANY

Lacoste is also committed to welcoming an increasing number of young people to discover the business world, which can sometimes seem out of reach. By making it real, tangible and human, Lacoste employees contribute to opening up the business world in order to show that it is not as inaccessible as they think.

Introductory courses, open days and job fairs can motivate young people.

Therefore, Lacoste wishes to increase the number of these schemes for vulnerable young people, in conjunction with associations and institutional partners.

Anne-Lise and Camille participated in a one-day training on Microsoft Office. One of them explains: «We had a great day. It was good, even though it was demanding because it required a lot of preparation beforehand and then constant attention and concentration».

For the Lacoste trainer, this day was also very rewarding: «What is great about this method of introducing the working world to young people in difficulty (school dropouts or worse) is that at the end of the experience, we have the feeling of having pushed the limits. In any case, after speaking with them at the end of the course, some of them expressed the wish to go deeper into the subjects covered, or even to go further by discovering other software. Our hope is that some of the children have found their career path today».



2/2 PROFESSIONAL QUALIFICATIONS

At Lacoste, sharing our expertise is at the heart of our approach to equal opportunities. As a company committed to excellence, we know that a lack of qualifications or professional experience can be a discriminating factor when applying for a job.

At Lacoste, we cannot simply accept this fact. We believe that anyone who is genuinely interested in working in the fashion industry should have the chance to showcase their talent and potential.

This is why Lacoste is committed to helping people who lack training and are interested in pursuing a career in the fashion industry.

First of all, Lacoste wishes to increase access to internships for people who are socially disfavored people or suffering from handicap.

By 2025, the company plans to reserve up to 10% of the existing global internship offerings in the entire Lacoste ecosystem for these candidates.

Internal awareness-raising work is currently being conducted with potential internship supervisors. In order to welcome these people in the best possible conditions, we offer each training supervisor a training and monitoring framework to ensure the course runs smoothly throughout its duration.

In addition to its internship policy, Lacoste wishes to strengthen its role as a trainer by opening its Academies, originally intended for the training of its own employees, to welcome people from outside the company, particularly in our two areas of excellence:

- **Manufacturing via our Manufacturing Academy;**
- **Sales, via our Customer Experience Academy.**





THE MANUFACTURING ACADEMY

In 2017, Lacoste created its school in Troyes, in the historical birthplace of French hosiery. Its objective: to share Lacoste's textile expertise and to become one of the key places for training in the textile industry in France and throughout the world. Today, recognised by the French State, this Academy employs certified internal trainers, specially selected to share their expertise. Students learn the trades of hosiery, dyeing and dressmaking and receive a qualification certificate.

The Manufacturing Academy is now expanding around the world with centres opening in 2019 in Lacoste factories in Japan and Argentina. The centre in Japan already welcomes employees from the Group's supplier partners to train them in Lacoste's technical expertise through theoretical and practical courses. Everyone was awarded a certificate. A similar project is being launched in Argentina.

As part of its equal opportunities roadmap, the Lacoste Manufacturing Academy is now opening up even more to the outside world with the aim of offering people in social difficulties or with disabilities training sessions over several weeks leading to a qualification. Adapting the programmes to these groups of students will first be tested as a pilot scheme in France from 2021, before being rolled out at scale and in other countries in the following years.

The Group has approached «Pôle Emploi» (Job Centre) and the «École de la Seconde Chance» (Second-Chance School) to publicise its Lacoste training schemes. Once the future beneficiaries had been selected, the teams set about identifying and recruiting Lacoste trainers. Although the pilot's first promotion remains modest, the ambition is to support some 300 people around the world by offering them training courses in the clothing industry.



THE CUSTOMER EXPERIENCE ACADEMY

Its objective: to develop the skills needed to succeed in the retail sector and to create passionate brand ambassadors. This includes training tools and initiatives to ensure a high-quality customer experience. Today, its internal training programmes are available in 36 countries and 13 languages.

With the opening of the Customer Experience Academy to the outside world, training courses in technics of sales and customer relations will now be accessible to vulnerable people or people with a disability. The adaptation of the programmes includes a theoretical foundation and practical experience in a boutique in Germany - the pilot country where this is currently being tested. Between 2022 and 2025, these training modules will gradually become available in other countries, with the aim of training 700 people in the art and techniques of sales.

For these two programmes, Lacoste considers the personalised support of participants the key to success. For this reason, there is a mentor available for each «student» at the Academy, and three Lacoste trainers with extensive technical knowledge and field experience in each training session.



2/3

BUSINESS STARTING-UP

Equality of opportunity must also be extended to equality in undertaking. This is why Lacoste wants to offer tailor-made support to entrepreneurs who intend to work in the fashion industry. For motivated people, social background or disability should not be an obstacle to entrepreneurship. However, it is essential to master each aspect and stage of the process for the project to be viable and its launch to be successful, such as conducting a market study, writing a business plan, defining the business status, financing, manufacturing, developing a commercial action plan, creating a website, and communicating on social media. These are some of the areas where we can help young entrepreneurs with their projects by making our resources available to them.

From 2022, Lacoste will help entrepreneurs create their own business by assisting them throughout the process. Each year we aim to help five entrepreneurs turn their dreams into a reality. During several months and over a period of one year, each of the five programme participants will be supported by a Lacoste mentor who will help them navigate their way around the company and access the necessary resources and meet with the relevant experts for their projects.

In addition, with the help of their mentor, the participants will have the opportunity to talk to any relevant Lacoste experts about finance, law, production, operations, logistics, design, marketing, and research. All of our expertise will be at the disposal of the participants.

During the programme, a seminar which brings together members of Lacoste's senior management and external experts around the five entrepreneurs, will support them in the finalisation of their project thanks to collective intelligence.

The whole process will help the young entrepreneurs reinforce the viability of their projects. Finally, they will present their project to the Lacoste Executive Committee, which may award them with a grant contributing to the financing of their project.

“

Whatever the activity, the desire to improve is the purest path to satisfaction.

René Lacoste



OUR COMMITMENT TO PEOPLE FOR 2025

1,000

Lacoste employees involved along with vulnerable young people.

10,000

Vulnerable people accompanied in their social or professional insertion.



PILLAR 2

DURABLE ELEGANCE FOR OUR COMMUNITIES



During the past few decades, the emergence of new key players has profoundly changed the fashion industry. The increasing number of collections each year, with products sold at ever more affordable prices, has led to a doubling of the worldwide consumption of clothing items in 20 years. This pressure on costs and production rates has resulted in the large-scale relocation of textile manufacturing to developing countries. With the fragmentation of supply chains, many problems - some of them unacceptable - have multiplied, affecting both working conditions and environmental practices.

At Lacoste, we have maintained a rhythm of renewing our collections twice a year, with the majority of our range consisting of permanent products, including our iconic polo shirt. We have developed and modernized our industrial site in Troyes, France, with the aim of preserving and developing our historical territorial foundation.

However, structural changes in the industry have also forced us to adapt our model. Like most other key players, Lacoste has expanded its material sourcing and industrial network around the world. Today we rely on a network of hundreds of suppliers committed to our ethical values and quality requirements.

Nevertheless, the fragmentation of our production ecosystem has also exposed us to the risks of more complex traceability and less direct control over social and environmental practices.

At Lacoste, we consider it our duty to provide our customers, the public authorities and our partners with full transparency of our supply chain. It is our responsibility to guarantee that our products are made with full respect for the men and women who make them and the fragile balance of the planet. It is also our responsibility to bring our suppliers onboard with this ambition so that they become true partners in this success.

In order to fully meet such requirements, we have placed supply chain issues at the heart of our Durable Elegance approach.



