

STELLA McCARTNEY



IMPACT REPORT YEAR 2023



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Message from Stella



“When I launched Stella McCartney, people called me an ‘Eco Weirdo’ for thinking we could have a fashion house without leather or fur. Today, I am proud to say we are leading our industry in pioneering material innovations that are kinder to our fellow creatures, humans and Mother Earth. Though the mission has evolved, the vision remains the same: show the world a better way is possible.”

STELLA MCCARTNEY, CREATIVE DIRECTOR

Message from our CEO

“At Stella McCartney, we are changing the future of fashion. We are pioneering a better tomorrow for all, today - showing our industry that you can celebrate women and create effortless desirability, without compromising on sustainability. We are uniquely creating collections that consumers want from the conscious materials our planet needs, and I hope other brands will follow in our lead.”

AMANDINE OHAYON, CHIEF EXECUTIVE OFFICER



Message from our CSO



“Our commitment to sustainability is our driving force - at the very core of our design, innovation, and creativity. We strive to create a positive impact on the planet and our society, spearheading change through cutting-edge, eco-friendly practices. Our dedication to protecting human and animal rights is unwavering, ensuring that every step we take is a stride towards a more ethical future. Together, and with Stella’s leadership, we are crafting a new legacy of conscious and sustainable business, where transparency and responsibility walk hand-in-hand.”

PASQUALE COPPOLELLA, CHIEF SUSTAINABILITY OFFICER

1. Introduction

At Stella McCartney, we are committed to understanding, measuring and disclosing our impact. We also recognise the growing interest and pressure on businesses to identify and report on their environmental and social impacts. This report provides an overview of the progress made in 2023 and outlines our current and future key priorities as a sustainable business.

The content of this report is guided by international frameworks, methodologies, legislation and industry reporting practices, and mirrors our commitment to the global goals and the Science-Based Targets Initiative (SBTi). Our goal is to present a more complete view of our impact, providing data and supporting our narrative with case studies that illustrate our commitment.

Founded in 2001 as an ethical conscious luxury lifestyle brand, Stella McCartney aims to bring awareness to the fashion industry. Our commitment is to be an honest, modern and ethical company without compromising luxury or quality. Our approach to sustainability is a continuous and evolving process, while recognising that we are not perfect, we are committed to giving value to every action we take. Our goal is to push boundaries, create new opportunities and drive change in the fashion industry.

We are aware of what the science says and align our practices accordingly. As a lifelong vegetarian, Stella McCartney has consistently refrained from using leather, fur, skins or feathers in her collections, setting a standard for the use of cruelty-

free alternative materials. Initially, this was a unique position in the fashion industry, but now many others adopt similar practices. As our understanding of environmental and community impacts evolves, our perception of sustainability expands to include resource efficiency, climate considerations and supply chain impacts. At Stella McCartney, we understand and take responsibility for the impact we have on people, animals and the planet. We recognise that our responsibility extends beyond sourcing and manufacturing and encompasses the entire life cycle of our materials. We recognise that our impacts are often shared with communities, competitors and the public. We believe collaboration is key to creating meaningful, widespread change. Addressing biodiversity loss and climate change requires the collective effort of the entire sector to drive transformative actions within our broader ecosystem.

Since 2019, Stella McCartney has been affiliated with LVMH, bringing a new perspective to the group. This partnership offers an opportunity for mutual guidance and learning from the Group's Maisons, as we work together to create the world we want to live in. Today, our brand includes collections from women's ready-to-wear, unisex capsules, kidswear, accessories, swimwear, lingerie, a performance-wear collaboration with adidas and beyond. We have 45 freestanding stores and shop-in-shop across global fashion capitals such as New York, London, Paris, Milan, Tokyo, Shanghai and Beijing. Our collections are available in 71 countries through over 651 specialty shops and department stores, as well as in 47 countries via our online store.



2. Our Strategy

2.1 VISION

At Stella McCartney, we are committed to not only addressing climate change and biodiversity loss but also adopting a comprehensive approach to sustainability. This includes collaborating with local communities along our supply chains and improving our sourcing methods to benefit the climate and communities worldwide.

We recognize the value of Earth's biodiversity and the essential ecosystem services it provides. As a fashion brand, we understand that our industry relies directly on nature for raw materials and resources. From our design process to manufacturing, retail practices, and even post-purchase experiences, we constantly explore innovative ways to minimise our impact and strive for net-positive actions.

People are also an integral part of the fashion industry. This includes the farmers who grow the crops, the workers who produce our clothes, our employees, and our customers. We believe in ensuring that everyone in our business and supply chain is positively affected by our work and is treated fairly.

While we have made significant progress in reducing our environmental footprint, we are fully aware that there is still much work to be done. We are energised and hopeful that others within and beyond the industry will join us in our collective efforts to create a better and more sustainable future.

2.2 OUR PILLARS

Since Stella McCartney considers sustainability to be crucial and rooted in its identity, it has identified five key pillars that are the centre of its sustainability strategy:

Materials and innovation: Sustainability starts with materials, which is why Stella McCartney pays particular attention to the materials used in our products. This is reflected in our vegan and cruelty-free approach, but also in our strong emphasis on recyclability and innovative next-generation materials.

Social compliance: Stella McCartney has a very thorough approach when it comes to social compliance by ensuring that we operate in conformity with regulations and by strictly controlling our supply chain, on which we carry out regular audits. We have defined a specific evaluation process that has to be carried out before starting to work with a new supplier and a strict control regarding the respect of human rights along the entire value chain.

Emissions control: Our company pays special attention to the environment and its emissions. Carrying out an annual carbon footprint assessment, validated by relevant bodies such as the Science Based Target Initiative (SBTi), allows us to monitor our progress towards our goals. In particular, Stella McCartney is committed to achieving net zero emissions by 2040 in line with the latest climate science and the Paris Agreement.

Traceability: One of the pillars on which our company is putting a lot of emphasis and effort is the traceability and transparency of its products and materials. This matter requires significant commitment and close work with suppliers, whereby the origin of raw materials can only be guaranteed at each step of the supply chain.

Biodiversity: Stella McCartney is strongly focused on the protection of biodiversity, as demonstrated by our years-long commitment to supporting and encouraging Regenerative Agriculture; an approach to support biodiversity.



3. Governance

Governance includes both the internal structure of Stella McCartney, which determines the individuals responsible for overseeing our environmental and social impacts, and our interactions with external partners and involvement in initiatives and industry boards.



3.1

INTERNAL GOVERNANCE

As far as the Internal governance is concerned, the Chief Executive Officer (CEO), Chief Sustainability Officer (CSO) and Board of Directors oversee and are responsible for Stella McCartney's environmental and social responsibility.

The Sustainability Team is in charge of monitoring ESG issues and the company's impacts, both internally and across the supply chain. The department is split into two areas:

- Product innovation and packaging, retail and communications;
- Environment and social responsibility, reporting and traceability.

The team is partly based in London, focusing on product innovation and packaging, retail, and communication, traceability and compliance; and partly in Italy, specifically overseeing environment, reporting, human

rights and social compliance, having a strong supply chain relationship in this country.

This organisational structure allows Stella McCartney to work and cover the main pillars on which our sustainability vision and strategy are based. Indeed, the team is responsible for monitoring environmental issues, undertaking emission reduction initiatives and reporting on targets, and overseeing disclosures to independent verifiers such as SBTi. On the other hand, the team also oversees social responsibility and human rights issues, to implement the social programme on a day-to-day basis – covering all areas of managing the impact our business has on the supply chain and on the company as a whole. The social impact of our workforce is the responsibility of several HR departments, including Talent Acquisition and Talent Development. The team also works closely with the design teams, consulting on product development and production to ensure that materials for our collections are responsibly sourced as well as promoting research into next-generation innovations and low-impact materials.



3.2 EXTERNAL GOVERNANCE

Ethical Trading Initiative (ETI)

The Ethical Trading Initiative (ETI) is a UK-based independent body that brings together companies, trade unions and non-governmental organisations to ensure compliance with international labour standards in the global supply chains of member companies. As a member of the ETI since 2012, Stella McCartney commits to the ETI Member Charter (2021), which outlines the actions, behaviours and ways of working essential to achieving the ETI's mission and to implementing all the actions needed in order to achieve an ethical and sustainable supply chain. As part of the membership, our company is committed to the ETI Basic Code, used as the basis of our Supplier Code of Conduct, and adheres to ETI's frameworks by actively participating in their programmes and working groups.

UNFCCC Fashion Industry Charter for Climate Action

As a signatory of the UNFCCC, Stella McCartney commits to the UNFCCC's collective commitment to a 30% reduction in GHG emissions across Scope 1, 2 and 3 by 2030. In addition to the commitment to reduce GHG emissions, as a signatory we have also committed to prioritising low-carbon materials, stopping using coal power in our supply chain, supporting renewable energy adoption, using low carbon transport and working with policymakers, governments and the finance community to drive change.

Textile Exchange

Textile Exchange is a leading non-profit organisation that works closely with its partners to drive the transformation towards sustainability in the textile industry, ensuring integrity, well-identified standards and responsible supply chains, as well as issuing important certifications. As a member of the Textile Exchange since 2013, we have committed to 100% sustainable cotton – which includes organic, regenerative and recycled cotton – by 2025. We annually report

our material uptake and strategy in the Textile Exchange Materials Benchmark Survey. This survey highlights our preferred fibres, and we are benchmarked against other brands that report on the materials and quantities used.

Ellen MacArthur Foundation

The Ellen MacArthur Foundation is a charity, founded in 2010, that works in the field of Circular Economy. It has always supported companies and educational institutions to accompany them in their green transition processes. As a signatory of the Ellen MacArthur Global Commitment, Stella McCartney has committed to eliminating all virgin plastic packaging by 2025. This is a global commitment led by the Ellen MacArthur Foundation in collaboration with the UN Environment Programme (UNEP) and is driven by the goal of tackling plastic pollution.

Apparel Impact Institute

Apparel Impact Institute (Aii) is a US-based nonprofit collective founded in 2017. Aii reduces scope 3 emissions and accelerates positive impact by identifying, funding, scaling, and measuring proven and promising decarbonisation solutions in the apparel and footwear value chain. Stella McCartney joined Aii's Clean by Design programme in 2021, to work closely with our suppliers and support them in increasing energy and water efficiency in their production facilities.

Sustainability Makers – the professional network

Sustainability Makers is an Italian association bringing together professionals who are dedicated to the definition and implementation of sustainability strategies and projects in companies and other organisations. It is a Third Sector organisation that works to qualify and promote these professionals with the aim of increasing their competence and authority, through training and networking activities, studies and research, conferences, workshops and webinars. A representative of Stella McCartney has been enrolled in the association since 2023.

Ethics & Compliance Committee

In May 2023, the Ethics & Compliance Committee was created with a mission to enhance a culture of ethics and compliance within our company. Among the committee's areas of intervention are the fight against corruption and bribery; the compliance with anti-money laundering laws; the duty of care and human rights; the compliance with international sanctions programmes and data protection.

The E&C Committee, currently composed of 4 members appointed by the Board of Directors, meets twice a year to define the main risks, priorities and objectives for the aforementioned topics, to ensure the proper roll-out of the programme and the implementation of the actions established to achieve each objective, and to encourage practice sharing between departments.

Within the framework of the committee, two correspondents were also mandated

to coordinate and animate the compliance programme, liaising with different departments in order to put the right policies and processes in place and to share best practices across the company.

The work carried out by the E&C committee during 2023 achieved its first outcomes. Indeed, it enabled the redefinition of the Code of Conduct by obtaining a first draft of the Ethical Code for employees to be reviewed, as well as the drafting of Policies and Declarations on the conflict-of-interest process and the sharing of new guidelines on Anti-Money Laundering together with the implementation of a control system.