OUR PRIORITY

To elevate our supply chain towards sustainable growth



OUR METHOD

Join forces with partners committed to social and environmental best practices

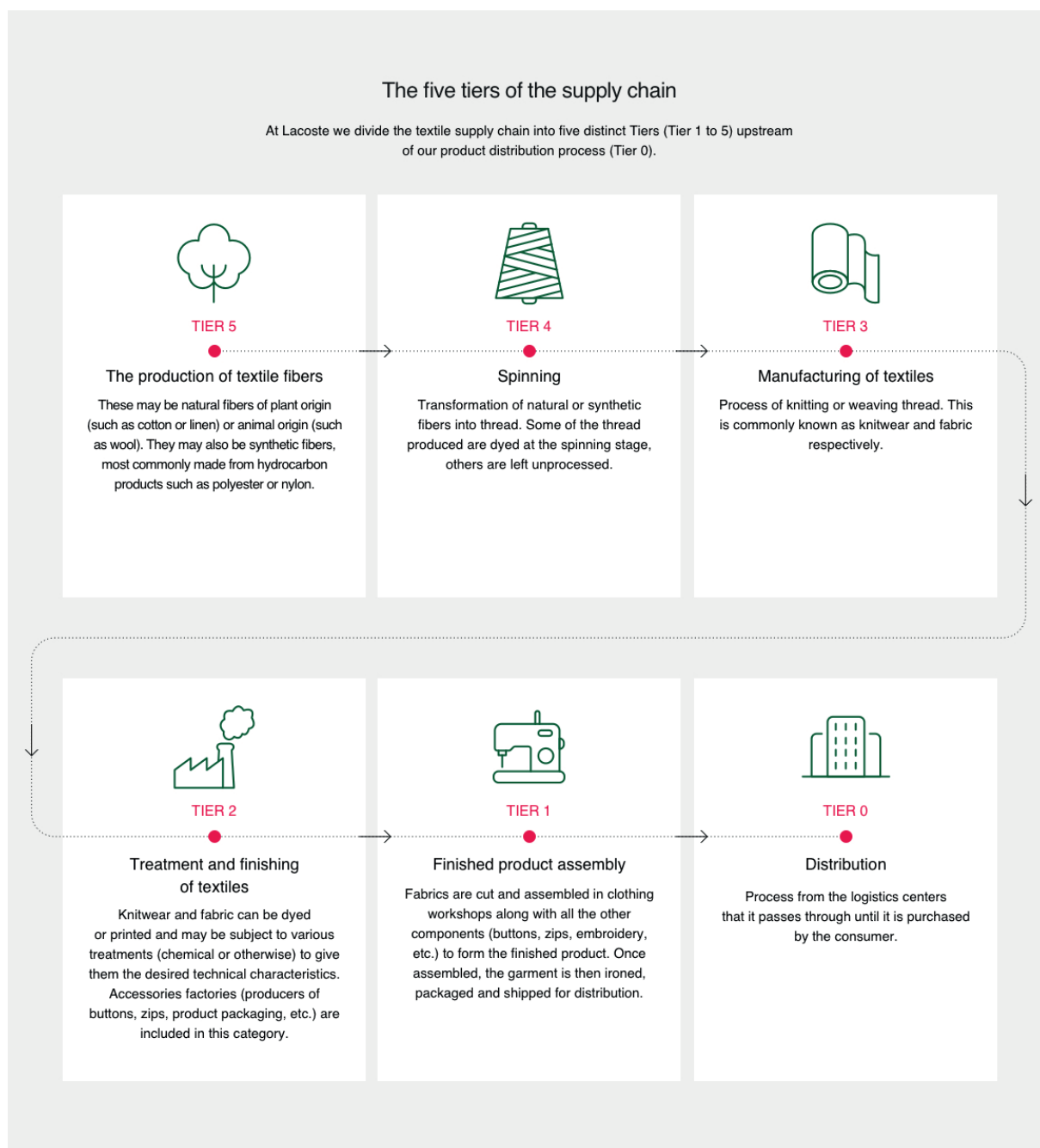


OUR AMBITION

To make every place where we operate, an area of shared prosperity



THE TEXTILE SUPPLY CHAIN AND RELATED CHALLENGES

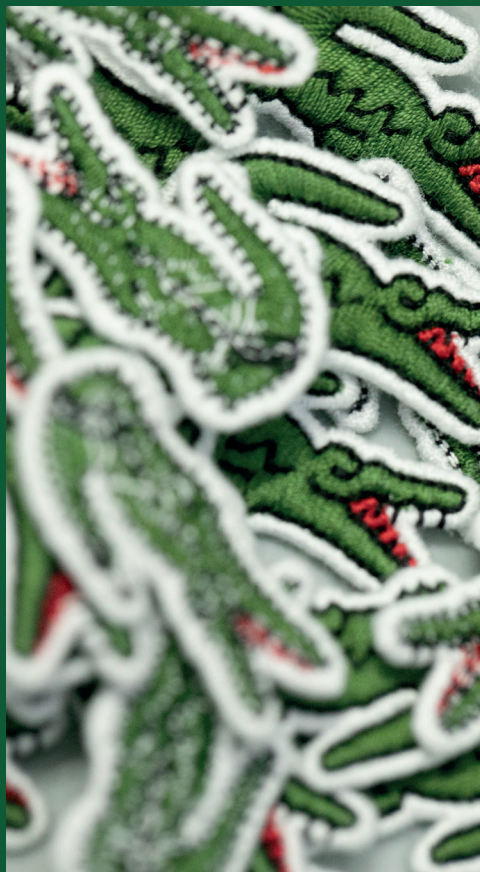


This demonstrates the complexity and depth of the textile industry's supply chain. It relies on a large number and wide range of providers around the world. They may be specialized in a single process or be involved in several stages of the value chain within the same industrial facility.

Today, most brands in the fashion industry have outsourced their supply chain, simply acting as the originators to Tier 1 suppliers. Tier 1 suppliers provide to Tier 2 suppliers and so on, through to the fields and factories where the fibers are produced.

On a global scale, this dispersed network raises the question of its traceability and the transparency in terms of the social and environmental practices that prevail throughout the originator's supply chain.

Many violations have been stigmatized, bringing the industry under public scrutiny, such as forced labor, child labor, inadequate working and pay conditions, and risks related to the health and safety of workers. Other notable issues include harmful environmental practices stemming from local regulations and legislation that are not in line with international standards.



COUNTERFEITING, A SOCIAL AND ENVIRONMENTAL PROBLEM

Lacoste prioritizes the fight against counterfeiting. In addition to the infringement of our intellectual property and the impact to our brand image, this illegal business disregards labor laws, safety standards and environmental norms. In almost 80 countries, Lacoste works in partnership with public authorities, is involved with associations (UNIFAB, INTA, REACT, ICC BASCAP) and participates in public awareness campaigns on the social, economic and health hazards of counterfeiting.



THE LACOSTE SUPPLY CHAIN

Like the rest of the industry, Lacoste has seen its supply chain increase in complexity over the years. From its original location in the Troyes region of France, Lacoste has grown into a company that relies on global supplies to meet worldwide growth.

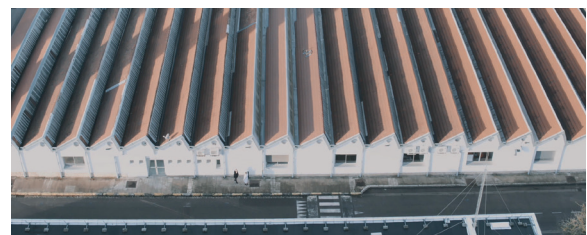


2/1

PRESERVING OUR HISTORICAL FOUNDATION IN FRANCE



Since the beginning, Lacoste has been located on the Gayettes site, near Troyes, the historical birthplace of hosiery in France. This new company was therefore able to utilize the skills of the local workforce, ensuring the level of quality required by our founder. Established and rooted in Troyes, the Lacoste company has since contributed to the dynamism of the local economy. **Today, the company is committed to preserving its 700 direct jobs and the many indirect jobs related to its operations by preserving the skills and expertise in its historical birthplace. However, Lacoste is not content with simply maintaining its heritage: the company is also investing in local infrastructure to prepare for the future.**





THE RENOVATION OF OUR FACTORY IN TROYES

Lacoste has launched an ambitious renovation project for the Gayettes factory. After the first phase of refurbishment and re-equipping of the knitting and garment workshops, work is now focusing on the transformation of the dyeing unit. This second stage represents an investment of around 4 million Euros to encourage innovation in Troyes and the development of new textile materials thanks to a wider range of facilities. As a result, the major investment in Les Gayettes will enable the local teams to increase their skills and develop their expertise. Refurbishing the factory to the highest environmental standards will also result in significant water and energy savings. Through this project, Lacoste is reaffirming its commitment to continue to invest in France under good environmental conditions, while preserving its historical territorial foundation and ensuring the preservation of its expertise.

Continuing its commitment to local growth, the Group has invested a further around 30 million Euros to build a **new European logistics hub in the Troyes region: Court 2.3**. The purpose of expanding of the current warehouse is to accommodate the development of commercial activities, e-commerce in particular, while improving the environmental impact of the supply chain. It will be operational from October 2021.

Finally, within the framework of the Union des Industries Textiles (Textile Industries Union) and the Club Textile Intégral (Integral Textile Club), Lacoste works in conjunction with local partners to maintain and enhance the value of its historic expertise in and around the region. Consequently, 42 volunteer employees in our factories received a nationally recognized diploma from a training program designed by the **Manufacturing Academy**. Among them, there are operators, multi-station operators, prototypists, and tutors, passing on their skills.



Today, Lacoste still has four production sites and a logistics center in France and remains a major employer in the Bourgogne Franche-Comté and Grand Est regions. **This loyalty to its industrial history has enabled the brand to maintain production in France. The 1,000 tons of material manufactured on the Troyes sites produces 3.7 million textile products in the Euromed region.**



2/2

AN ORGANIZATION THAT HAS EXPANDED AROUND THE GLOBE

In the 1950s, Lacoste began to export around the globe. Since the 80s, its products have been embraced by American *preppies*, French rappers and Japanese *skaters*. These new customers confirm that the brand has become universal and timeless, transcending cultures, oceans and generations.



IN 2020

98
countries sell the
Crocodile brand

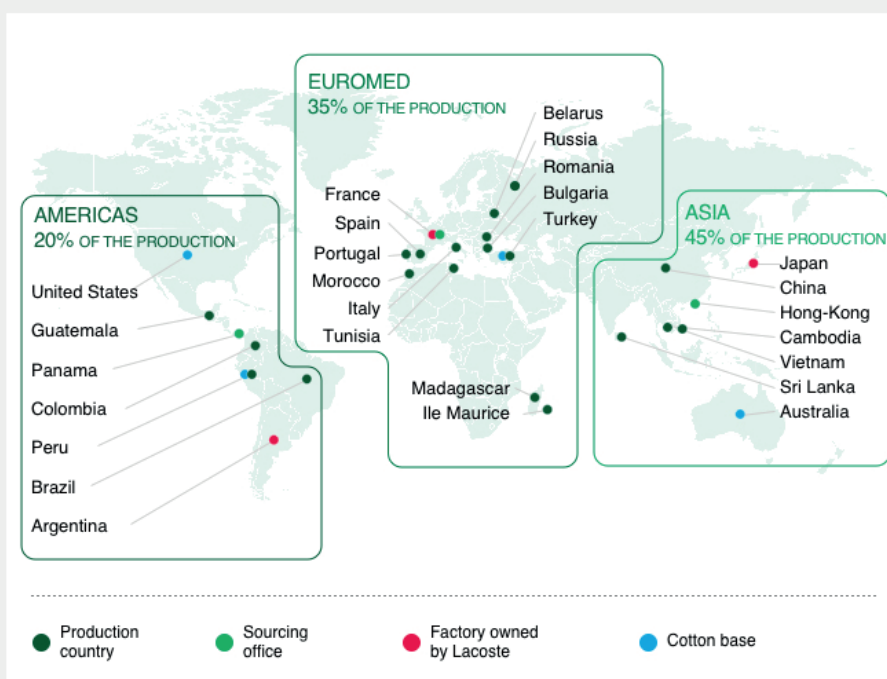
15,000
partners outlets

1,100
directly operated
stores

30
online stores

As the Lacoste customer community has grown, the company has needed to expand its supply chain. In response to global demand, Lacoste is now organized into three regional platforms: **Euromed, Americas and Asia.**

The 3 Lacoste's regional platforms



Distribution of our stores around the world

AMERICAS
26%

EUROMED
42%

ASIA
32%



In addition to its French sites, Lacoste has invested in two other production sites to spread its industrial expertise beyond its historical birthplace: one in Argentina, the other in Japan.

LACOSTE'S INTERNATIONAL FACTORIES

— SAN JUAN (ARGENTINA) :

- Produces textile products (shirts, polo shirts, pants, underwear)
- 276 employees

— VALMODE (JAPAN)

- Produces textile products (polo shirts and other knitwear - t-shirts, sweatshirts, etc.)
- 76 employees

Lacoste also works with several hundred local partners around the world to ensure production is as close as possible to its customers. This localized production has become an essential part of the supply strategy. Today, the vast majority of products sold by Lacoste are marketed in the same region where they were made:

— 70% FOR THE AMERICAS REGION

— 60% FOR THE EUROMED REGION

— 80% IN ASIA

Lacoste's industrial network includes approximately 500 Tier 1 to 4 partners by the end of 2020. This project is designed to be an ecosystem between Lacoste and its suppliers. We are proud of the relationships we have developed with our partners. We believe that these relationships of trust, which have been built and maintained through years of cooperation, represent our primary strength in countering the risks and challenges that textile supply chains are often criticized for.



DURABLE ELEGANCE: SOCIAL AND ENVIRONMENTAL EXCELLENCE AS A DRIVING FORCE FOR SHARED GROWTH

At Lacoste, we believe that our long-term economic success goes together with the ability to generate societal value through our activities. This is why we make environmental and social excellence the foundation of our commitment to supply chain partners. By positioning this requirement at the heart of our Durable Elegance initiative, we want to team up with suppliers who are committed to working with us to create the conditions for sustainable and shared growth.

To achieve this, Lacoste wishes to extend, and strengthen the structuring initiatives implemented with our partners in recent years. Three essential elements guide our global approach:

01

Provide complete traceability of the supply chain;

02

Continuously assess the social and environmental performance of our partners;

03

Engage in a long-term agreement with those who impose best practices on themselves.



3/1

ENSURING FULL TRACEABILITY
OF OUR SUPPLY CHAIN

At Lacoste, we consider it our responsibility to guarantee that our products are made with full respect for the women and men who make them and the fragile balance of our planet.

This responsibility is not limited to our Tier 1 direct suppliers, but extends to all stages of product development, including the fields where the cotton we use is grown. Knowing all the various players involved in the manufacturing of our products is therefore a fundamental step to our approach.

THE COMPLETE IDENTIFICATION OF OUR
INDUSTRIAL ECOSYSTEM

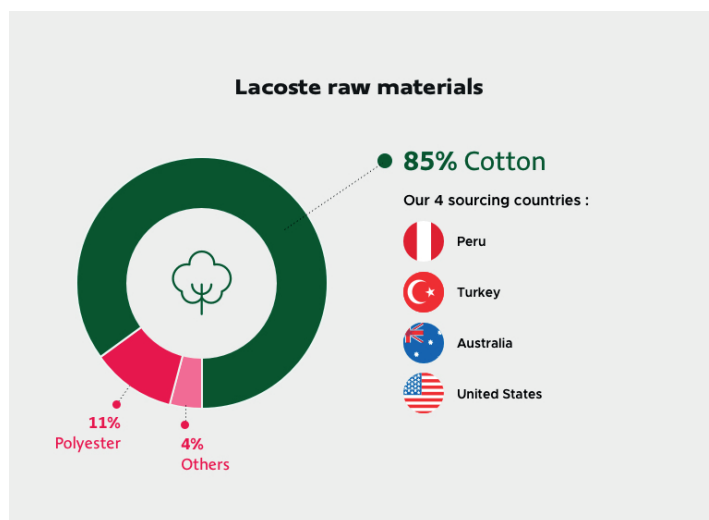
Tracking all supply chains by asking each supplier to identify their own suppliers remains a complex task, that requires the implementation of systems to check and verify the collected information. However, this is the objective that we have undertaken, by continually mobilizing the teams in each of our regional platforms.

For Lacoste, traceability goes hand in hand with transparency. **Today, we are proud to be among the first companies in the industry to make public all our Tier 1 to 4 suppliers.** Since March 2021, this list can be found on our **corporate site**. It will be updated at least once a year reflecting the changes of a constantly evolving ecosystem.

The traceability of industrial suppliers at Lacoste does not only apply to our textile activities. We have also published our complete supply chains for each factory involved in the manufacturing of our shoes, luggage, accessories and household linen.

TRACING ALL THE WAY BACK
TO THE COTTON FIELDS

At Lacoste, cotton represents 85% of the textile fibers used to make our clothes. Our traceability requirements could not be met without having a detailed identification of the origin of this raw material which is essential to our activity.



Cotton is one of the most cultivated products in the world. Around 250 million people worldwide work in the production of this natural fiber, most of them on small farms often located in developing countries. We are fully aware of the social conditions and environmental impacts that are frequently associated with this type of farming: forced labor, child labor, health risks, excessive use of chemicals and careless use of water resources, etc. These practices are obviously incompatible with the values we embrace. Also, the origin of the cotton we use, and the conditions of its cultivation, are priority issues for us.

At Lacoste we use around **12,000 tons of cotton** each year. Tracing the origin of the cotton we use back to the field where it is produced is an enormous task. We are not yet able to ensure such precise traceability. To overcome this difficulty and to protect ourselves from the social and environmental risks associated with this type of cultivation, we have chosen to work with our suppliers by identifying the **countries of origin of the cotton we use**. We call this «nomination».

Very early on, we banned cotton from countries where the cultivation of cotton is based on unacceptable practices (such as Uzbekistan and Turkmenistan) and excluded other origins which we considered to have provided insufficient social and environmental guarantees.

During the past two years, our cotton sourcing colleagues have traveled the globe to understand the reality of practices in our various sourcing areas.

Since June 2020, following this large-scale field study, all fiber manufacturers working for Lacoste must source exclusively from four countries: the United States, Australia, Peru and Turkey.

“

We have selected these four countries that implement the best practices: cultivation rules are very strict, chemical inputs are regulated and monitored, mechanical collection is used to ensure good social conditions for harvesting the cotton flowers, and optimized water consumption.

Laurent Madelaine, Comex member

To verify the correct application of these measures, we are not satisfied with merely a letter of commitment from our fiber manufacturers. Lacoste has signed a partnership with **Oritain** to certify the geographical origin of the cotton we use. This laboratory has built up a comprehensive database of cotton fibers by country and uses a sophisticated analysis method with «land markers». Therefore, by analyzing the chemical and organic traces present in the fibers of our finished products, we can guarantee that the cotton fiber comes from the four countries selected by Lacoste.

In these four countries, Lacoste is pursuing its ambition to move closer to the ultimate level of traceability: the cotton field. We are now involved at the level of the cotton producing cooperatives in the four selected countries of origin. We have already signed long-term partnerships with those who have met our strict specifications: to provide us with cotton combining a high-quality fiber with the highest social and environmental practices.

Our short-term objective is to select all the cotton producer cooperatives where Lacoste will exclusively source.

Finally, regarding our organic cotton, we only use «GOTS» (Global Organic Textile Standard) certified fiber, a standard that we believe provides the highest guarantee of traceability to our customers. This organic cotton only comes from Peru or Turkey, countries that ban the cultivation of GMO cotton. We also perform regular DNA tests to certify the absence of any trace of GMO in all our products labeled «organic».



CONTROLLING THE SUPPLY OF ANIMAL FIBER

Lacoste is equally concerned about the preservation of animal welfare. We have banned real fur, angora, mohair and all exotic leathers from all our products.

We support the most demanding certifications and standards, especially those of the **Textile Exchange** of which we are a member and that aims to accelerate the adoption of more responsible raw materials in the textile industry.

The RWS certification is already used in 40% of the wool products concerned. Our goal by 2023 is to have 100% of our wool RWS certified or recycled and GRS certified (Global Recycling Standard).

We favour the RDS standard (Responsible Down Standard) for down and feathers.

When recycled fibers are used, they are certified GRS (Global Recycling Standard).

3/2

EVALUATING OUR PARTNERS SOCIAL & ENVIRONMENTAL PERFORMANCES



The traceability of all our Tier 1 to 4 suppliers is an essential step in managing our ecosystem according to social and environmental performance criteria. Currently Lacoste is involved in an extensive process aiming - in the very short term - to have an objective evaluation system for every single player involved in the global supply chain.



COMMITTING TO GOOD PRACTICES

All of our suppliers are committed to the Lacoste Partners' Charter of Ethics, which includes its activities within the framework of the ten major principles of the United Nations Global Compact and those of the major international laws:

- The Universal Declaration of Human Rights from 1948 and the two additional international covenants on civil and political rights and economic, social and cultural rights;
- The eight fundamental conventions of the International Labour Organization (ILO);
- The OECD Guidelines;



- The United Nations Convention against Corruption;
- The Rio Declaration on Environment and Development.

The charter defines the rules to be applied in all circumstances, to ensure that:

- Employees are treated with respect and dignity in a work environment that protects their health and safety;
- Production is carried out in the most environmentally friendly way possible and by preserving animal welfare for the raw materials derived from breeding;
- The business relationships maintained by the partner are free from any manipulation, corruption, influence peddling, extortion or misappropriation of funds and more generally, illegal practices.

As originator, our responsibility cannot be limited to setting rules of conduct. We are also accountable for their effective application throughout our supply ecosystem.

SYSTEMATIZATION OF SOCIAL AND ENVIRONMENTAL AUDITS

In addition to the technical audits carried out periodically by Lacoste teams on our partners' sites, we have been conducting independent social and environmental audits for several years to assess the compliance of the practices with the most rigorous standards.

Since 2018, the Group has been using the **ICS (Initiative for Compliance and Sustainability)** audit standard, recognized as one of the most robust for assessing the social and environmental practices of production sites. The ICS is a multi-sector initiative which allows member companies to collaborate and pool audits. All of its members use the same standards and methodology to monitor working conditions, safety and environmental practices in the factories they source from.

These audits are carried out by independent companies, in a semi-announced or unannounced manner. They are renewed every two years and identify and prioritize areas of non-compliance as well as highlighting good practices. Therefore, the ICS audit allows not only an objective evaluation of the current practices, but also to define a corrective action plan to be implemented by the managers of the audited sites. Where necessary, intermediate follow-up audits are implemented to verify the correct implementation of the planned corrective actions.

As objective evaluation tools, audits are an indispensable method for identifying and prioritizing suppliers committed to the best social and environmental practices and, conversely, they can also be used to disqualify those who do not meet the requirements set by our company in this area.

All Tier 1 to 4 factories are audited for social compliance. Likewise, 100% of the factories using wet processes in their manufacturing process (fabric finishing: dyeing, printing, treatments, etc.) are subject to an environmental evaluation. It is in these factories that most of the environmental risks of the textile production chain are located: excessive use of water, use and management of chemicals, energy intensity, pollution of local ecosystems by wastewater, etc.



TRACKING THE ENVIRONMENTAL PERFORMANCE OF OUR PARTNERS

For Lacoste, compliance with good social or environmental practices must be combined with effective performance measurement.

Compliance audits have been supplemented since the end of 2020 by annual reporting on key environmental performance indicators: water consumption, energy consumption and efficiency, quantity and quality of wastewater released, industrial waste volumes and management, etc.

Based on the collection of this individual data (or **primary data**), our goal is to evaluate the environmental efficiency of every player in our supply chain. This will enable us to not only provide information on the **real impact of our production ecosystem**, but also to establish **objectives for continuous improvement** in environmental performance in conjunction with our partners.

In the first quarter of 2021, **all of Lacoste's Tier 1 to 4 suppliers** have been requested to carry out this initial reporting for 2020 production. The scope of Lacoste's environmental questionnaire was adapted according to the type of industrial processes conducted in each partner factory. Therefore, a Tier 2 factory (dyeing & printing of textile materials) has to report a much larger number of indicators than a spinning mill (Tier 4), given their respective environmental issues.

This initial effort allowed us to test the new reporting system on a large scale by collecting primary data of **83% of our supplier factories**. Most importantly, it allowed us to gather a number of insights to make this approach viable in future reporting cycles.

At this stage, the reliability of the reported data remains an area in need of optimization. We will have to work with our suppliers at an earlier stage to correct some of the interpretation problems linked to the related questions and reporting parameters. We are also working on implementing an upstream control system to verify the accuracy of the stated measurements. It is essential for Lacoste to have

the assurance of reliable data to enable **objective interpretation and comparability** and make our future decisions clear regarding the choice of suppliers with whom we want to make a long-term commitment.

A similar approach has been tested with our already approved **cotton suppliers**.



WORKING TOWARDS A GLOBAL SUPPLIER GRADING SCHEME

Traceability of all participants in our supply chain, systematization of social and environmental audits, collection of individual primary data through the implementation of an annual reporting system, etc. All these steps aim to provide Lacoste with a complete and objective overview of each participant involved in our supply ecosystem.

To go even further and guarantee control of the social and environmental risks linked to our supply chain, we are now combining all of this data in a complete assessment grid for our suppliers.