4. Environment

The fashion industry has environmental effects that span from the extraction of fibres and resources in farms, forests and mines to the energy and materials used in manufacturing processes and retail operations. We acknowledge our responsibility for these impacts and are actively striving to improve our environmental interactions and management practices.



4.1 CLIMATE

Despite the growing recognition of the importance of sustainability, the fashion industry still has a substantial environmental impact. Research indicates that this industry is accountable for approximately 8% of global greenhouse gas emissions. Moreover, the industry is expected to expand further due to population growth and increased consumption patterns. Given these circumstances, it is crucial for fashion industry leaders to accelerate the process of decarbonization throughout the sector.

Stella McCartney has made a pledge to achieve net-zero emissions by 2040 for both our direct operations and our entire supply chain (Scopes 1, 2, and 3). This commitment aligns with the latest climate science and the goals set forth in the Paris Agreement.

In 2020, we committed to establishing targets that align with the Science Based Targets Initiative (SBTi). This initiative offers a clear framework for companies to decrease their greenhouse gas (GHG) emissions, thereby mitigating the severe consequences of climate change. When targets are deemed “science-based,” they adhere to the latest climate science’s recommendations for achieving the objectives outlined in the Paris Agreement, which aims to limit global warming to 1.5°C

TABLE 1: SCOPE 1 & 2 EMISSIONS

SCOPE	FY2019 (BASELINE) (TCO2E)	FY2022 (TCO2E)	FY2023 (TCO2E)	FY2023 CHANGE TO BASELINE
Scope 1	258	87	353	37%
Scope 2 (Market Based)	981	209	108	-89%
Total	1,239	296	461	-63%
Renewable-sourced electricity	57%	68%	78%	21%

Table 1: Scope 1 & 2 emissions

above pre-industrial levels.

Our science-based targets were submitted to SBTi in October 2022 and were validated as of June 2023. The first Carbon Footprint assessment under the GHG protocol, which includes our operations (Scope 1 and 2) and our broader value chain (Scope 3), dates back to FY2019. This is the baseline year for the science-based targets we have set. In the following paragraphs, reference is made to the emission calculation carried out in 2024 for the fiscal year 2023.

In 2024, Stella McCartney aligned with LVMH in the calculation of its Carbon Footprint, therefore it is important to highlight that a different methodological approach was therefore taken for FY2023 in comparison to FY2019 and FY2022. We must take this into account when reflecting on any increases and reductions in emissions. The methodology and emission factors used changed as well as the Carbon Footprint Scopes 1 and 2 calculation as car fleet emissions and fugitive emissions were not initially included in the 2019 and 2022 carbon footprints. Additionally, the Scope 3 calculation excludes Categories 10 (Processing of sold products), 13 (Downstream leased assets), and 15 (Investments) considered to be non-material for the company.

¹ Measuring Fashion: Environmental Impact of the Global Apparel and Footwear Industries Study



4.1.1 OUR FOOTPRINT – OPERATIONAL EMISSIONS

Our operational emissions are the emissions over which we have operational control, and which therefore reside within our organisational boundaries. These emissions result from the gas and electricity consumption of our shops, offices and distribution sites and, according to the GHG Protocol, are referred to as Scope 1 and 2 emissions.

Emissions from our direct operations (Scope 1 and 2) account for 2% of our total GHG emissions footprint. However, Stella McCartney has committed to reduce absolute Scope 1 and 2 GHG emissions by 75% by 2030.

Our operational emissions in 2023 have reduced by 63%, compared to the baseline. The progress in reducing emissions has been achieved through the implementation of energy efficiency

measures in facilities that use gas and electricity, as well as the closure of certain stores.

We are also committed to increasing the use of renewable electricity to 100% by 2030. Since 2023, 78% of our Scope 2 sites have run on renewable energy, which means we are on track to meet our target.

Currently, all the electricity used in our direct operations in the United Kingdom is purchased using a green-tariff contract.

During 2023, our facilities’ energy conservation programme continued – with measures including switching off lights in offices and warehouses and setting temperatures to -1°C/+1°C compared to the previous winter/summer. This initiative is supported by facilities management and retail operations.

We have planned to install efficient LED lighting systems in our new and refurbished shops, aiming

to convert 100% of our lighting systems by 2025. During 2023, the Aoyama flagship shop in Japan was completely converted to LED, while the Barcelona shop was partially converted, achieving 95% LED among our sites.

4.1.2 OUR FOOTPRINT
– SUPPLY CHAIN

Our Scope 3 emissions refer to those emissions that are beyond our direct control, as outlined by the GHG Protocol. These emissions from our value chain, accounting for 98% of our total emissions, predominantly arise from activities such as sourcing and production of raw materials, production of finished goods and waste generated during production and transportation.

In 2023, we restated our Scope 3 baseline for the fiscal year 2019, incorporating the relevant categories from the Greenhouse Gas Protocol. This decision was made as we shifted away from using the EP&L results to calculate our Scope 3 emissions, instead relying on alternative data sources. By updating our baseline, we ensure that we are using the most recent and accurate data, allowing us to better focus on implementing short-term mitigation measures.

For some Scope 3 emissions sources we are able to work with our supply chain to collect primary data on GHG emissions. With each reporting year we do our best to obtain more granular primary data from the supply chain and departments as we aim to improve the accuracy of our footprint. However, for many other emission categories we rely on Life Cycle Assessments (LCAs) to provide estimates of GHG emissions based on widely used life cycle data sources.

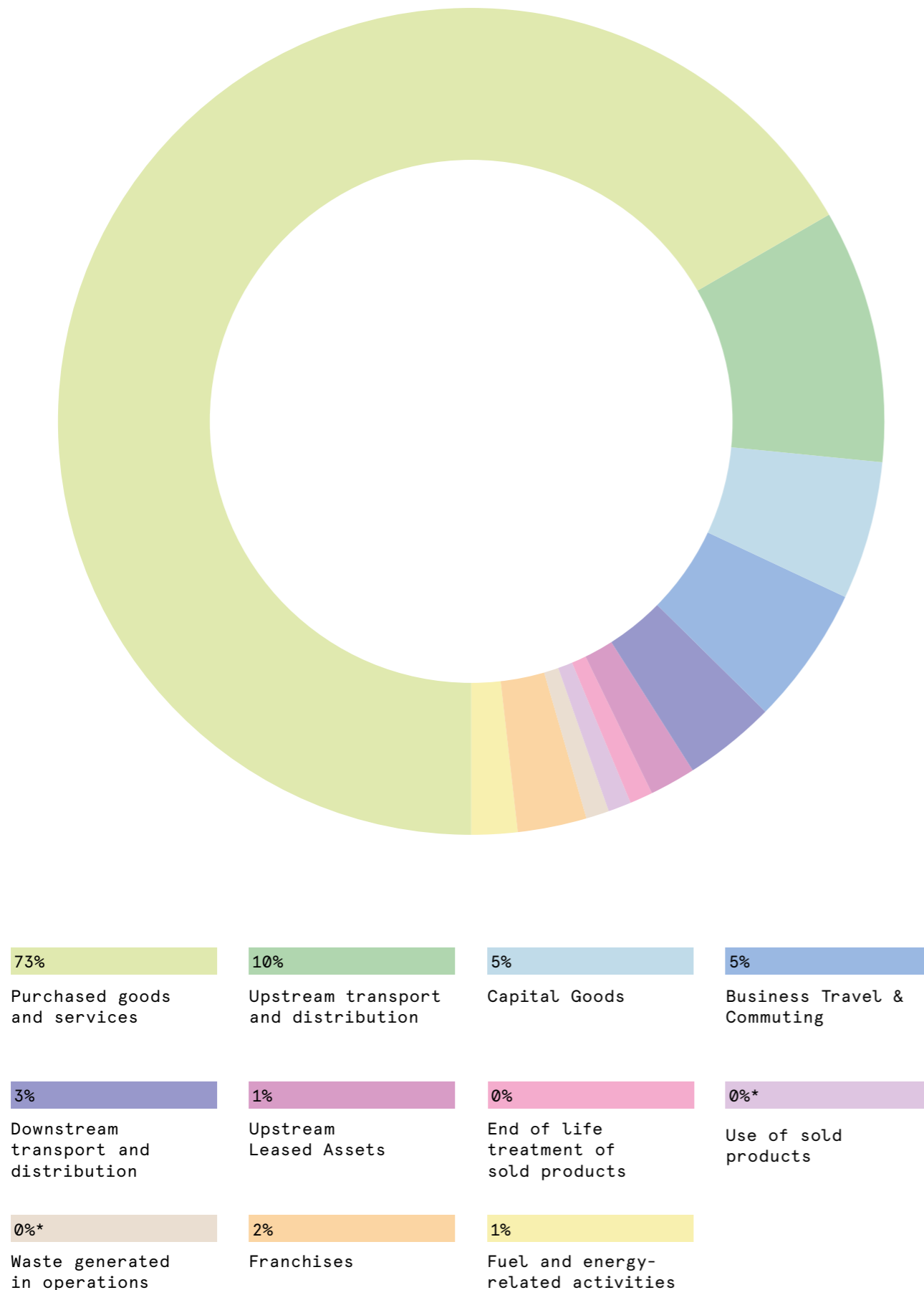
We have committed to reducing absolute Scope 3 GHG emissions by 46.2% by 2030, from a 2019 baseline. When compared to our restated baseline of 2019, our Scope 3 emissions for 2023 showed a reduction of 36% – indicating that we are making progress towards achieving our 2030 target. The main factors that identified an overall reduction of scope 3 emissions, compared to the baseline, were mainly due to the change in methodology and emission factors used. Further reduction can be seen across the purchase of goods and services, from upstream transport and distribution, business travel and commuting, and franchises.

Nevertheless, it must be noted that increases in emissions are seen when comparing our 2022 and 2023 carbon footprints. These increases are due to more granular-level data from the year prior as well as the change in methodological approach and emission factors as Stella McCartney aligns with the LVMH methodology.



TABLE 2: SCOPE 3 EMISSIONS

SCOPE 3 CATEGORY	FY2019 (RE-STATED BASELINE) (TCO2E)	FY2022 (TCO2E)	FY2023 (TCO2E)	PERCENTAGE CHANGE (FY2023 TO RE-STATED FY2019 BASELINE)
Purchased Goods and Service	27,662	17,174	18,297	-34%
Capital Goods	1,520	881	1,221	-20%
Fuel and energy related activities	254	158	211	-17%
Upstream transport and distribution	4,321	3,501	2,438	-44%
Waste generated in operations	2	90	7	250%
Business Travel & Commuting	2,061	2,214	1,318	-36%
Upstream Leased Assets	172	220	141	-18%
Downstream Leased Assets	25	19	n/a	n/a
Downstream transportation & distribution	109	644	645	492%
Use of sold products	1,866	1,923	98	-95%
End-of-life treatment of sold products	16	184	139	769%
Franchises	1,474	3,732	631	-57%
TOTAL	39,482	30,740	25,146	-36%



*These categories account for a minor percentage of our Scope 3 footprint.

Purchased goods and services

Our Scope 3 emissions footprint is mainly influenced by the materials and services we purchase, which account for nearly three quarters of our total emissions. We have made substantial progress in reducing these emissions since 2019, with a 34% decrease in total emissions associated with this category.

The reduction in the emissions per tonne of goods for resale passed from 28 tCO₂e in 2019 to 18 tCO₂eq in 2023, driven by continuously increasing our uptake of low-impact, responsible and next-gen materials in comparison to virgin raw materials. Additionally, as part of our commitment to addressing land-based emissions and to complement our existing SBTi targets, we are currently developing FLAG-specific SBTi targets to address our carbon impacts associated with raw materials, which will be submitted to SBTi as well.