In 2020, we implemented a new supplier rating system. This is based on the pre-existing system that assessed the economic and technical reliability of each supplier by giving them a score (A to D) based on criteria of quality response, financial stability, capacity for innovation and compliance with deadlines. **In addition to this first rating, we have now added a social and environmental rating (ranging from 0 to 100) including:**

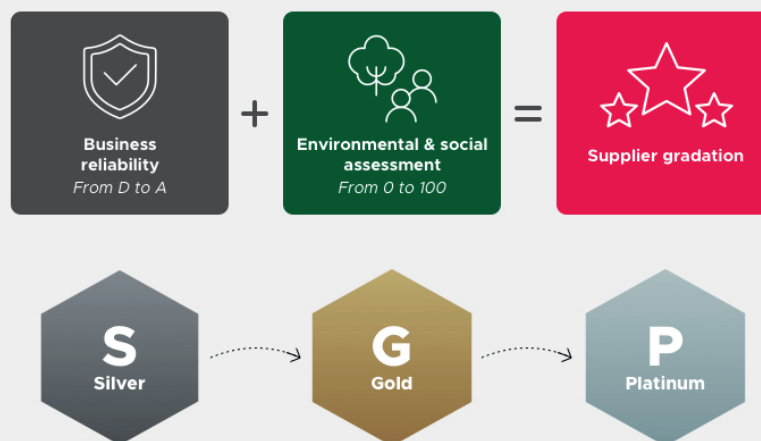
- **Scores on social and environmental compliance audits;**
- **Key indicators for environmental performance reporting.**

We began testing this new rating system in 2021 and will gradually deploy it to our suppliers.

To respond to the specifics of cotton sourcing, we have adapted this system in conjunction with a partner NGO (Earthworm Foundation) by applying the same final rating principles. A pilot test conducted at the end of 2020 demonstrated its suitability and will now be extended to all partners and cooperatives of cotton producers that the brand will select in the coming months and years.

Our grading scheme

By combining these two ratings, we have created a system that is applicable to all Tier 1 to 5 suppliers. With three levels of excellence - "Silver", "Gold" and "Platinum" - reflecting the business and societal requirements of our company.



OUR COMMITMENTS FOR COMMUNITIES BY 2025

This new rating system is going to become the central decision-making tool of the Lacoste sourcing strategy. It will guide our procurement choices over the long term by focusing on partners committed to best practices. Also, it is based on this requirement that we are creating two of the Lacoste commitments for 2025:

100%
of our cotton fiber
will be produced
by suppliers rated
«Silver» or above;

100%
of the manufacturing
partners for our
textile products (Tier
1 to 4) will be rated
«Silver» or above.



3/3

JOINING FORCES WITH THOSE WHO ADOPT BEST PRACTICES

WORKING TOWARDS THE NOMINATION OF ALL OUR PARTNERS

The new evaluation system set up by Lacoste is primarily intended to identify the partners with whom our company wishes to collaborate in the long run. Our procurement policy and requirements have always been transparently communicated to all suppliers who want to work with us.

Our primary objective is not to penalize. But rather to ensure that we share a common vision that is the basis of the entire Lacoste ecosystem: to make good social and environmental practices a prerequisite for any long term economic collaboration.

Initially, the implementation of this new evaluation grid will justify support for those who do not yet fully meet the criteria related to the requirement levels. To enable them to reach the required level, we will inform them of the expected areas of improvement and develop a short and medium-term road map strategy to implement the necessary corrective actions. Where needed, Lacoste can provide technical expertise to help suppliers overcome the deficiencies preventing them from reaching the expected level. However, if at the end of this improvement period, the supplier has not fulfilled the conditions stipulated in the action plan, they will be excluded from the partners selected by Lacoste.

The same applies to any new supplier wishing to work for Lacoste: they must provide sufficient guarantees justifying a minimum «Silver» rating to be able to join the group of Lacoste partners.

Therefore, over the next few months we will consolidate an updated list of Tier 1 to 5 suppliers approved by Lacoste. All partners we buy from directly will therefore be required to buy from suppliers nominated by Lacoste at all levels of the supply chain, giving preference wherever it makes sense from a technical, economic or geographical point of view, to suppliers with the best ratings (Platinum or Gold).

This same nomination principle applies to the suppliers we have identified in the four countries selected for our cotton supply. We are currently working to refine our sourcing logic by identifying and nominating specific cooperatives from nominated countries, with the aim that, in the very short term, the entirety of our cotton supply can be obtained exclusively from these suppliers approved by Lacoste.



DEVELOPING LOCAL COMMUNITIES

At Lacoste, we want our success to be shared with all those who have contributed to it. Wherever Lacoste products are produced, whether it is in the fields where we source our cotton, the places where the thread we use is produced, or the factories where our products are assembled, the direct or indirect presence of Lacoste must be in line with economic, social and environmental progress.

The value created by our company must not only benefit the men and women working in our partners' factories, but also have a tangible impact on the surrounding communities.

For several years, we have been involved with several partners in co-financing development projects aimed at improving living conditions in the communities where they operate. Therefore, five new projects led by our partners were financially supported by Lacoste during the year 2020.



«LIVELIHOOD» PROGRAM DEVELOPMENT PROJECTS

Therefore, five new projects led by our partners were financially supported by Lacoste during the year 2020.

01 HEALTH AND EDUCATION PROJECT IN VIETNAM

To promote reading and education, a library, cultural trips and a scholarship system for the most deserving have been set up in five schools where the children of our TAV supplier's employees attend. In addition, to teach good hygiene habits to the students and prevent them from getting sick, the school's sanitary facilities were completely renovated and water filters were installed to all water points. This project helps 3,600 children.

02 ENVIRONMENT AND EDUCATION PROJECT IN MADAGASCAR

Social enterprise Bondy has set up a re-forestation and agro-forestry training project for the village community of Antolonjanahary, close to our supplier Epsilon who co-financed the project. Seedlings were planted at two sites. One serves as an educational nursery to teach primary and secondary school students about the importance of the environment and to provide them with agricultural and forestry knowledge. The other one is the central nursery, which allows species to be brought to maturity before reforestation, these are chosen for their environmental and socio-economic utility: fruit trees, sources of energy or forage species. To date, 6 sustainable jobs have been created and more than 1,000 children and 30 teachers have been educated.

03 ENVIRONMENT AND HEALTH PROJECT IN SRI LANKA

We supported a dual project, in partnership with our supplier MAS, to detect and treat people with kidney disease associated with poor water quality. Simultaneously, we supported a project to reforest four hectares of mangrove swamp which should improve water quality. Mangroves are home to a rich fauna which contribute to the nutrition of the inhabitants and the preservation of endangered species.

04 INCOME GENERATING ACTIVITIES IN COLOMBIA

Our supplier Crystal donates products that do not meet their quality criteria as well as fabric scraps to a local association. This association trains disadvantaged men and women to sew. They use the fabrics donated to them to make new products they can then resell (glasses cases, key rings, small handbags, etc.) increasing their income. This project assists people from 25 to 60 years old.

05 EDUCATION AND DISABILITY PROJECT IN TUNISIA

In the city of Manzil Tamim, along with our supplier we have contributed, with our supplier VTL, to the renovation of a vocational training center for people with disabilities. This building, which was derelict, now houses 55 beneficiaries in a safe and healthy space. This work will allow the center to accommodate and train more young people in the future.



These initiatives are now fully integrated into our Durable Elegance approach. By creating the «Livelihood» program in 2020, Lacoste extended its economic commitment to suppliers who place social and environmental progress at the heart of their own entrepreneurial approach.

Lacoste's «Livelihood» program is now open to all our Tier 1 to 5 suppliers, rated «Gold» or «Platinum». It is based on the identification of local associations that have projects with social or environmental benefits relevant to the genuine needs of local communities. Whether it is a question of meeting infrastructure needs (renovation of a school for example) or establishing social transformation initiatives that require an investment over several years, Lacoste aims to make the «Livelihood» program a driving force for progress to benefit the men and women who we are closely linked with through our supply ecosystem.

Each year, Lacoste along with the suppliers involved, commits to co-finance a growing number of these initiatives as part of the «Livelihood» program. These will be identified each year through a request for projects distributed throughout our ecosystem. All projects submitted through the three regional platforms will be reviewed by our jury in October each year to assess their transformative potential. For those selected as the most relevant, the Lacoste «Livelihood» program will provide financial support for their implementation, which can amount to several hundred thousand Euros per project.

By 2025, co-financing 50 initiatives benefiting local communities linked to our supply chain.



OUR COMMITMENTS FOR COMMUNITIES BY 2025

100%
of our cotton fiber will be produced by suppliers rated «Silver» or above

100%
of the manufacturing partners for our textile products (Tiers 1 to 4) will be rated «Silver» or above

50
initiatives benefiting local communities linked to our supply chain co-financed



PILLAR 3

DURABLE ELEGANCE FOR THE PLANET



During the last two decades, global clothing sales have doubled. **This unprecedented acceleration in consumption has brought with it ecological repercussions that have become incompatible with the fragile balance of our planet.** Today, the fashion industry alone is responsible for 8% to 10% of the world's carbon emissions¹. The use of chemicals, particularly for textile dyeing, is estimated to be responsible for up to 20% of the industrial pollution in watercourses². Furthermore, about a third of the microplastics released into the oceans would come from washing synthetic textiles³.

Responsibility for this comes from an economic model based on intensive production and encouraging over-consumption. This model has a negative effect on the environment and quality. It also leads to a significant increase in the extraction and harvesting of raw materials, accelerated production of clothing at the lowest cost possible, an ever-decreasing number of times the clothing is worn, and finally, disposal of the clothing as soon as it is considered outdated. It is estimated that 75% of the clothes we wear end up in landfill sites or incinerators, even though the large majority could have been reused or recycled giving them a second life⁴.

For Lacoste, this linear model - extract, produce, consume, throw away - is simply not sustainable. Our company has always believed in another way of designing and consuming fashion. We pride ourselves on offering our customers timeless products with a long lifespan.

We have never compromised our quality requirements which ensure that our garments retain their original characteristics wash after wash. We have always used natural materials which represent more than 90% of the textile materials used in our collections.

The urgent environmental situation facing our industry drives us to go even further; this is the **purpose of our Durable Elegance approach. The aim is to show that there is another way to combine the enjoyment of dressing well while still respecting the environment.** This approach must encourage our industry to reinvent itself and create a future compatible with the main priorities of our time. This is why Lacoste is committed to **developing fashion that embraces the principles of the circular economy.** In 2020, we became one **of the partners of the «Make Fashion Circular» initiative promoted by the Ellen MacArthur Foundation.** Our commitment to this vision is embodied in an ambitious roadmap consisting of three commitments for 2025.