We have adopted a three-fold approach to reduce emissions related to the goods and services we purchase. Firstly, we are actively supporting regenerative agriculture initiatives within our value chain. These projects aim to enhance carbon capture and storage by implementing sustainable farming practices and effective land management techniques. Initially, our focus is on collaborating with SÖKTAŞ for cotton and NATIVA and ZQ for wool. Regenerative agriculture approaches work in harmony with nature to restore soil organic carbon, promote local biodiversity and improve the health of watersheds, while also striving to uplift farmers' livelihoods. Additionally, as part of our commitment to addressing land-based emissions and to complement our existing SBTi targets, we are currently developing FLAG-specific SBTi targets to address our carbon impacts associated with raw materials, which will be submitted to SBTi by the end of 2024.

Our second approach involves the exploration of alternative raw materials with a lower carbon footprint. One notable example is ECONYL®, a nylon yarn made from regenerated waste. The development of circular products is

essential for reducing emissions by prolonging the lifespan of goods and minimising resource waste. By prioritising durability, repairability and recycling, these products significantly decrease the demand for raw material extraction and production – both of which are energy-intensive processes that contribute to greenhouse gas emissions.

As part of our third approach, we are actively collaborating with our suppliers to assist them in reducing the environmental impact of their production processes. It is essential that our supply chain partners share our commitment to achieving a net-zero future in order to bring about significant change on a large scale. In 2021, Stella McCartney joined the Clean by Design programme, which was initiated by the Apparel Impact Institute. This programme aims to create a platform for manufacturers to coordinate, finance and expand the implementation of proven environmental solutions within the apparel and footwear industry. During 2023, Stella McCartney continued to include Tier 1 and Tier 2 suppliers in the programme, with three of its suppliers being onboarded – meeting the target of adding a minimum of three suppliers each year.

Stella McCartney is dedicated to reducing our production and is currently reassessing our collections for the future. Our ultimate goal is to create fashion items that possess high quality, timelessness and desirability so that they can be treasured and enjoyed for years to come – eliminating the need for customers to constantly buy new items. From Stella's standpoint, this approach represents true sustainability.

Capital Goods

Capital goods include upstream emissions from the production of capital goods we have purchased, including machinery, furniture, equipment, props and technology. This category also includes emissions from the construction and refurbishment of our stores.

Emissions from Capital Goods have decreased by 20%. In cases where supplier emissions data is unavailable, we estimate using industry

average greenhouse gas (GHG) intensities based on commodity type and expenditure data.

We are broadening our circularity approach by implementing it in more events, visual merchandising and retail spaces. Our goal is to reuse and recycle décor and props, as well as source recycled and reclaimed materials. When making decisions regarding construction and refurbishment projects, we carefully monitor and evaluate the embodied carbon emissions at every stage. This enables us to reduce these emissions and showcase the reduction decisions we make at the product level. An example of this is incorporating reclaimed materials in our recent store refurbishments.

Upstream and Downstream Transport and Distribution

Our logistics and distribution footprint accounts for 12% of our Scope 3 footprint. Most of our transportation and logistics emissions are attributable to transporting finished goods from suppliers to our distribution hubs and from hubs to retail locations via road or air freight for overseas.

We are collaborating with our logistics partners to enhance efficiencies and transition to carriers with lower emissions. Similar to the modifications we have made in order to reduce the size and weight of our packaging, we are optimising each transportation journey for our products. This includes implementing electric vehicles for some transport and in some cities.

Lowering the emissions from our logistics operations is crucial, and one way we can achieve this is by reducing air freight shipments. As sustainable transport solutions continue to develop and become commercially available, such as rail and multi-modal shipments, we will actively consider adopting these options to further lessen our carbon footprint.

Business Travel and Commuting

We have operations in various countries worldwide, making business travel an essential

aspect of our work as an international company. Collaborating effectively with our colleagues, suppliers and manufacturers often requires us to visit their locations.

Our 2023 emissions reduced by 36% in comparison to our baseline, largely due to the placement of a cap on business travel and the possibility of working from home.

While emissions from business travel represent a small part of our overall emissions, we recognise that each action can support us in achieving our net-zero target. The update of our Company Travel Policy, putting in place measures that encourage more sustainable behaviours, such as travelling by train instead of plane and choosing economy instead of business class, as well as using video and phone conferencing to reduce the total need for travel, has made it possible to take action on this emission category.

Use of Sold Products

The emissions resulting from the use of our products stem from the cleaning and drying processes. To educate our customers on the most sustainable ways to care for their garments, we introduced Clevercare at the Copenhagen Fashion Summit in 2014. Clevercare is a garment labelling system that serves as a reminder for customers to consider the environment when washing and maintaining our clothes. It covers five key aspects of clothing care: washing, temperature, drying, ironing and dry cleaning. By following the Clevercare instructions, customers can prolong the lifespan of their garments, minimise the number of items ending up in landfills and reduce their environmental impact.

Franchises

Our franchises are outside our operational control given that we do not have day-to-day oversight of the operations. Emissions related to the franchising of Stella's products has decreased 57% from the baseline. This is largely a result of taking the royalties of sales into account as well as a change in methodology and emission factors.



In order to support our decarbonisation strategy, we ensure that our franchised partners follow our material brand guidelines, supplier code conducts and responsible sourcing guidelines and we actively work with them to discuss new materials and innovations. Indeed, our franchise partners must always adhere to our sustainability policies as set out in our partnership agreements.

Neutralising residual emissions

Conscious that traditional offsetting measures are not sufficient to achieve net zero emissions in accordance with SBTi verified targets, Stella McCartney has historically met its climate commitments primarily by offsetting greenhouse gas emissions through the purchase of carbon credits from various renewable energy and nature-based projects that adhere to the Verified Carbon Standard (VCS) and the Gold Certified Standard, which allows for permanent carbon storage.

Moving forward, our aim is to utilise carbon removal credits from a range of negative emission technologies, such as afforestation and reforestation, soil carbon sequestration and direct air capture.

Furthermore, our objective is to decrease our emissions and store carbon directly in our own supply chain. Through our investment in regenerative agriculture projects, we are able to store carbon, enhance biodiversity, restore ecosystems and support local farmers' livelihoods. In our initial pilot project, we collaborated with SÖKTAŞ in Turkey to develop and implement regenerative agricultural practices with cotton farmers in our supply chain. More on this project can be found in the paragraph 'Case Study: Regenerative Cotton; SÖKTAŞ, Turkey'.



4.2 WATER

Water scarcity and pollution is a major concern for the fashion industry, which faces water challenges throughout the supply chain, including the sourcing and distribution of raw materials. Processes such as cotton growing and dyeing, which require significant amounts of water, contribute to the depletion of this precious resource. To tackle this problem, it is essential to systematically collect, measure and communicate data on water consumption, set clear targets to reduce pollution and work with suppliers to find sustainable solutions.

Stella McCartney aims to minimise our use and consumption of fresh water and to pay attention to how it is discharged. Therefore, it is essential to ensure that sufficient quantities of recycled, brackish and produced water are available. Recycled water can be used in all activities in our production processes and in the harvesting and cultivation of certain crops; for example, cotton can be irrigated with brackish water. As we work to reduce our overall water footprint, we prefer to use recycled water wherever possible. We can do this when the infrastructure exists to safely collect and recycle water, which depends on each producer and the infrastructure and systems they have in place.

Stella McCartney is committed to further reducing our water footprint by incorporating sustainable alternatives to conventional materials and partnering with suppliers. For instance, we are actively decreasing our reliance on conventional cotton and prioritising organic and regenerative cotton, which require less water for production. We specifically source our organic cotton from suppliers that have obtained GOTS certification, which, among other assessments, ensure control over water use in the cotton production process.

In 2023, we continued our partnership with NFW for the use of their MIRUM® – a plastic-free, biobased alternative to leather. A screening level LCA performed on MIRUM® production indicates that it has a lower impact on freshwater ecotoxicity and eutrophication than

would be expected from conventional leather. MIRUM® also requires very little water use. The main factor of water use is the processing and cultivation of MIRUM®'s raw materials; whereas during the production phase, it requires less water and, above all, does not produce effluents. Comparatively, conventional leather uses huge amounts of water and often pollutes it. These factors combined have made MIRUM® an alternative with significant potential.

Stella McCartney is also part of the Clean By Design programme, led by the Apparel Impact Institute, that engages and supports its garment and textile suppliers in reducing water consumption and increasing water efficiency as well as reducing their carbon emissions across their operations and manufacturing facilities.

In order to avoid water pollution, we require wastewater quality to align with local regulation. Whilst we do not identify and classify our potential water pollutants, our Responsible Sourcing Guide communicates our expectations, policies and guidelines to our suppliers on water use and stewardship.

We understand that, across our materials, conventional practices have the potential to pollute, so we have identified and set targets for our raw materials – including a goal of reaching 100% collection sustainability.

With the aim of making progress in assessing our impact on water consumption, Stella McCartney assesses its water impact by also submitting a report in line with the Carbon Disclosure Project.

4.2.1 CLEAN BY DESIGN PROGRAM

The Clean by Design (CbD) initiative is a strategy aimed at enhancing green supply chain efficiency by uniting global apparel retailers and fashion brands to mitigate the environmental impact of their factories worldwide.

Clean by Design is an energy and water efficiency program implemented by major fashion brands, suppliers, and stakeholders – sometimes jointly – to achieve significant reductions in their carbon footprint. CbD enhances the environmental performance of mills in the apparel supply chain by offering technical assistance and guidance to improve energy and water efficiency through best practices. The programme, together with a third-party expert, conducts an assessment to evaluate the current environmental performance of the involved suppliers' facilities. Upon completion of the assessment, the expert provides a business case for improved energy consumption and water management.

The programme, together with a third-party auditor, conducts an assessment to evaluate the current environmental performance of the involved suppliers' facilities. Upon completion of the assessment, the auditor provides a business case for improved energy consumption and water management.

The programme assists the supplier in conducting an energy assessment and offers guidance on enhancing efficiency through a roadmap for progress. Additionally, an in-depth inventory of water use is carried out at suppliers' facilities and recommendations are made for potential reduction methods. The water consumption is measured and assessed for leaks by assessing the machines, production processes and water management infrastructure in place.

The aim of these activities is to identify gradual solutions for minimising the supplier's environmental impacts. Through a collaborative and continuous improvement approach, Clean by Design targets key areas with significant environmental footprints for scaling improvements.

By already partnering with four of our suppliers through the Clean By Design programme, Stella McCartney has been able to assess and quantify the results achieved in terms of energy usage and

water reduction as follows.

Achille Pinto, a RTW supplier, was onboarded onto the Clean by Design programme in 2021 – with the activities ended in 2023. The following actions were implemented due to the programme's recommendations:

- Reverse Osmosis maintenance
- WW tank insulation
- Upgrade of Heat Exchanger
- Upgrade of Rameuse 1
- Upgrade of Rameuse 2

As a result, Achille Pinto reduced its energy usage by 6% and water consumption by 0.3% through 2023.

Mantero Seta, a RTW supplier, was onboarded onto the Clean by Design programme in 2021 and the activities ended in 2023. The following actions were implemented due to the programme's recommendations:

- Enhanced metering practices and data management
- Upgrade of Heat Exchanger
- Steam production optimisation
- Automatization of water consumption in cold washing machine
- Automatization of water consumption in hot washing machine

As a result, Mantero Seta reduced energy usage by 27% and water consumption by 54% through 2023.

Italtex, a RTW supplier, was onboarded onto the Clean by Design programme in 2021 and the activities ended in 2023. The following actions were implemented due to the programme's recommendations:

- Photovoltaic roof
- Efficiency interventions on HVAC

As a result, Italtex reduced energy usage by 12% through 2023.



4.3 MATERIALS

The materials we use are the cornerstone of our commitment to sustainability. They are the building blocks of our mission to promote positive practices for nature and circularity. We combine nature's gifts with cutting-edge innovation to create the most desirable luxury fashion. By investing in next-gen and ethically sound alternatives, we have the power to revolutionise the future of the fashion industry.