OUR PRIORITY

Elevate our products towards environmental excellence



OUR METHOD

Bring the principles of circular fashion to life



OUR AMBITION

Increase the lifespan of our products, while reducing their manufacturing impact



¹ United Nation Environment Programme (2019)

² World Resource Institute (2017)

³ Ellen Mac Arthur Foundation (2017)

⁴ idem



PART 1

MEASURING OUR ENVIRONMENTAL PERFORMANCE

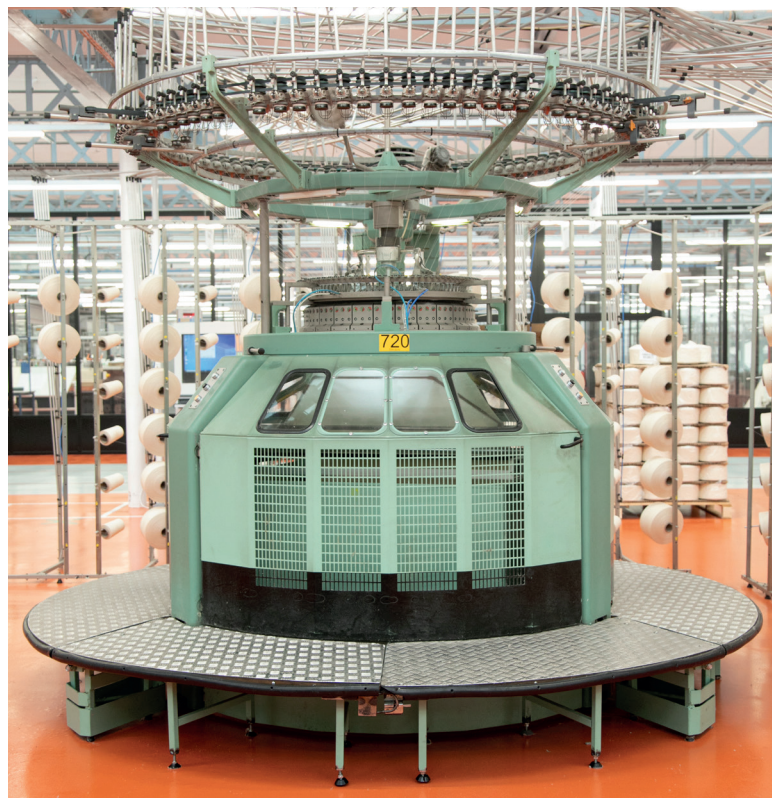
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LIFE CYCLE ANALYSIS

PARTICIPATION TO THE PEF

There are methodological disparities in the environmental studies carried out in our industry. This is particularly true of Life Cycle Analysis (LCA). The lack of consistency makes interpreting and particularly comparing the results of these studies a complex exercise.

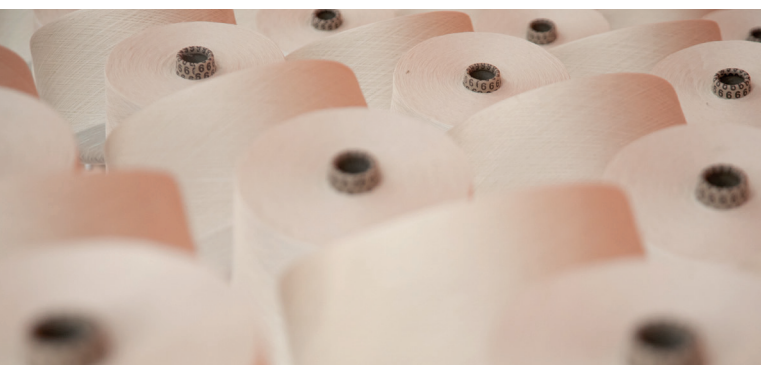
In 2020, Lacoste joined the technical secretariat of the PEF (Product Environmental Footprint) supported by the European Commission. We work together with our peers and other stakeholders to develop a methodology based on criteria definitions and calculation methods applicable to our entire industry. This will form the basis of the next environmental product rating system in Europe. Lacoste is already using the progress made by the PEF work to align its environmental performance measurement tools.



LACOSTE ENVIRONMENTAL REPORT

In 2019, Lacoste hired ECOACT, a consulting firm specializing in Life Cycle Analysis (LCA), to conduct our company's first comprehensive environmental assessment. This study covers our three main areas of activity: textiles, footwear and leather goods.

According to 2019 data, Lacoste's greenhouse gas emissions amounted to just over 720,000 tons of CO₂ equivalent. Water consumption amounted to approximately 18.2 million m³.



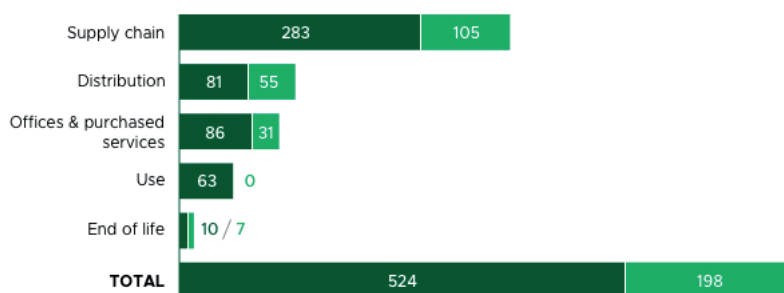
Lacoste environmental performance

Greenhouse gas emissions and water consumption (full life cycle)



Greenhouse gas emissions

(in thousands of tons of CO₂ equivalent)



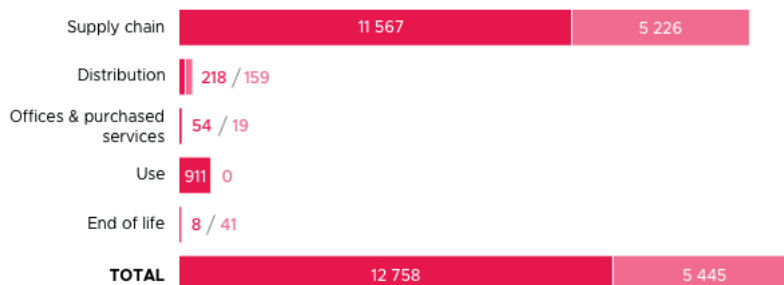
Textiles

Footwear & Leather goods



Water consumption

(in thousands of m³)



Textiles

Footwear & Leather goods

The above charts show that our textile represents not only 70% of the water consumed, but also 73% of the CO₂ emissions emitted by Lacoste (Scope 1, 2 & 3). It is therefore our top priority and based on this we have chosen to set our primary commitments for 2025 on our textile activities.



1/2

«DECK»: A GLOBAL ENVIRONMENTAL CONSOLIDATION SYSTEM

Life Cycle Analysis studies, like the one we conducted, provide a snapshot of the impact our activities have at any given moment.

However, in order to continuously monitor our actions, we wanted to equip ourselves with an innovative tool capable of providing real time environmental performance. At the end of 2021, data from our various information systems will start to be consolidated into a single software solution, called DECK.

Most of the environmental studies in our industry are based on generic data from sector specific databases. **In order to perform analyses that accurately reflect the reality of our operations, we want to provide our system with mainly «primary» data. The complete traceability** of our supply chain will allow us to collect the most relevant performance indicators concerning their activities from all our suppliers: water consumption, hydric stress, energy consumption and mix, waste creation and management, use of chemical products, measurement of water effluent quality, etc... All this information will be collected in our tool, where it will be assigned in proportion to the respective volumes of each supplier.

This tool based on the technology developed by Glimpact is therefore set to become the cornerstone of the environmental management system created by Lacoste. Within a few months, our teams will be capable of producing environmental analyses for the entirety of Lacoste's business activities or for a specific sector. It will be possible to track the evolution of several environmental indicators (validating the effectiveness of the action plans implemented).

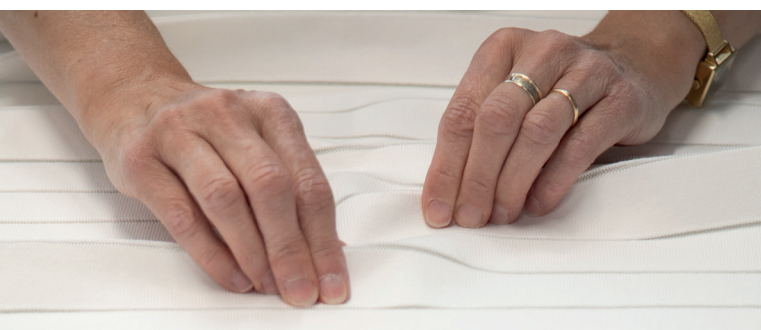
DECK will also have the ability to produce life cycle analyses on any textile product in our collections.

Consequently, Lacoste will be able to differentiate, within its entire range, products that offer the best environmental performance from those whose design needs to be reviewed. Based on this, we are working on a Lacoste definition for «eco-efficient» products. Our aim is to inform our customers' choices in the short term by providing them with objective information on the environmental footprint of all our products.



ECO-DESIGNING OUR COLLECTIONS

A large part of the future environmental performance of our products is determined by their design. Elements include the selection of materials, the physical properties of the fabrics, the complexity of assembling the various parts, and the number and type of components such as buttons, zips, and embroidery. All of these parameters help to guide the team's choices in selecting the best options.



Eco-design is not a new idea for Lacoste. As part of our commitment to the Global Fashion Agenda, we have developed training modules for all our Design and Product teams. In 2020, these training courses were not only available to all of our product and design teams, representing 120 employees worldwide. The aim was to develop a **strong environmental culture** in our creative teams, allowing them to ask the right questions very early on in the development of new products and to direct them towards the most environmentally responsible choices.

To integrate circular economy principles right from the creation phase, our teams have developed three eco-design indexes:

— RAW MATERIAL INDEX

allows us to evaluate a future product by giving it a grade from A to E according to the nature and origin of the fibers that will be used. Based on the state of the existing classification and publications, we have ranked all textile materials and accessories that we would be able to use at Lacoste. For example, a product made from recycled polyester or GOTS certified organic cotton will receive a higher grading than one made from virgin polyester or conventional cotton;

— DURABILITY INDEX

also looks at the materials selected, but in relation to their physical properties. Additionally, the robustness of the yarn used, coloring choices and techniques, tailoring methods and care instructions also contribute to the overall assessment of the product's durability, which is graded from A to E;

— RECYCLABILITY INDEX

aims to quantify how easily a product can be recycled at the end of its life, and is graded from A to E. The index considers the number of elements in a product and their inherent recyclability. Therefore, the more a product contains differing and poorly recyclable elements, the more its grade will lean towards E. Conversely, our iconic 100% cotton polo shirt will have an A grade.

These three indexes allow us to assess the environmental relevance of a product in its development phase. They are complementary. In fact, some design choices may favor one of the indexes yet simultaneously impair another. For example, the use of recycled cotton will favor the Raw Materials index but will lower the Durability index because of the reduced length and strength of its fibers. Furthermore, a treatment applied to a product to increase its robustness (Durability index), can hinder recyclability at the end of its life (Recyclability index).

Understanding these sometimes-contradictory environmental situations at a very early stage can help us make the right choices. At Lacoste, we do not want to prioritize any one of these three indexes. A or B grades, which can each be awarded for the Raw Material, Durability and Recyclability indexes, all reflect real environmental improvements compared to the average product on the market.

We will continually aim to increase the number of products that score high on at least one of the eco-design indexes, while avoiding a low grade on the others.

By the end of 2021, we will set our Design and Product teams improvement objectives for each collection, based on our three Eco-design indexes. Through this approach, we want to make the employees who are responsible for designing our new collections the primary contributors to the company's environmental transformation.