We engage in extensive research and development to discover new materials with minimal environmental impact, including pioneering fibres and plastic substitutes. Stella McCartney excels in innovation and product development and continues to lead in this field, launching new innovations, scaling up usage of regenerative agriculture materials and phasing out fossil fuel-based synthetics. Our ultimate goal is to identify alternative options of the highest quality and lowest environmental impact, thus replacing materials that currently place a heavy burden on resources. Achieving the same level of luxury with these low-impact alternatives is a significant challenge, but one that we are ready to undertake.

Since our foundation in 2001, we have firmly maintained our commitment to never use animal fur. Currently most synthetic furs are made of synthetic fibres and polyester, although this may make them cruelty free, it doesn't necessarily make them sustainable due to the immense impact plastics have on our planet. For this reason, we are continuously striving to discover the optimal plant-derived substitute for animal fur and, at Stella's Sustainable Marketplace for COP28 in 2023, we showcased a coat made using Savian by BioFluff – the first 100% plant-based, plastic-free fur alternative. In addition, we have also banned acrylic from our collections, which adds to our challenge of finding alternatives to fur. Recently, our research efforts have been directed towards minimising the use of plastic in our footwear. Since a shoe is made up of numerous components and must be durable and perform well, most of these components are currently derived from fossil fuels. However, our goal is to replace these materials with biobased alternatives

or to increase the percentage of biobased materials wherever possible. We have engaged with new partners for the creation of biobased polyurethanes and polyester alternatives.

In our pursuit of a sustainable future, we are actively investigating fibres derived from the capture of methane and carbon to reduce the carbon footprint of our supply chain emissions. Additionally, we are conducting research to find alternatives to silk; a particularly challenging task due to the intricate nature of silk filament yarn replication.

This research necessitates significant effort and collaboration with innovators – involving extensive testing, trials and inevitable obstacles and frustrations. However, it also brings about moments of joy and pride.

In 2023, we continued our work with Natural Fiber Welding (NFW) and launched their MIRUM® material, the 100% plastic-free alternative to leather, on our Frayme and Falabella bags for the Winter 2023 collection. We also continued our engagement with Mabel and launched their UPPEAL™ material on our Frayme and S-Wave bags for the Winter 2023 collection and on ready-to-wear for the Winter 2024 collection.

In addition, new garments with innovative materials were launched during 2023, including: ECONYL® Close-the-Loop Parka in the Spring 2023 collection; SÖKTAŞ Regen Cotton T-shirt and Shirting in the Summer 2023 and the Fall 2023 collections respectively; and BANANATEX® Stella Logo bags in the Summer 2023 collection.

Again in 2023, research on bio-based sequins by Radiant Matter continued and the results regarding quality improved, however the material is not yet ready to be used on commercial products.

Overall, we have over 60 open conversations with new innovation partners to assess their materials, work on opportunities for partnerships and test the materials.

4.3.1 2023 MATERIALS USAGE

The development of new clothing materials with a lower environmental impact plays a crucial role in addressing the significant environmental footprint of the textile industry. Traditional textile production is known for resource-intensive practices and chemical-intensive dyeing and finishing processes, which contribute to water pollution, energy consumption and greenhouse gas emissions. Through research and development, we are exploring alternative materials such as recycled fibres, bio-based textiles and fabrics made from agricultural byproducts. These innovations aim to reduce the industry's reliance on virgin resources and minimise its overall ecological impact. Not only do these advancements help reduce carbon emissions, but they also promote sustainable practices across the entire supply chain – offering a promising path towards mitigating the environmental consequences of our clothing choices and fostering a more sustainable fashion industry.

Innovation entails delving into the origins of materials and the cultivation of crops used in garment production. As described in the SÖKTAŞ, NATIVA and ZQ case studies, we are increasingly adopting regenerative practices for both cotton and wool sourcing. Indeed, we are leveraging the

potential of regenerative farming methods as they offer considerable advantages to the fashion industry. Unlike conventional farming, which often relies on pesticides, synthetic fertilisers and monoculture agriculture, regenerative farming prioritises the health of the soil, biodiversity and reduces the use of chemicals. Furthermore, regenerative practices can sequester carbon in the soil, thereby contributing to climate change mitigation.

Innovation also encompasses the consideration of creating garments with longevity and recyclability in mind, prioritising robust materials, modular construction and timeless designs. This can be bolstered by the practice of product disassembly, which involves designing clothing in a way that facilitates easy dismantling at the end of its life cycle, enabling the efficient separation and recycling of components such as zippers, buttons, and fabrics. Such an approach helps reduce textile waste and encourages the reuse of valuable materials. Through the adoption of circular design principles and product disassembly, we can make significant strides in reducing the environmental impact, conserving resources, and fostering a more sustainable and responsible approach to clothing production and consumption.

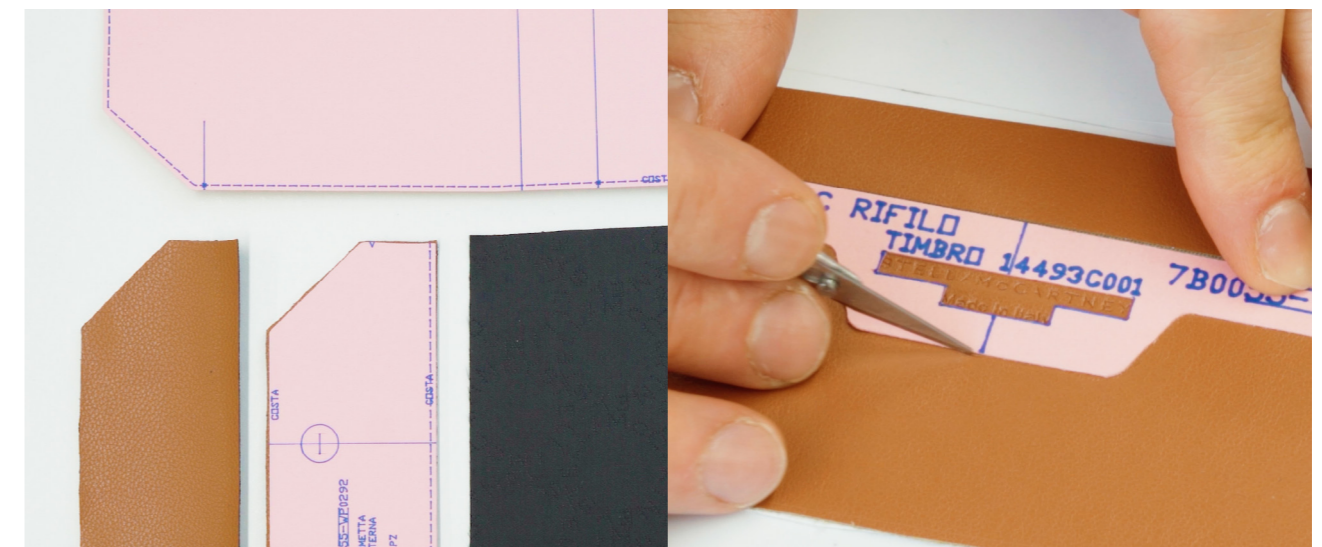




TABLE 3: 2023 MATERIAL USAGE ACROSS STELLA MCCARTNEY PRODUCTS

MATERIAL	2022 (KG)	2023 (KG)
Cotton	47,029	46,193
Polyurethane	67,257	43,705
Polyester	49,294	33,894
Wool	20,642	23,095
Brass	30,678	21,876
Viscose	36,898	20,190
Polyamide	24,325	17,553
Aluminium	20,209	7,599
Wood	14,676	3,880
Polyethylene	6,928	2,517

Cotton

Cotton is one of the most widely used fibres in the fashion industry and starts its life in the soil. Highly toxic substances such as fertilisers, pesticides and herbicides are applied to most conventionally grown cotton today, resulting in impacts on the natural environment. In addition, cotton has a high human impact as it is predominantly grown in countries considered to be at high risk for cotton production systems based on child or forced labour.

For these reasons, our procurement team decided to prohibit the source of cotton from countries at risk of labour exploitation, currently the banned countries are China, Uzbekistan, Syria and Turkmenistan.

Although Stella McCartney continues to source and use conventional and Better Cotton Initiative (BCI) cotton, we are aware of the impact of harvesting and production of this crop and are therefore working to reduce the use of these fibres – preferring more sustainable and certified alternatives.

In terms of sourcing certified cotton, Stella McCartney prefers, in order of priority: regenerative cotton, Global Recycled Standard (GRS) post-consumer recycled cotton, Global Organic Textile Standard (GOTS) certified organic cotton and GRS pre-consumer recycled cotton.

In 2023, 96.86% of our regenerative RegenAgri-certified cotton came from Spain, while the rest was supplied by our partner in Turkey, SÖKTAŞ. For our work producing cotton using regenerative agricultural methods, see the Chapter on Nature.

Challenges are also encountered in various product categories. When it comes to sourcing cotton certified to GOTS or GRS, one of the challenges is the high minimum order quantities imposed by suppliers.

Nevertheless, also as a signatory of Textile Exchange, we are committed to increasing the percentage of sustainable cotton in each collection and aim to use 100% regenerated, organic or recycled cotton by 2025.

In 2023 we reached 75% of organic, recycled and regenerative cotton, however transitioning to the sourcing of cotton certified to RegenAgri, GOTS and GRS cannot be achieved overnight and requires continuous collaboration with Production and Sourcing Teams and our suppliers.

TABLE 6: COTTON USAGE BY TYPE IN 2023

MATERIAL	2022 (KG)	2023 (KG)
Organic Cotton	32,368	23,749
Conventional Cotton	14,259	10,156
Recycled Cotton	315	4,427
Regenerative Cotton	-	6,265
Other Cotton	89	1,596

Polyurethane

Polyurethane is currently our key leather alternative in our bags and shoes. Its usage quantities decreased in 2023, making it the second most-used material in terms of weight.

Our Responsible Sourcing Guide indicates a preference for the use of water-based and solvent-free polyurethanes, which not only consume less energy and water but also promote safer work conditions. Furthermore, in our ongoing efforts to minimise the environmental impact of our materials, we have a strong preference for renewable and recycled polyurethane. Recognising the impact of plastics, we continuously strive to enhance our practices by exploring, testing, and incorporating oil-free and plant-based materials. As a result, we have partnered with Natural Fibre Welding (NFW) for the use of their MIRUM®, an entirely plastic-, fossil fuel- and water-free alternative to animal leather, launched in some products in 2023.

In 2023, we also partnered with Veuve Clicquot to create an alternative to leather using vineyard waste from grape vines, seeds and powdered grape waste. Initial products crafted with this material were included in our COP28 Sustainable Market Display. We have also launched products made using BANANATEX® – the first-ever durable, waterproof and plastic-free fabric made entirely using materials derived from the Abacá plant, a self-sufficient plant grown without pesticides or fertilisers. Finally, we have launched products made with UPPEAL™, a vegan leather alternative made from the waste of apples grown for juice and jam in Northern Italy.

TABLE 4: POLYURETHANE USAGE IN 2023

MATERIAL	2022 (KG)	2023 (KG)
Virgin Polyurethane	51,454	35,836
Thermoplastic Polyurethane	11,819	5,932
Other Polyurethane (including Bio, recycled, waterborne)	3,984	1,938

Polyester and Other Synthetics

Stella McCartney not only privileges certified alternatives of animal and plant-based natural fibres but also extends this preference to polyester and other synthetic materials by choosing circular and certified options. When sourcing polyester, we prefer to use polyester that is recycled according to the Global Recycled Standard (GRS). The GRS provides third-party verification of recycled content and the use of chemicals, ensuring that social and environmental responsibility standards are met.