COMMITTING TO ENVIRONMENTAL EXCELLENCE

The implementation of the Lacoste environmental information and management system described above now allows us to project ourselves forwards. We aim to elevate our products towards environmental excellence **by embracing the principles of the circular economy. In line with the vision set out by the Ellen MacArthur Foundation's Make Fashion Circular initiative, we are now making three commitments for 2025, linked to each major phase of our product life cycle.**



Our commitments to the planet in 2025

Production phase

-15%

of environmental impact by product we sell



Tier 5



Tier 4



Tier 3



Tier 2



Tier 1



Tier 0

Use phase

X2

the lifespan of our entire polo range



Use

End of life phase

100%

of our textile waste and unsold goods have a second life



End of life



3/1

PRODUCTION PHASE: REDUCING THE ENVIRONMENTAL IMPACT PER PRODUCT WE SELL BY 15%

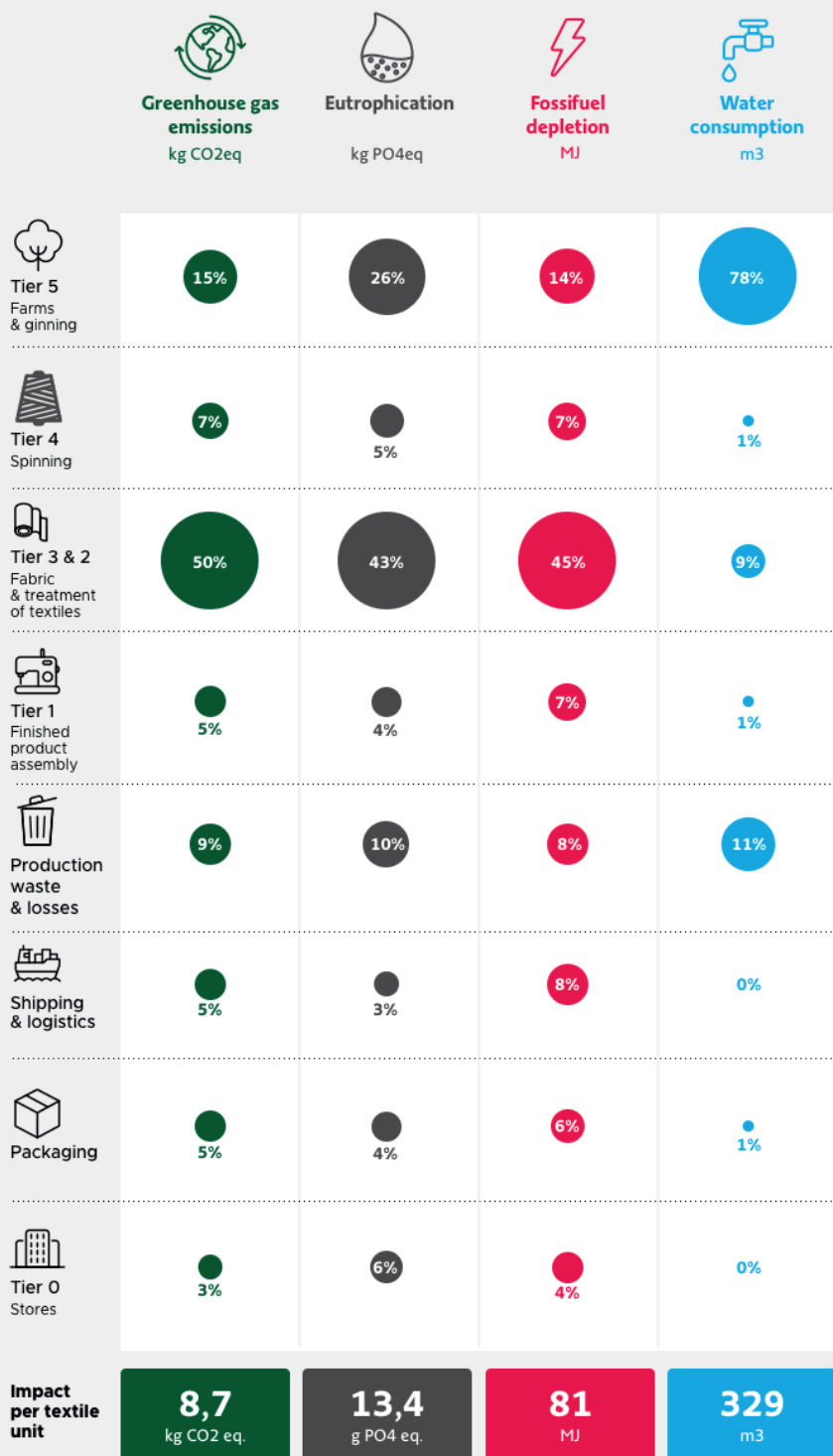
Among the sixteen types of impacts in the PEF methodology, we consider four to be particularly relevant to our activities:

- Non-renewable energy consumption
- Greenhouse gas emissions
- Water consumption
- Eutrophication of water resources.

The production phase extends from the fields where our textile fibers are produced, to the shelves on which our products are displayed (Tier 5 to Tier 0). In the entire life cycle of our products, it is between these two stages that most environmental impacts occur. For example, 70% of our carbon emissions and 92% of our water consumption occur before a product even arrives in the store. However, the four impacts monitored by Lacoste are distributed in different ways across the various product development stages.



Distribution of the environmental impacts of a Lacoste garment prior to its purchase by the customer



We have learned several key lessons from this overview that should allow us to effectively reduce our environmental footprint over the next five years.

- **The first lesson is the supply of textile fibers, how they are grown and manufactured (Tier 5).** Cotton represents more than 85% of the fibers used by Lacoste. The methods and locations of our cotton cultivation are therefore a fundamental element for reducing our impact, primarily water consumption.
- **The second lesson is the impact of finishing processes during fabric manufacturing (Tiers 3 & 2).** Specifically, the dyeing or printing techniques used, the application of **chemical products** to give the textiles the required physical properties, account for a large part of the energy consumption, CO₂ emissions and impacts on water resources of the production phase.

These are our two main priorities. However, they are not the only ways to optimize the environmental performance of our supply chain.

At every level we are looking at ways to potentially minimize our impact: transport and logistics, packaging, and our stores are other areas that must contribute towards achieving our objective of reducing environmental impact.

Finally, we wanted to single out **production waste and losses** in our environmental footprint analysis. This includes offcuts from the clothing production stage, which amount to 15% of the textiles produced. **Considering this amount, minimizing losses and especially recovering the waste is another key aspect of our environmental strategy.**

5. Water Eutrophication is the modification and degradation of an aquatic environment due to excessive inputs of nutrients, particularly nitrogen and phosphorus.

OUR ROADMAP FOR COTTON AND TEXTILE FIBRES



— Le cotton

Cotton is our primary fabric. It represents 85% of the textile fibers used to make Lacoste clothing. The reason is because no other material offers the same physical characteristics. Its softness, suppleness, and absorbent and insulating properties, as well as ease of care give cotton clothing unparalleled comfort. It is easier to process cotton fabrics, especially for dyeing or printing. However, not all cotton is the same. **Lacoste uses mostly medium or long fiber cotton, which provide excellent resistance guaranteeing more durable products. This high-quality cotton is also the rarest.**

In addition to these qualities, cotton also comes at a price. Of course, it has an economic cost like most natural materials compared to synthetic alternatives, but there is also a social cost. **At Lacoste, we are fully aware of these issues. This is why we have limited the origin of our cotton to four countries: the United States, Australia, Peru and Turkey.**

Finally, cotton also has an environmental cost. The impact associated with its cultivation is well documented. Two aspects are particularly critical: the use of water resources and the use of chemical inputs. These issues are of course at the heart of Lacoste's concerns: 75% of the water needed to make our clothes is used to grow the cotton; and a third of our impact on the eutrophication⁵ of freshwater resources is directly attributable to the use of fertilizers and pesticides in the fields where it is cultivated.



Increasing the amount of organic cotton in our supplies - currently at 5% - is certainly one of the ways to meet our environmental objectives. At Lacoste, 100% of the organic cotton we use is:

- **GOTS certified (Global Organic Textile Standard)**, a standard that we regard as the most demanding and rigorous in this area;
- **Sourced exclusively from Peru and Turkey**, countries that prohibit the cultivation of GMO cotton, greatly limiting the risk of contamination of our organic cotton;
- **DNA testing is also used to ensure that no GMOs** are present in our organic fibers.

In addition to organic cotton, we are working to locate cotton producers with the best environmental practices. To achieve this, Lacoste would like to extend its nomination logic beyond the countries of origin by monitoring at the level of cooperatives or independent producers.

Similar to what has been implemented for our industrial partners, we would like to systematically collect environmental indicators from our cotton producers, such as measurement of water stress, water and energy consumption, typology and amount of chemical inputs.

Collecting this primary data will allow us to focus on the environmental performance of the cotton we use. It will also allow us to rank our suppliers according to an evaluation scale equivalent to the one we implemented with our industrial partners, including the three Lacoste levels of excellence: «Silver», «Gold» and «Platinum».



— Other textile fibers

In addition to cotton, Lacoste's Research and Development department is exploring the potential of other plant materials recognized for their smaller environmental footprint, such as flax and hemp.

Concerning «animal» materials such as wool, down or leather, Lacoste sources mostly from suppliers who have been certified according to the most rigorous environmental standards. **For example, by 2023, we plan to source 100% of our wool from RWS farms or GRS (Global Recycle Standard) certified wool as an alternative.**



In 2019, polyester accounted for 52% of textile fibers used worldwide⁶ by the industry. At Lacoste, we only use 11% in our collections. **Other synthetic and artificial fibers are only marginally used in the creation of our products.** In particular, we introduce synthetic fibers to enhance the physical qualities of certain materials, increasing product longevity. Already rarely used by Lacoste, **conventional viscose will be banned from the Autumn-Winter 2022 season** and will be replaced by more ethical materials such as lyocell or modal. However, these materials, especially those derived from hydrocarbon resources, are now identified as the main cause of microplastic pollution in the oceans. To limit the presence of these microplastics coming from synthetic fibers, **Lacoste will gradually eliminate the use of machine drying for its products by 2022.** In accordance with our commitments to the Fashion Pact for the preservation of marine ecosystems, there is no possibility that Lacoste will increase the amount of synthetic materials in its collections.



Lacoste actively participates in the work of the Fashion Pact as part of its biodiversity initiative.

Biodiversity is a long-standing area of involvement for Lacoste. Since we first helped to protect crocodiles captured in Singapore in 1984, we have supported various projects aimed at preserving biodiversity: scientific studies, protection of endangered species, public awareness, etc. Whenever possible, we have used the power of our brand to give strong voice to this important cause.

6. Textile Exchange - The 2020 Preferred Fiber and Materials Market Report.

FOUR EXAMPLES ILLUSTRATING OUR COMMITMENT TO BIODIVERSITY:

01

THE LION'S SHARE

Since the end of 2019, we have been involved with **The Lion's Share**. Initiated by the United Nations Development Program, this fund invites brands to donate a percentage of their budget for advertisements featuring animals. The aim? To fund the fight to preserve biodiversity, conserve wildlife and natural habitats, through field initiatives and programs.

02

THE INTERNATIONAL UNION FOR CONSERVATION OF NATURE (IUCN)

Since 2018, we have been using the power of our Brand to work for the International Union for Conservation of Nature (IUCN) to highlight the urgent need to preserve biodiversity¹. The «Save Our Species» campaign carried out within our collections, informed and raised awareness of the urgent need to protect endangered animal species. All profits were donated to the IUCN, to finance projects for the preservation of these species.