Recycled polyester offers a significant advantage over newly produced virgin polyester. Although both materials are derived from petroleum, recycled polyester reuses existing plastic waste, such as discarded bottles or fabrics, diverting it from landfills and reducing the need to extract new oil. This method consumes fewer resources and has a smaller carbon footprint than the production of uncontaminated polyester. In addition, polyester recycling helps tackle the problem of plastic pollution by extending the lifespan of plastic materials, while maintaining the performance and quality of the garments. However, it is worth mentioning that recycled polyester still presents some environmental problems, such as the release of microfibres during washing.

As a sustainable alternative to virgin nylon, we started using the innovative ECONYL® recycled nylon. ECONYL® is made from carpets, waste fabric and fishing nets collected from the oceans and recycled into a new nylon yarn that is exactly the same quality as virgin nylon. In 2023, Stella McCartney launched our first mono-material garment, the Close-the-Loop Parka – crafted entirely from ECONYL®, allowing it to be infinitely recycled within our take-back system. (See chapter on Circularity).

Wool

We understand that animal fibres such as wool have a significant environmental impact, especially in terms of land use change and associated emissions. In order to address these concerns, Stella McCartney

TABLE 5: POLYESTER USAGE BY TYPE IN 2023

MATERIAL	2022 (KG)	2023 (KG)
Virgin Polyester	32,176	21,696
Recycled Polyester	17,118	11,839

is committed to sourcing wool in a way that promotes better treatment of sheep and workers throughout the supply chain. We have made it a priority to avoid using wool from sheep that undergo mulesing.

While we still use virgin wool, we give preference to wool that is certified to regenerative and responsible standards and certifications – ensuring the welfare of the animals and the protection of the land they graze on. This means that we prefer to source

regenerative wool (such as NATIVA or ZQ), wool certified to the Responsible Wool Standard (RWS) or GRS recycled wool.

For our work sourcing wool using regenerative approaches, see the Chapter on Nature.

TABLE 8: WOOL USAGE BY TYPE IN 2023

MATERIAL	2022 (KG)	2023 (KG)
Conventional Wool	11,931	2,833
ZQ Wool	4,772	2,715
RWS Wool	2,566	17,537
Other Wool	1,373	10



Viscose and Wood

Stella McCartney ensures that all the wood-based materials used in our products and packaging are sourced from certified sustainable sources. This commitment is aimed at preventing the destruction of ancient and endangered forests and mitigating its associated impacts.

Deforestation has devastating impacts on our planet, wildlife and people; it releases carbon dioxide and associated greenhouse gases into the atmosphere, drives biodiversity and habitat loss, causes soil exposure and degradation, and results in land taken from Indigenous communities and all terrestrial species.

All viscose used by Stella McCartney is sourced from Forest Stewardship Council (FSC) certified forests and Canopy-approved-supplier forests. These forests are managed according to strict standards, which protect them from deforestation by maintaining forest cover, conserving biodiversity, involving Indigenous communities and are supported by rigorous audits.

The FSC audit requires suppliers to follow 10 base principles, from legal requirements and the social and economic wellbeing of workers and local communities, to upholding the rights of Indigenous communities and conserving the ecosystems of managed forests.

TABLE 7: VISCOSE USAGE BY TYPE IN 2023

MATERIAL	2023 (KG)
FSC Viscose	13,574
Viscose	6,617

Canopy Project (case study)

Stella McCartney and environmental not-for-profit Canopy have been partners since 2014. Canopy collaborates with brands, retailers,

and producers of MMCF and other cellulosic materials to ensure that their supply chains do not involve Ancient and Endangered Forests.

Through our partnership with Canopy, Stella McCartney is committed to sourcing materials only from sustainable and traceable sources and never using materials from Ancient and Endangered Forests. As part of this commitment, we prioritise sourcing only FSC-certified MMCF and working with suppliers that have been assessed by Canopy as ‘low risk’ or ‘no known risk’ as indicated by a ‘green shirt’ on Canopy’s annual Hot Button Report.

Since 2017, all of Stella McCartney’s MMCF has come from a ‘green shirt’ fibre producer, and we strive to maintain this standard indefinitely. Our MMCF suppliers undergo audits as part of the CanopyStyle initiative to ensure that their supply chains are at low risk of sourcing from Ancient and Endangered Forests.

By partnering with Canopy, we can assess all available suppliers through the Hot Button Report and select our preferred suppliers based on several criteria, including chemical assessments, provided by ZDHC; we avoid those that are flagged as chemically and water intensive.

Our MMCF supply chain is proudly transparent and entirely traceable. All of our MMCF comes from Europe or the US.

Stella McCartney also works with Canopy on researching, trialling, and bringing Next Gen textiles made with circular inputs or recycled materials to our customers.

4.3.2 TARGETS

Stella McCartney has set the target of achieving 100% responsible collections, which means that the products in each collection are made from at least 50% responsible materials – i.e. from regenerated or recycled wool/cotton, organic cotton, Responsible Wool Standard (RWS) or Global Recycled Standard (GRS) recycled synthetics. We are aiming for 100% responsible



collections, although recognising that this would not mean 100% of the materials used are 100% responsibly sourced.

This parameter guides the responsible sourcing decisions at item level by our design team and requires measuring the percentage of responsible material used in each collection.

For 2023, the average percentage of responsible sourcing of our collections has increased compared to 2022. In 2022, the average was around 67%, while in 2023 it rose to 90%.

In detail, the Spring 2023 collection percentage was 85%, Summer 2023 was 91%, Autumn 2023 was 94% and Winter 2023 was 92%.

4.3.3 TRACEABILITY OF MATERIALS

Stella McCartney is committed to being responsible, honest and accountable, including increased transparency in our supply chains. Material traceability is a top priority, a pillar on which our current vision and strategy of continuous improvement is based. In fact, looking towards future commitments, we are experimenting and working on traceability solutions in line with digital product passports, logical traceability and physical traceability that will support information gathering.

The commitment to traceability is realised through accurate reporting, measurement and tracking, and through projects such as the UNECE blockchain pilot.

By gaining valuable insights through this initiative, we are able to drive innovation and make



informed, sustainable decisions in all aspects of our operations. We believe that what we can't see, we can't know, so transparency is key to our ongoing efforts.

4.3.3.1 CASE STUDY: UNECE BLOCKCHAIN PILOT

The UNECE (United Nations Economic Commission for Europe) blockchain pilot is a project that aims to explore the potential of blockchain technology in facilitating cross-border trade and supply chain processes. The pilot focuses on using blockchain to streamline the exchange of trade-related information, such as certificates of origin and customs declarations, to enhance transparency, efficiency and security in international trade. The UNECE blockchain platform, known as 'transparency evidence', offers verifiable evidence of the production practices used, including certifications and standards. This platform requires authorisation from the relevant standard-setting bodies (such as OEKO-TEX® and Better Cotton Initiative) to ensure the validity of these certifications and standards – preventing any potential fraud or dissemination of false information.

Since 2022, Stella McCartney has been working with UNECE by applying it to our regenerative cotton supplier SÖKTAS to develop and implement blockchain technology to trace a garment throughout its supply chain using documentary evidence. Our Snog-a-Log Regenerative Cotton T-Shirt was at the centre of this pilot: the platform allowed us to capture all factors from the garment's value chain from farm level all the way through to product retailing.

The pilot formed part of Stella McCartney's commitment as a signatory, since 2024, of "The Sustainability Pledge" initiative of the UNECE that aims to improve and increase both transparency and traceability within the garment and footwear industries through exploring the use of innovative technologies.

"Regenerative sourcing is not only the future of fashion, but of our planet. If we ever hope to protect and restore nature, we cannot continue to just take from Mother Earth – we also have to give back. By implementing UNECE blockchain traceability technology into our regenerative cotton supply chain, we are proud to pioneer a transparent path forward and hope that other fashion houses will join us." – Stella McCartney

"We strongly believe that improved traceability and transparency are key tools to identify, address and finally reduce social and sustainability risks, as well as our combined environmental impact. It has been truly exciting to test this innovative approach and assess UNECE methodology to create more traceable and transparent initiatives and products in the fashion industry." – SÖKTAS

Stella McCartney has continued the blockchain pilot partnership throughout 2023 with the UNECE and SÖKTAS across regenerative cotton shirting. Additionally, we started partnering with our RWS wool supplier to trace the supply chain of our wool.

This pilot initiative highlights the significance of collaborative business models and trustworthy information in translating company commitments into tangible actions. With the involvement of prominent brands, suppliers and farmers, our aim is for this platform to expedite the responsible shift towards a circular economy.

4.4 NATURE

The fashion industry depends on Mother Earth for the growth of our materials. Nevertheless, traditional farming and agricultural practices have enduring consequences on soil well-being, the ecological system, and the individuals relying on it. The extensive use of machinery, chemicals and aggressive management approaches result in severe soil degradation – depleting its nutrients and hampering its capacity to sustain terrestrial life, with global repercussions.

To preserve the planet, the fashion industry will

be required to adopt regenerative sourcing – an environmentally friendly approach to farming and fibre production that avoids soil and land depletion by revitalising and repairing them. This comprehensive farming method prioritises soil fertility and the preservation of biodiversity, as well as effectively capturing and storing carbon from the atmosphere. By actively fighting climate change, it produces positive impacts on local communities and farmers.

Our aim is to expedite the transition to regenerative and restorative practices, moving away from conventional and unsustainable methods – with the long-term goal that all our virgin natural fibres come from regenerative materials, backed by scientific measurements and data. With this in mind, we support farmers in the transition to regenerative agriculture and have created partnerships and collaborations to ensure that we source our raw materials from regenerative approaches.

4.4.1 CASE STUDY: REGENERATIVE COTTON; SÖKTAŞ, TURKEY

Since 2019, Stella McCartney has partnered with SÖKTAŞ, a family-owned cotton producer based in Turkey, with the aim of supporting it towards a transition to regenerative farming practices. During these years, the regeneratively farmed land has grown continuously, rising from 5 hectares in 2019 to about 93 in 2023. The intention is to keep expanding the field to support Stella McCartney in increasing regenerative cotton in our collections, as well as inspiring and educating other local farmers about these methods.

Regenerative farming is a holistic approach that consists in minimal disturbance to see improvements and developments on a yearly basis. Through little to no disturbance, reducing synthetic fertiliser, the carbon and water cycle and storage will improve and water holding capacity is maintained, requiring less

irrigation. In order to assess the effective benefits of regenerative cotton farming at SÖKTAŞ, Stella McCartney supports the work of an on-site soil scientist, the renowned Dr David Johnson. A robust monitoring system is in place to verify the impacts of the farming and carbon sequestration, as well as soil health, through methods that include direct soil measurements, in-depth soil analysis and satellite imagery.

Recent findings from research work have identified a trend of improvement for carbon and water retention in the soil farmed regeneratively. In particular, the implementation of the regenerative approach promotes productive utilisation and reduction of around 54.56 tonnes CO₂eq/ha/-1 yr⁻¹ through. For instance, an increase in soil organic carbon, a reduction in fertiliser, pesticides and diesel inputs, while increasing farm soil fertility, productivity and profitability.

It is worth mentioning that this practice is also beneficial for biodiversity; for instance, the worm population has increased from 0/m² to 100 worms/m² in this four-year period. Since beginning the project, we have gained support from LVMH Group and are working closely together to scale the transition to regenerative materials. More recently, we have begun to work with the United Nations Economic Commission for Europe (UNECE) to improve the measurements and verification surrounding the project and implement blockchain traceability across the supply chain at every step.

Irfan Uysal, a farmer at the SÖKTAŞ regenerative cotton project, said: “The greatest reward has been to witness the difference in soil health. Soil aggregate stability has been steadily increasing and while a variety of tests measuring carbon and nitrogen in the soil and on the crop confirm this, the structural improvements are so apparent that they are visible to the naked eye.”

From the 2022 harvest season, all SÖKTAŞ cotton that follows regenerative farming

practices will carry the RegenAgri® certification. Our collaboration with SÖKTAŞ will contribute to fulfilling our pledge of utilising 100% regenerative, recycled, or organic cotton in all our collections by 2025.

Stella McCartney, for the first time, debuted a product made entirely of regenerative cotton from SÖKTAS. Indeed, the Summer 2023 collection includes luxury fashion's first t-shirt made from 100% regenerative cotton.

4.4.2 CASE STUDY: REGENERATIVE WOOL; NATIVA™ AND ZQ

Stella McCartney partners with NATIVA™, a branded wool fibre, developed by Chargeurs Luxury Fibers, which guarantees the sourcing of wool using regenerative approaches, therefore through high standards of social and environmental responsibility and, in this case most importantly, animal welfare. Using their unique blockchain technology, all NATIVA™ wool is traceable all the way back to the farm and follows a strict NATIVA™ Protocol – certifying and verifying the supply chain right from the farm level, enabling us to know that our NATIVA™ wool always comes from two certified farms in Australia.

One of these farms is Prospect, West Australia, which supplies the finest Australian merino wool from regenerative farming. The farm runs a holistic and integrated programme with a production area of 25,000 hectares,

raising sheep on limited rainfall, including the introduction of natural fertility processes and zero tillage. Prospect has been working with scientists worldwide for over 15 years who have determined the carbon sequestration potential to be approximately 2 t/Ha per annum.

ZQ wool is another regeneratively farmed wool that is used in our collections, sourced from pastures across New Zealand. The ZQ standard means that wools are sourced with a commitment to animal welfare, environmental and social responsibility, quality fibre and traceability to source – measured and monitored against strict management plans.

4.5 CIRCULARITY

We strongly believe in a future of fashion that operates in a circular manner, where garments are designed to be restorative and regenerative, and where waste is eliminated. This shift requires us to move away from the consumption of finite resources and actively design out waste from the system. It calls for a radical transformation of the current linear fashion system, and it requires the collective efforts and unwavering commitment of everyone in the industry, along with unprecedented levels of innovation.

We see this as an incredibly exciting opportunity to unleash our collective creative potential, and we are proud to play our part in this transition. Our role in the circular economy encompasses not only the clothing we produce but also extends to the packaging used for our products.





4.5.1 CLOTHING

Circular fashion promotes practices such as designing garments to be durable, repairable and recyclable, as well as encouraging the reuse of materials through upcycling, recycling and second-hand markets. While we acknowledge that our take-back scheme and end-of-life solutions for customers are not yet perfect, we are actively working on developing a strategy for reuse and recycling. We are currently exploring potential recycling partners and assessing the most efficient and environmentally friendly logistics for these initiatives, aiming for a minimal carbon footprint impact.

Our aim is to enhance the recyclability of our collections by incorporating more mono-material products. In pursuit of this goal, we have formed a partnership with recycling start-up Protein Evolution. Together, we are working towards transforming nylon and polyester waste into high-quality fibres that are equivalent to new materials. This collaboration aims to showcase the possibility of completely reusing complex fabric types, while also ensuring that the process is economically viable and energy efficient.

Achieving a circular economy necessitates extensive collaboration throughout the value chain and the adoption of innovative sustainable business models. Through our ongoing initiatives and partnerships, we are actively working towards

transforming our circular vision into tangible reality. Among the main initiatives in place are:

- Partnership with The RealReal, an online second-hand marketplace, which offers a wide range of used luxury goods on consignment, giving new life to these high-end items. This partnership is our first step in ensuring that our products never become waste. By creating durable garments and adopting The RealReal's innovative business model, we are revolutionising the production, sale, sharing and reuse of our garments.
- The Clevercare initiative, launched in 2014, serves to remind individuals to take proper care of their garments, prolonging their lifespan by washing them less frequently and wearing them more – thereby also actively helping to reduce their carbon footprint. Clevercare encompasses a care symbol, a website and a communications campaign, all working together to promote sustainable garment care practices.

As far as production waste is concerned, in order to minimise waste, we begin with sourcing and using recycled rather than virgin materials whenever possible and preferring post-consumer recycled materials over pre-consumer. We are exploring pilot projects, working very closely with partners, to capture our production waste and transform it into post-consumer and fibre-to-fibre recycled materials that we can directly re-use.

4.5.1.1 CASE STUDY: CLOSE - THE - LOOP ECONYL® PARKA

In 2023, as part of the Spring 2023 collection, Stella McCartney launched the first completely circular product: a mono-material parka made with ECONYL®. The parka is our first product that our teams and suppliers have collaboratively designed for disassembly – meaning zero trace of our jacket will end up in landfill, incinerators or oceans if returned through our take-back scheme. The parka is made from ECONYL® which is 100% regenerated nylon from pre- and post-consumer waste that would otherwise be polluting the Earth, like fishing nets, fabric scraps, carpet flooring and industrial plastic. The entire jacket – meaning the main fabric, poppers, zips and all other features – is made from this infinitely recyclable nylon, able to be repurposed into new yarns and redesigned, over and over again.

4.5.2 PACKAGING

Our commitment to sustainable packaging materials focuses on minimising the use of packaging and maximising the use of recycled, reusable and recyclable materials in accordance with circular economy principles. This commitment extends to all packaging that is customer-facing and used during transit.

Furthermore, we are actively supporting the Ellen MacArthur Foundation's New Plastics Economy Global Commitment. As a signatory of this commitment, we have made several pledges. These include eliminating the use of virgin plastic packaging and unnecessary or problematic plastic, employing 100% reusable and recyclable plastic, and ensuring that all our own-branded plastic packaging contains a minimum of 100% recycled content by 2025.

We report annually to the Ellen MacArthur Foundation's Global Commitment on the amount of plastic packaging used and progress on removing all plastic from operations and recycled

plastic used. The results of our annual report are publicly published and benchmarked against the Global Commitment's 2025 target.

We are also trying to align our packaging goal with LVMH's commitment of zero virgin fossil plastic by 2026, including switching to bio-based materials. For this reason, Stella McCartney took part in the Prize Judging Panel of the TOM FORD Plastic Innovation Prize powered by Lonely Whale which, together with the Scientific & Technical Advisory Board, selected three Grand Prize Winners following nine months of rigorous testing in alignment with international standards.

The TOM FORD Plastic Innovation Prize powered by Lonely Whale was designed to source rapidly biologically degradable alternatives to traditional thin-film plastic made from hydrocarbon sources. The initiative has just concluded Phase II: 'the TOM FORD Plastic Innovation Accelerator powered by Lonely Whale' where brands adopt and trial alternative packaging solutions. Stella McCartney continued throughout 2023 with our collaboration with the third-place winner of the TOM FORD Plastic Innovation Prize powered by Lonely Whale, Notpla – a London-based startup inspired by the way nature encapsulates liquids, making plastic waste disappear by pioneering natural-membrane packaging that uses regenerative, biologically degradable seaweeds as an alternative to single-use plastic.

The Fashion industry relies on various people involved along the value chain – from farmers who grow the crops used for our materials, to workers manufacturing our products, to our employees and our customers. We are committed to having a positive impact on all those who contribute to our business, conscious that, as in international company, we can have an active role in promoting positive social impacts in our supply chains and the prosperity of the communities we operate in, while encouraging the protection of biodiversity, the respect of animal welfare and decent working conditions. We firmly believe that fashion should be synonymous with fairness, respect and equality.

5. Social Responsibility

5.1 OUR PEOPLE

With operations in seven different countries, Stella McCartney has 633 employees as of 31 December 2023 – around 79% of which are women and 21% are men, representing more than 53 nationalities. To be more precise, we count 64 if we also consider dual nationality.

With regards to our community, there are two key areas to consider in relation to social impacts: Diversity, Equity and Inclusion (DE&I) and Learning and Development.

5.1.1.1 OUR DE&I COMMITMENT AND STRATEGY

At Stella McCartney we believe in fostering a culture of diversity, equity and inclusion that embraces differences and promotes belonging while encouraging creativity, entrepreneurship and discipline. We recognise that diverse identities and backgrounds help create a dynamic and motivated work environment. We appreciate both what is different and the values we share.

We are committed to creating a supportive and inclusive environment where every individual's voice is heard. People are encouraged to reach their full potential, and we provide equal growth opportunities and fair compensation. We make decisions with respect for all individuals, regardless of gender, ethnicity, religion, nationality, disability, sexual orientation, age, social or political beliefs or worldview.

Stella McCartney is actively developing a comprehensive and integrated global DE&I framework that considers every stage of the employee lifecycle, as well as our broader business ecosystem, including supply chains and customer experience. With regards to our employees, we continually integrate DE&I principles into multiple areas – starting with recruiting and continuing through learning and development, performance management, career advancement, as well as rewards and benefits. When looking at our value chain, we guarantee DE&I in our supply chains through our commitment to protect and respect human rights and address possible violations; likewise, DE&I principles play a central role in our marketing campaigns and communications, shaping the experience we provide to our customers.



TABLE 9: SMC GLOBAL DE&I FRAMEWORK

PEOPLE	BUSINESS ECOSYSTEM	CUSTOMERS
-Employee Lifecycle	-Distribution	-Communication
-Talent Acquisition	-Supply Chain	-Supply Chain
-Onboarding	-Partners & Suppliers	-Client experience (instore and online)
-Learning & Development		
-Talent Management		
-Reward and Benefits		
-Performance		
-Policies and Procedures		
-Mobility		
-Offboarding		

The main responsibility for overseeing our DE&I strategy and framework is on our Chief People Officer (CPO). However, due to the extensive and integrated nature of DE&I, various functions across the company are also responsible for implementing these principles on a daily basis.

The core initiatives are divided between Talent Acquisition, Talent Development, Internal Communications & Community and Business Partnering:

- Talent Acquisition takes the lead in supporting DE&I by attracting diverse talent through effective employer branding and equitable recruiting practices and onboarding strategies.
- Talent Development guarantees the promotion of DE&I by implementing equitable strategies throughout the employee lifecycle, including policy definition and performance and salary reviews. In addition, culture change initiatives are organised, such as leadership development programs.
- Internal communications and community play a crucial role in amplifying our DE&I initiatives through our communications channels and take charge of employee representation groups.

Ultimately, DE&I is a collective effort that involves all departments, demonstrating its integration and importance in various processes within the company.

5.1.1.2 OUR POLICIES AND STANDARDS

Stella’s commitment is to encourage equality, diversity and inclusion in the workplace, while creating a working environment that is free from bullying and discrimination and promoting a culture of dignity and respect for all. This commitment will be formalised in a Diversity & Inclusion Policy in 2024.

To monitor the respect of Stella’s policies, the Group has implemented a global anonymous grievance and whistleblowing reporting system called SpeakUp®. This system is available to all employees, including job applicants, to report any concerns related to Stella McCartney’s own operations. This tool is managed by the People & Culture team. The system was launched across all regions in 2023, and no reports were made.

5.1.1.3 HIGHLIGHTS OF 2023: FLAGSHIP CASES AND ACHIEVEMENTS

Training on unconscious bias
Through the LVMH platform, Stella McCartney organised training on unconscious bias, mandatory for all new joiners and administered in every local language wherever we are based throughout the world.

Black History Month (UK)
Stella McCartney honoured Black History Month in the UK with a “Stellabrated” lunch provided by female and black-owned business Livity Plant Based Cuisine, owned by twin sister chefs Kaleema and Kareema.



Pride events
Stella McCartney celebrated Pride with some activities, in particular we hosted the model and activist Munroe Bergdorf at our Old Bond Street Store, we supported all LVMH Pride UK Fundraising included a drag bingo brunch, and we did a shoot with LGBTIQ+ stylists Mina Galan and Morena Salas. There were additional celebrations for Trans Awareness Day.