03

THE EVERGLADES FOUNDATION

Together with the Everglades Foundation, since 2012 we have been working to measure water quality¹ in the Everglades in Florida, USA, by studying the migration patterns of crocodiles and alligators living in this natural ecosystem.

04

THE FRENCH ENDOWMENT FUND FOR BIODIVERSITY (FDB)

With the French Endowment Fund for Biodiversity (FDB), we led six crocodile preservation projects between 2009 and 2014 in Nepal, Colombia, China, the Philippines, Niger, and Guyana.

OUR ROADMAP FOR MATERIAL DYES AND TREATMENTS

For cotton, fabric manufacturing, and especially finishing processes (dyeing, printing, treatments, etc.) is our second priority between now and 2025. These industrial processes alone are responsible for 50% of CO2 emissions, 45% of non-renewable energy use and 43% of water pollution from our supply chain.

We work with our partners to continuously optimize the processes in place. This starts by applying strict specifications, and most notably, banning the most harmful products. The list of substances prohibited by Lacoste follows **the recommendations of the AFIRM Group**. Regardless of their geographical location, our partner factories are also required to comply **with the European REACH (Registration, Evaluation, Authorization and restriction of CHemicals) regulation, currently the most rigorous standard in the world for the safe use of chemical substances.**

Lacoste is in line with the ZDHC (Zero Discharge of Hazardous Chemicals) approach. The aim of this initiative is to limit the use of hazardous chemicals and to preserve the local environment around production areas involved with ennobling (mainly dyeing). **With this in mind, we are working on the deployment of an MRSL (Manufacturing Restricted Substance List) in 2022, to ban or limit all our industrial partners from using any chemical substances considered dangerous or harmful to the environment.** In addition to the chemical substances used in the treatment of materials, the MRSL covers all those used for the cleaning and maintenance of industrial equipment.

Environmental audits in accordance with the ICS standard, which includes an entire chapter on effluent management and another on the safe use of chemicals, allow us to check the environmental compliance of our partners' factories by using independent firms. All factories that use wet processes have been audited according to this standard at least once in the last 24 months (or have been subject to an equivalent assessment when circumstances did not allow, as was the case in 2020). These same factories are also required to report the chemical and biological composition of their wastewater as part of our annual environmental reporting campaign.

Finally, Lacoste continuously tests and evaluates all the «natural» dye alternatives. Although some of them offer promising results, few of them still reach the level of durability of chemical dyes.

Yet, a color that fades with each wash is one of the very first criteria that influences a customer's desire to continue wearing an item of clothing.

Large-scale replacement of synthetic dyes with natural dyes would therefore be at the expense of our durability commitments. We are continuing our research into natural but equally resistant dyes.



OTHER SUPPLY CHAIN ISSUES

Reducing water and energy consumption in all factories

As we have seen, most of the water and energy use in product manufacturing occurs in our cotton fields and Tier 2 factories. This does not mean that our fabric manufacturers, knitting and weaving mills, suppliers of buttons, zips, packaging, and garment factories have less control over their consumption. Therefore, the annual reporting of these environmental indicators applies to all partners in our supply chain. Performance in terms of water and energy efficiency is an important part of our partner evaluation system. As indicated in the «Communities» section, by 2025 our objective is to see 100% of our partner factories reach at least the «Silver» level of excellence as defined by Lacoste. Wherever necessary, we will accompany our suppliers in implementing corrective action plans.

Transport

Our organization's regional platforms limit intercontinental transport to only a few specific core products from our collections. However, we are always looking for ways to improve the impact of our transportation.

Packaging and plastics

We have redesigned the packaging given to our customers in store. Since the 2020 Autumn-Winter collection, all packaging in paper or cardboard are FSC certified and includes 40% of recycled paper. We also use environmentally friendly inks and have removed the plastic coating from all our packaging to facilitate recycling. The handles of our bags are now made of paper, making our packaging 100% recyclable.

3/2

USE PHASE: DOUBLING THE LIFESPAN OF OUR ENTIRE POLO RANGE

A KEY ENVIRONMENTAL CHALLENGE

The environmental impact resulting from the production of an item of clothing must be considered in relation to the number of uses that it will have. Consider the production of a polo shirt. Assuming that from the field where its cotton is harvested to the store shelf, its production and distribution require the use of 350 liters of water and produces the equivalent of ten kilos of CO₂.

Clearly, these figures will not be interpreted in the same way if this polo shirt becomes obsolete after a few uses or if, conversely, it allows the buyer to wear it for several years. This is what we at Lacoste call the use value of a product.

The decline of this use value is one of the main criticisms that condemn the changes to our industry.

In its 2017 publication, the Ellen MacArthur Foundation estimated that the number of uses per garment had declined worldwide by an average of 36% over the previous 15 years⁷. The reason for this is due to the mass marketing of lower quality clothing at reduced prices.

Designing a garment that is long lasting, maintaining its quality wash after wash, has always been the most effective way for Lacoste to reduce its environmental footprint.



7. Ellen MacArthur Foundation «A new textile economy: redesign fashion's future» (2017)



DURABILITY AT THE HEART OF LACOSTE'S APPROACH TO QUALITY

Lacoste is proud that its brand has always been associated with a high-quality reputation. This is the result of our historical expertise that the company has carefully maintained generation after generation and through significant investments.

In fact, we have:

- In 2017, created an internal **training school**, the Manufacturing Academy, to pass on our expertise and support our teams in the evolution of technologies and professions;
- Strengthened our **development team**. Today, it brings together experts dedicated to technical innovation, products, and materials. In particular, we have developed our ability to imagine, develop and produce innovative products thanks to our **designers and prototypists**;
- Continually improved our quality **specifications** and inspections to align the company with the highest standards and practices in the industry;
- Invested in our **internal laboratory**. Based in Troyes, the laboratory tests the finished products and allows us to have a global perspective on quality, with standardized and traced inspections. The laboratory recently obtained ISO 17 025 certification in April 2021, rewarding the operational success of our investments. This understanding of quality data is essential for continuous progress.

This ongoing search for the highest level of quality is also the major driving force of our product innovation initiatives, and is in line with our constant goal of creating products that always last longer.

MEASURING THE DURABILITY OF PRODUCTS

Now more than ever, it is crucial to have an objective means of evaluating the physical durability of textile products. In the past, we relied on **data collected from our customers to better understand their behavior**, their care habits and their understanding of quality degradation. Lacoste surveyed 3,000 customers in four countries (France, UK, USA and South Korea). This allowed us to reassess the number of times a Lacoste garment is worn. It also enabled us to quantify the number of washes after which it is still considered wearable by the consumer, i.e. not deteriorated by a hole, faded colors or other signs of wear.

However informative these studies may be, they are based on subjective feelings that could not be considered as a perfectly reliable method. In the absence of any other internationally recognized method, we have developed our own test protocol to provide an objective assessment of product durability.



We not only relied on **consumer expectations**, but also on the **quality standards recognized** in the industry along with other existing protocols. As a result, Lacoste has been able to establish acceptability tolerance limits for the shrinking of a garment or the fading of colors, for example. Together with visual tests to check signs of degradation on potentially fragile areas, this protocol allows us to quantify the number of wash cycles the product can withstand while still preserving physical properties as close as possible to those it had when it was first purchased.

At the end of 2020, we asked Quantis, a company recognized worldwide for the robustness of its environmental methodologies, to verify the validity of our test protocol. Having received a favorable opinion from them, we have invested in our laboratory in Troyes to enable us to standardize these tests during the development process of our new collections. Considering the importance of the durability issue for the industry, we wanted this protocol to serve as a reference method and be freely accessible to everyone. Therefore, it is available as open source.

In the first quarter of 2021 we evaluated the durability of our entire range of polo shirts sold in 2020 based on this protocol. For our iconic polo, the L12.12, it was 30 wash cycles (about 2.5 years of use) without a significant degradation of quality. Based on this information, we can now set targets for improving the life of our products.

DOUBLING THE LIFESPAN OF OUR PRODUCTS

Over the last few years, Lacoste's Quality Department has coordinated several work groups to examine all available technological options and formulas to optimize thread resistance, colorfastness, as well as robustness of the seams, buttons and labeling. Another fundamental aspect to maintain the quality of the products are the care requirements. **It is for this reason our teams develop products that can be washed at low temperatures and air-dried easily.**



This research has now been deemed successful. By working on five points of potential «fragility», we have extended the life of our iconic polo, the L.12.12, which was confirmed by our durability measurement protocol. Durability has doubled compared to previous collections.

From 2022, all of our L.12.12 polo shirts, that equates to almost two million items per year, will benefit from these advances. And we don't intend to stop there. Lacoste is already working to identify areas of improvement to increase the durability of other products. Each Lacoste product is unique in its design, materials, industrial processes and manufacture. Therefore, each product is a different project. Our laboratory in Troyes is already reviewing new core products based on the Lacoste durability protocol to identify corrective actions to be implemented in pursuit of our goal to double the life span of all our products.

By 2025, we will reach a first milestone: making this goal a reality for all Lacoste polo shirts sold worldwide.



“EMOTIONAL” DURABILITY: LACOSTE’S OTHER EXPERTISE

When we discuss the life of a garment, we are not only talking about maintaining its physical properties over time. **The emotional appeal of the garment must be maintained for customers to retain their desire to wear it.** An item of clothing that is at the forefront of current trends can quickly go out of fashion the following season. We know that a product that is no longer wanted is likely to be put back in the closet or even thrown away, even if it is still in good condition.

To avoid this problem, the core of Lacoste’s product range has always consisted of timeless and iconic products, such as the famous L.12.12 polo. When we work on a new seasonal collection, we are very careful to avoid developing creations that would be quickly outdated.

The guiding principle is to develop clothes that our customers will want to wear again and again, and that coordinate easily with the rest of their wardrobe. Clothes that create and maintain an almost emotional bond with the owner. We pride ourselves in creating, generation after generation, an unwavering desirability and making our crocodile a rallying sign for increasingly diverse global communities of customers.

Finally, even a Lacoste product is not safe from accidents. A lost button, a tear, slight discoloration from washing at too high a temperature, etc. This is why we are exploring the implementation of new services for our customers. Several pilot schemes will be conducted in the coming months to offer repair services, refurbishment, and even «recustomization” of our products. All these initiatives have only one goal: to prolong the enjoyment of wearing Lacoste.



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END OF LIFE PHASE: GIVING A SECOND LIFE TO 100% OF OUR TEXTILE WASTE AND UNSOLD GOODS

The third and final area of commitment in our environmental policy is the end of life of our products. In the world today, three quarters of the clothes we wear end up in landfills or are incinerated. Even worse, much of this «waste» could have continued to be worn and most of these clothes that are no longer wanted could have had a new life. This is clearly a tremendous waste, both from an economic and ecological perspective.