Organisation structure review
In 2023, Stella McCartney has worked to revise its organisational structure in order to improve the business, retain talented employees and promote the culture and values of the brand. The execution of this plan will be rolled out in 2024.

Representation of women
Stella McCartney tracks a variety of indicators regarding the representation of women in the business. We recognise that there are other minority groups that are disadvantaged across the employee lifecycle and are working towards improving their representation.

This includes, for example, Black women, young people from underprivileged backgrounds and the LGBTQA+ community.

TABLE 10: WOMEN REPRESENTATION IN STELLA MCCARTNEY

INDICATOR	FIGURES FOR 2023
% of women in company overall	79% of total headcount
% of women in board level positions	100% of total headcount in board level positions
% of women in leadership positions	57% of total headcount in leadership positions
% of women in management positions	73% of total management positions

5.1.1.4 2024 GLOBAL
DE&I PRIORITIES AT
STELLA MCCARTNEY

TABLE 11: 2024 GLOBAL DE&I PRIORITIES AT
STELLA MCCARTNEY

<p>1.Policies & Procedures</p> <ul style="list-style-type: none">•Review of global people policies•Review of workplace ways of working•Global Code of Conduct developed•Development of DE&I policy•Implementation of theorganisational structure review	<p>2.Talent Acquisition</p> <ul style="list-style-type: none">•Focused effort to attract and recruit diverse talent in all geographies and departments•Develop relationships with diverse schools, universities and professional organisations•Refresh of all job descriptions with a focus on inclusivity
<p>3.Learning & Development</p> <ul style="list-style-type: none">•Unconscious Bias training•Focused Leadership development•Partnership with The Women’s Association as sponsors of The Executive Challenge programme•More focus on mental health training for Line Managers•More inclusive recruitment training for managers	<p>4.Communication & Engagement</p> <ul style="list-style-type: none">•Increased visibility and empowerment of Employee Representative Groups.•Continued development of global DE&I agenda.•Provide additional Purpose Calendar moments e.g. Pride, Mental Health Awareness Week, Breast Cancer Awareness Month, Black History Month•Planned a global engagement survey•Development of initiatives related to the well-being of the organisation’s employees•Planning to review benefits•Continuation of the review of key people KPIs.

³ Leadership position is defined as an individual who sits on the leadership team and reports directly to the CEO.

⁴ Management position defined an individual who has a direct report / team of direct reports but does not sit on the leadership team and does not report directly to the CEO.

5.1.2.1
OUR LEARNING PROMISE

At Stella McCartney, we prioritise providing our employees with valuable and relevant learning opportunities to support their professional and personal development. We believe that every person is on a continuous journey of self-improvement and is responsible for their own growth. Our approach to learning is dynamic and aligned with the needs of our company. Each year we adapt our learning programmes to ensure they align with our brand’s strategic purpose and objectives, whilst meeting individual development goals.

The learning strategy we follow consists of a 70:20:10 approach to personal development:

- 70% on the Job: focuses on the skills, knowledge and behaviours that employees develop through their work and daily responsibilities;
- 20% Relationships and Networking: we provide access to a network of talented people, both internally and externally, to foster relationships and encourage new connections;
- 10% Organised Training: we offer a range of formal training opportunities throughout the year to complement on-the-job learning and networking.

In doing so, we attract people who want to make a difference in the world and constantly push themselves towards greater achievements.

5.1.2.2
OUR LEARNING PILLARS

To guide and support our employees’ journeys, we have developed learning pillars. These pillars define the different topics and focuses available to our employees and are designed to fulfil their



development needs:

- Stella McCartney Induction
- Brand Knowledge
- Product Knowledge
- Client Experience
- Management and Leadership Development
- Sustainability
- Soft Skills Development
- Systems and Software
- Workplace Health and Safety

Stella McCartney offers learning opportunities and training courses providing various training formats to accommodate the different needs and preferences of our employees. These include face-to-face classroom courses, live webinars and e-learning courses, learning programmes offered by external partners and by LVMH to Stella McCartney talents and video courses by industry experts available via LinkedIn Learning. Our main digital learning platform is Workday Learning, where employees can access our offerings and get an overview of upcoming live learning events in their region. For our retail community, we have a bespoke digital platform called Yoobic, which provides access to all available learning and training specific to retail, product and operations.

Stella McCartney is committed to providing learning opportunities in as many local business languages as possible to ensure accessibility and inclusiveness for our employees.

Stella McCartney Induction
We believe that joining the Stella McCartney movement is a great achievement for our employees’ careers. Our primary goal during this onboarding process is to provide new hires with the essential resources and tools they need to thrive and succeed within the company:

- Workplace:** Our online platform to find all the latest company news, policies and tools.
- VIP meetings:** We believe in the significance of networking and relationship

building from the very beginning. That’s why we organise one-on-one meetings between new employees and key individuals in our business. These meetings give newcomers the chance to network, connect with influential individuals and establish important relationships from day one. We value the power of strong connections within the organisation as they contribute to a supportive and collaborative work environment.

- Induction workshop:** ‘The Bigger Picture’ is our total brand immersion workshop for all new hires. Participation is mandatory.
- Workday Learning:** New starters are enrolled into e-Learning courses that are important for their onboarding.
- Yoobic (retail only):** We believe it is important to provide newcomers with in-depth and specific training on our products and retail sales. That’s why we enrol new employees in specific training courses on these topics as part of their onboarding process. These training courses are designed to provide them with the knowledge and skills needed to be successful in their roles.

5 . 1 . 2 . 4
LOOKING AHEAD

Next steps and plans regarding the future of Stella McCartney Learning and Development include:

Learning initiatives	Development initiatives
Dedicated Onboarding training and support	Global Talent Review conducted to identify learning support needs, succession opportunities and action plans
LinkedIn Learning availability	Soft Skills development offering
Unconscious Bias training global rollout	Management and leadership development offering
GDPR Training	Women’s Association partnership: mentoring programme for 8 underprivileged young women
WHS training	External and internal coaching availability increased



5.2 OUR SUPPLY CHAINS

Modern supply chains are complex and span countries and regions, influenced by factors such as globalisation, increased migration and the risk of modern slavery. These issues have become significant concerns for businesses, particularly in the fashion sector. Modern slavery encompasses various forms of exploitation, including human trafficking, forced labour, servitude and bonded labour. Victims of modern slavery are coerced or deceived into providing work or services under abusive conditions, with little to no ability to escape their situation.

At Stella McCartney, we take the issue of modern slavery very seriously and are committed to taking proactive steps to address and eliminate it. We believe in transparency and collaboration with our suppliers, and strive to understand the unique contexts and complexities of the regions from which we source our materials. We actively engage with other brands, industry experts, NGOs and local stakeholders to ensure that we are operating in the most responsible way possible, avoiding any negative impacts on people.

To demonstrate our commitment, from 2016 we began to regularly publish our Modern Slavery Statement on our website. It is released in compliance with section 54 of the UK Modern Slavery Act 2015⁵ and the California Transparency in Supply Chains Act of 2010 (SB 657), and provides further details about our supply chain and the due diligence processes we have in place to prevent and address modern slavery. By openly sharing this information, we aim to promote transparency and accountability throughout our industry and contribute to the global efforts to eradicate modern slavery.

5.2.1 OUR COMMITMENTS AND STRATEGY

Stella McCartney, as a global ethical fashion brand, is committed to supporting and promoting good labour standards and protecting human rights in all our business operations. We recognise our responsibility to respect human rights in accordance with the United Nations Guiding Principles on Business and Human Rights (2011). We are committed to ensuring that everyone involved in our supply chain is treated with respect, dignity and equality, ensuring that they receive fair wages and are valued and recognised accordingly. Across all areas of our business, we have made significant progress in promoting decent working standards and safeguarding human rights. Our ultimate goal is to create modern, resilient supply chains that provide desirable employment opportunities, foster skills development, amplify worker voices and advocate for vulnerable groups. Since 2012 Stella McCartney has been a member of the Ethical Trading Initiative (ETI), an important alliance of trade unions, NGOs and companies. Together with key stakeholders, we work to implement practical solutions that fight human rights violations in the workplace.

Transparency is key to us. In 2022, we published the list of our finished product suppliers on the Open Apparel Registry. This includes both direct suppliers and the full supply chain information for those who do not execute production processes internally (e.g., the entire production process is outsourced to subcontractors). Our SMC Corporate Social Responsibility and Human Rights Strategy 2030, launched in 2021, is underpinned by a commitment to human rights and responsible sourcing. This strategy focuses on four key areas:

⁵ The Modern Slavery Act is a law that was passed in the UK in 2015 to address cases of modern slavery. Section 54 of the Act applies to businesses and requires regular reporting as well as greater transparency on what is being done to ensure modern slavery does not exist in operations or supply chains.

1) Fair purchasing practices: At Stella McCartney, we prioritise fair purchasing practices and are committed to social compliance throughout our supply chain. We carry out regular audits to assess our suppliers' conformity to our ethical standards and to identify any risks related to human rights and labour practices. These controls help us address and mitigate issues such as modern slavery. Our efforts in this area are outlined in our Modern Slavery Statement, publicly available on our website. We are dedicated to continuous improvement and actively seek opportunities to improve our purchasing practices to reflect the values and principles we support.

2) Transparency and traceability of our supply chains: Working on tracing our supply chain, therefore understanding where our purchases come from, is fundamental for us at Stella McCartney, since it is the only way we can ensure our customers, we provide ethically and sustainably sourced products. Among the many initiatives developed in this area, we must recall the UNECE Blockchain Pilot, already mentioned in the previous chapters.

3) People empowerment: we recognise the importance of creating an inclusive and supportive environment that promotes the well-being and development of all individuals involved in the production of our products throughout our supply chain. We provide training on different sustainability topics to our suppliers and guarantee a Whistleblowing channel to share concerns.

4) Positive social impact: through our business practices we seek to create a positive social impact. We aim to use our platform to achieve social results and carry out projects with the aim of supporting local communities.

5.2.2 OUR POLICIES AND STANDARDS

The responsibility for developing, executing and overseeing measures and guidance to prevent, address and remedy human rights abuses occurring in our supply chains and business activities lies with our Corporate Social Responsibility (CSR) and Human Rights team.

Our policies and standards follow the UN Guiding Principles on Business and Human Rights, and are based on the fundamental conventions of the International Labour Organisation (ILO). We have developed a set of policies and guidelines for our suppliers, outlining our requirements and expectations relating to social responsibility:

- [Supplier Ethical Code of Conduct](#)
- [Responsible Sourcing Guide](#)
- [Supplier Subcontracting Policy](#)
- [Modern Slavery Policy for Partners](#)
- [SpeakUp Policy](#)

The **Supplier Ethical Code of Conduct** identifies the requirements that suppliers must comply with in order to work with our brand. These requirements specifically prohibit the use of forced labour and modern slavery. Moreover, our suppliers are requested to affix the policies in their factories in a visible and accessible place to be seen by the workers and share it with their sub-contractors and sub-suppliers.

The **Responsible Sourcing Guide** offers comprehensive instructions to suppliers to assist them in adhering to our Code of Conduct. The guide effectively communicates our values and expectations, ensuring that our suppliers are compliant with our policies, standards and procedures regarding social well-being and environmental management. The guide also explains the supply chain management and audit processes and procedures.





The **Supplier Subcontracting Policy** establishes requirements for suppliers regarding responsible subcontracting practices, assisting suppliers in conveying, overseeing and upholding our standards when subcontractors are involved in the production of Stella McCartney products. Our company aims to keep its supply chain transparent and as stable as possible and therefore seeks to minimise Subcontracting. However, we recognise that at times, subcontracting is necessary – especially in certain countries and for certain production processes. In case where subcontracting is practiced, suppliers must ensure that their own practices and the practices of their subcontractors comply with this policy.