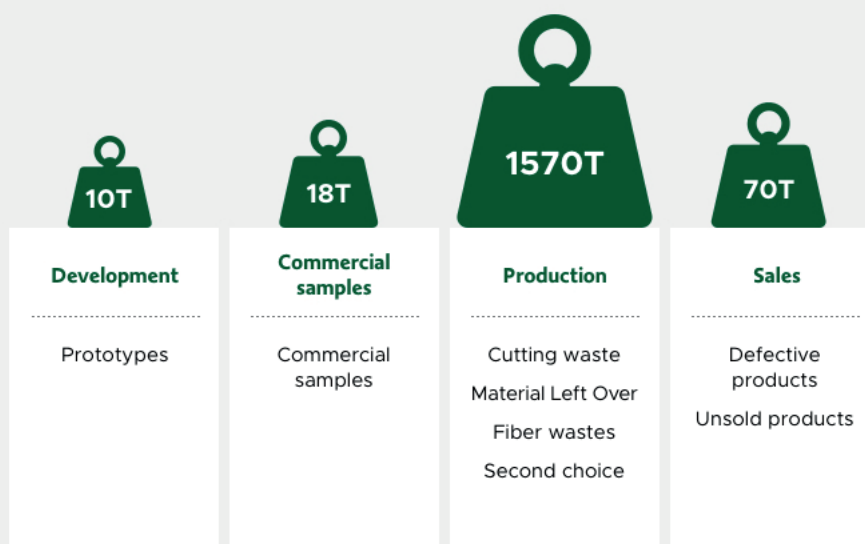
Changing this is at the heart of the vision Lacoste shares with the Ellen MacArthur Foundation: bringing the principles of the circular economy to life in the fashion industry.

This paradigm shift is a formidable challenge. We are aware that alone, Lacoste will not be able to achieve the necessary systemic changes to create this new reality for our industry. However, we want to show that even at our level, a new path is not only possible, but is above all a prerequisite for the long-term economic success of our industry. This is what we at Lacoste call the «Global Recycling» strategy.

OUR PRIMARY RESPONSIBILITY: RECYCLE OUR OWN TEXTILE WASTE

Even before considering the end of life of Lacoste products, we believe our first responsibility is to ensure an end of life for all the textile materials we have produced without our customers ever seeing them (rolls of unused fabric, offcuts, products that do not pass quality tests, unsold items, etc). All of this accounts for around 1,668 tons of materials that we are primarily responsible for recovering.

Textile losses from Lacoste operations (2019)



The vast majority of this waste is the result of material losses during the manufacturing process. Cuttings and unused materials represent approximately 15% of all fabrics purchased by Lacoste. Our Product and Design teams are continually developing cutting models and «patterns» for the most optimal use of fabric. **Today, thanks to computer modeling, we have achieved a level of efficiency that brings us close to the lowest possible level of material loss,** leaving only minor areas for improvement in the production stages. In addition, to reduce the volume of waste (unused fabrics at the end of the collection), we have been working with our partners for a long time to adapt our orders to precisely meet our production needs.

The second largest source of loss is, to a much lesser degree, finished products that do not meet Lacoste's quality requirements. Obviously there is no possibility that we will compromise on this by lowering our standards. On the contrary, we increase the requirements of our specifications with our partners each year. Also, to reduce the amount of defective products, we prefer partners who prioritize manufacturing quality. We build long-term relationships with them based on collaboration, by ensuring continuous dialog between our teams and by sharing our expertise through ongoing technical support and dedicated training.

Finally, measures are in progress to reduce other types of textile waste: 3D prototyping of products is being implemented, reducing the amount of commercial samples (halved between 2020 and 2021), fiber waste, etc. Unsold products represent only 0.4% of manufactured products, a very low proportion compared to industry averages. These are products that remain in stock in our warehouses and stores at the end of a collection..

At Lacoste, we take great care to improve our sales forecasts each season in order to align our production as closely as possible to customer demand. We have already committed ourselves to guaranteeing «zero destruction» for unsold products.



Better **still would be to give them a second life, maximizing their value wherever possible bringing us closer to a closed loop.** Therefore, our cotton polo shirts showing defects have been recovered and recycled to make new fibers. Up to 30% of this fiber has been used to produce the yarn which makes our LOOP polo, to be marketed in early 2021.

The Loop Polo is leading showing the way forward by exploiting the approximately 1,668 tons of material generated by our activities in 2020. Our goal is for 100% of them to experience a second life by 2025.

This requires us to further strengthen collaboration with our partners to ensure this waste is recycled. This involves identifying or implementing a system tracking this waste as well as efficient recycling channels to maximize the recovery of these resources wherever we operate.

The difficulty of this lies in the wide variety of the products that make up our feedstock of textile wastes (leftover fabric rolls, off cuts, finished products, etc). Some is made from 100% cotton, and others from wool or polyester. **Some even contain a mixture of different fibers.** These products can be in a wide variety of colors, some printed, some embroidered. Each combination has its own recycling process. In certain cases, technological barriers can make their recycling more complex or impact the quality of the recycled material.



All of this waste cannot be reused to manufacture new Lacoste products in a closed circuit. Whenever technically and qualitatively possible, this will be the preferred method. If not, we will ensure that these materials are recycled into yarn for the textile industry, or at the very least, for other industrial applications such as thermal insulation or seat upholstery.

A Recycling department based in Hong Kong is dedicated to finding the most appropriate solution for each situation and for all regional circumstances.

They perform this task in close collaboration with our Research and Development, Purchasing, Quality and Operations teams. They also advise our Product & Design teams on how to design products with better end of life recyclability optimizing their future recovery potential. Finally, Lacoste's Recycling Department is building a global network of technical and industrial partners to implement recycling processes at each of our platforms and to explore the potential of emerging technologies. This will enable us to take a new step by extending our commitment to all textile losses in the upstream stages of the supply chain: recycling waste from the manufacture of yarn or fabric in particular.

INCORPORATING MORE RECYCLED MATERIALS INTO OUR PRODUCTS

The use of recycled materials is one of the fundamentals of the circular economy. It reduces the production or cultivation of new textile fibers, avoiding the environmental impact that would have resulted.

However, this virtuous solution faces several barriers that still limit its large-scale implementation.

These barriers are primarily technological. For some textile fibers, there are no reliable technical solutions, at least on an industrial scale. For other fibers, recycling processes do not always enable the recreation of physical properties equivalent to those of the original fibers.



The use of **recycled materials** is also impeded by market barriers. Not enough clothes are collected for recycling in the world. This reduces the development of industrial recycling capabilities and the availability of recycled textile material on the market. As a result, the supply is struggling to meet the growing demand from manufacturers and the price of recycled textile fibers is often uncompetitive compared to the raw materials. The processes enabling this industry development are to be built collectively.

Cotton represents 85% of the material we use. At Lacoste, integrating recycled material into our clothing essentially means incorporating cotton fibers that have been shortened during the recycling process. However, tests carried out by our laboratory have shown that we can integrate up to 30% of the recycled cotton, without reducing our quality or durability requirements.

Lacoste is working to constantly increase this limit. Our experts collaborate with research centers and industry pioneers to increase the strength of recycled cotton fibers or to disassemble products more easily without damaging the fibers. Until these technologies can be deployed at an industrial scale, our experts collaborate with our recycled cotton suppliers to optimize the settings of the recycling equipment and further improve the qualities of the recycled cotton.

Beyond the technical barrier, Lacoste is also working to increase the amount of cotton to be recycled. This is why we are going to encourage our customers to take all Lacoste textile products they wish to dispose of to our retail outlets. Several pilot experiments will be conducted in 2021 in different regions of the world to test this initiative. Along with a new promise: all Lacoste products collected in this way will have a second life.



OUR COMMITMENTS TO THE PLANET IN 2025

-15 %

of environmental impact by product we sell

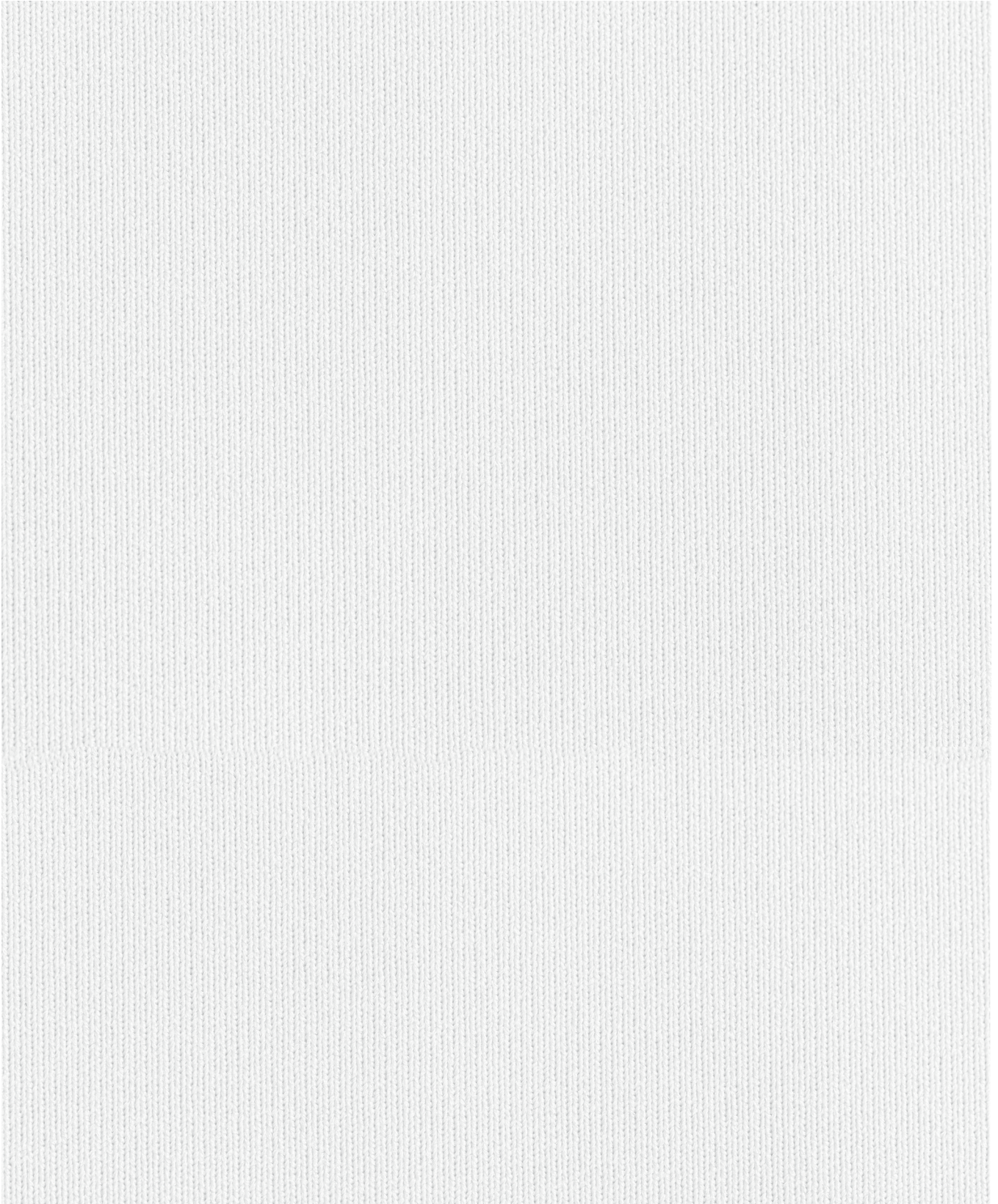
x2

the lifetime of our entire polo range

100 %

of our textile waste and unsold goods have a second life





LACOSTE