The **SMC Modern Slavery Policy for Partners** sets the standards and guidance on modern slavery indicators, the most common risk areas and suggested due diligence for Stella McCartney suppliers. The policy applies to all partners and states that businesses are responsible for ensuring that modern slavery does not take place anywhere in their operations or their supply chains or the operations and supply chains of their partners. Therefore, this policy applies equally to partners' own operations as well as their various supply chains, including but not limited to sourcing, production and procurement supply chains.

The **SpeakUp Policy** regulates our grievance mechanism process in our supply chain and is intended for all individuals involved in the manufacturing of our products to report any concerns regarding unethical behaviour or misconduct. Since 2021, SpeakUp® has been the designated platform for reporting misconduct. This tool is accessible to anyone within our Tier 1 value chain and can be utilised anonymously through the web or by phone in different languages. The platform for external reports is managed by the CSR & Human Rights team to support supply chain workers.

All of our policies are translated into all the relevant languages for our suppliers and are available on our SMC Sustainability Hub.

5.2.3 OUR SUPPLY CHAINS AND DUE DILIGENCE PROCESSES

Our supply chain can be divided into two main areas:

1. **Product Supply Chain**, which includes all suppliers involved in the production of the items we sell such as clothing, shoes or bags. This area includes licensed product categories, including adidas® by Stella McCartney, lingerie, swimwear, eyewear, kidswear and beauty products.

2. **Procurement Supply Chain**, which includes all suppliers who are not part of the product supply chain but who are, for example, providing supplies and packaging or other wide range of services such as transport, cleaning, catering and security and support the day-to-day running of our shops and offices.

In order to ensure that all our suppliers operate in alignment or exceeding the targets outlined within our responsible supply chain strategy, we have defined a structured due diligence process described in detail here below.

Product supply chain

We care deeply about where our materials come from and how our products are made; we have a network of suppliers located around the world – many of whom have been working with us since the brand was founded in 2001. Every supplier in our network is unique and we strive to build personal relationships with them. This allows us to work together and gain a deep understanding of their practices and systems. Our supply chain is mainly made up of small producers and artisans specialised in specific techniques and processes. By working closely with these suppliers, we can ensure the high quality and unique craftsmanship of our products. We value the expertise and knowledge of our suppliers and aim to support them in creating sustainable and responsible supply chains.

Stella McCartney outsources every stage of production; our product supply chain is structured around four-tier levels, from raw material production (Tier 4) to raw material processing (Tier 3) to material manufacturing (Tier 2) to final product manufacturing and

assembly (Tier 1). Most of the products are made in Italy, accounting for 82% of all our Tier 1 and Tier 2 product suppliers. Although significantly smaller, other key sourcing countries in Tier 1 and Tier 2 include Spain (5%), Portugal (4%), Albania (1%), France (1%), India (1%), Japan (1%), Poland (1%) and Romania (1%)⁶. In 2023, we worked directly with 53 suppliers, but we have in total 145 in Tier 1 and 289 in Tier 2. To ensure social standards are respected, our approach for the procurement of raw materials is to prefer suppliers in possession of specific certifications in order to guarantee transparency and best procurement practices both in terms of resource efficiency and social standards. On the other hand, we directly verify manufacturers who work with us, following a specific due diligence process described in the following paragraph.

⁶ The remaining 3% of 2023 production is split between Bulgaria, Turkey and Hungary in Tier 1 and Austria, China, Morocco, Pakistan, Peru, South Korea, Turkey and UK in Tier 2, that count for less than 1% each month.

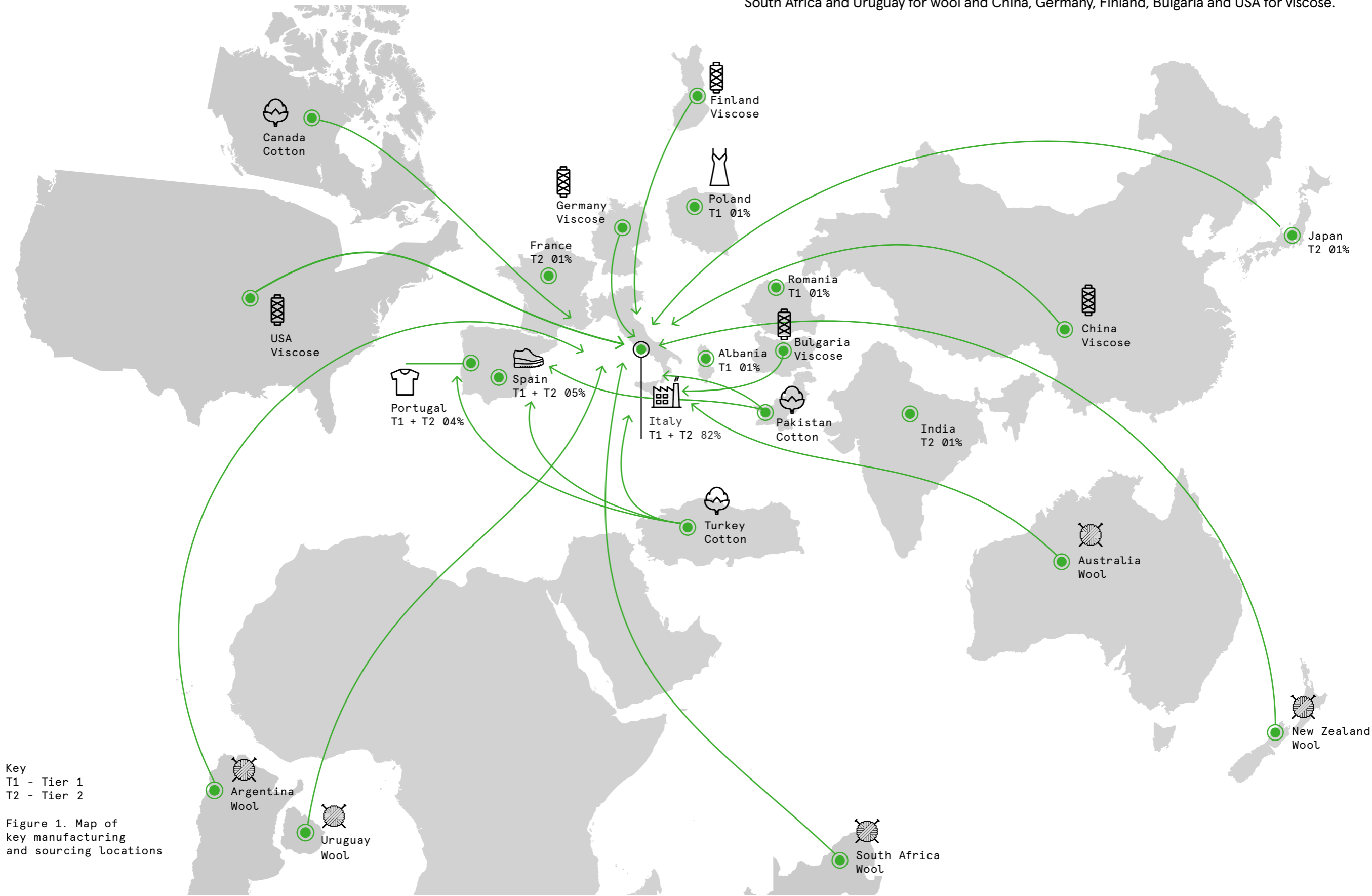
TABLE 12: PRODUCT SUPPLY CHAIN TIERS, VISIBILITY AND MONITORING

	DEFINITION	EXAMPLE	VISIBILITY	MONITORING
TIER 1	Final product manufacturing and assembly	Direct suppliers and their subcontractors carrying out sewing, cutting, printing, embroidery, packing or any other type of final assembly or finishing operations.	We have a complete map of all manufacturing sites.	Our policy requires all sites to be assessed and approved before production can begin and to be monitored on a regular basis.
TIER 2	Material manufacturing	Suppliers of fabrics, trims, components and other materials that go into final manufacturing and assembly of our products.	We have a complete map of fabric, trim and component suppliers for all womens lines. All key fabric and trim suppliers for kidswear are mapped.	Key sites are assessed and approved before production.
TIER 3	Raw material processing	Cotton ginnerers and spinners, pulp mills, metal smelting etc.	We have a map of the sites used by our nominated raw material suppliers.	Some sites, such as those working with our nominated raw material suppliers have been visited and assessed. As we achieve more traceability, we will include more of these suppliers in our monitoring program.
TIER 4	Raw material production	Farms (cotton, wool), mines (metals), forests (viscose, wood and paper).	We have a country-level map of our natural raw materials. For some key raw materials, we have farm level traceability (such as wool, viscose, and some cotton farms).	Some of our nominated suppliers have been visited and assessed. As we achieve more raw material traceability, we will include more of these suppliers in our monitoring program.



PICTURE: THE FLOW OF KEY RAW MATERIALS AND MANUFACTURING LOCATIONS

We trace the natural materials that we use back to their country of origin. Our key sourcing countries for cotton are Turkey, Pakistan and Canada for cotton, Argentina, Australia, New Zealand, South Africa and Uruguay for wool and China, Germany, Finland, Bulgaria and USA for viscose.



Stella McCartney takes a multi-layered approach to ensure due diligence processes effectively address modern slavery in our operations and supply chains. This approach includes the definition of a clear governance framework, participation in stakeholder engagement activities, gaining a better understanding of our value chain through mapping and the performance of human rights and modern slavery risk assessments. Additionally, audits are performed to gain further insights on our suppliers, and improvement projects are implemented when deemed necessary. Below is a detailed description of our due diligence process.

Governance

The responsibility to meet the social responsibility and human rights requirements sits with our Chief Executive Officer (CEO) and the board of directors. The responsibility for implementing the programme on a day-to-day basis is under the responsibility of our Corporate Social Responsibility (CSR) and Human Rights team, discussing human rights and responsible sourcing with executive management. The CSR team is part of the Sustainability department, led by our Chief Sustainability Officer.

Stakeholder engagement

We believe that a collective approach is the most effective in addressing endemic and complex issues related to human rights and transparency in our supply chains. Being part of the ETI since 2012, we have worked alongside NGOs and trade unions to improve conditions of workers in our supply chains and are committed to implementing the necessary actions in order to create an ethical and sustainable supply chain.

Supply chain mapping

One of our key priorities is mapping and understanding our supply chain, with a particular focus on Tiers 3 and 4 which present a higher risk regarding modern slavery. In 2019, we created the SMC Sustainability Hub, a platform where our suppliers see and sign our policies and submit information about their facility, subcontractors and raw material

suppliers. In 2023 all our Level 1 suppliers have registered on the platform and in the coming years we aim to expand the scope of suppliers tracked through the platform. This will allow us to have a complete overview of our supply chain and associated risks.

Human rights and modern slavery risk assessment

We conduct regular assessments of health, safety and human rights risks within our product supply chain to the best of our ability. We take into consideration external factors such as local politics and climate change to ensure a comprehensive understanding of the risks involved. Engaging with local stakeholders and experts is a key focus for us; it helps us in staying informed about current trends and anticipating and preventing human rights risks.

We utilise a risk assessment tool that enables us to assess, monitor and support our suppliers in Tier 1 and Tier 2. This tool takes into account various factors including country risk, facility level risk, workforce risk and the risks of transparency and engagement. The risk assessment serves as a relevant initial step in identifying priority suppliers and topics for evaluation against our Code of Conduct and policies. It helps us identify key modern slavery risks at both the country and facility levels, as well as health and safety risks within facilities.

The highest risks identified in our supply chains are related to migrant labour, child labour and temporary workers, and become more relevant when addressing the cotton supply chain especially in the farthest tier. Cotton is a seasonal crop, meaning temporary workers are often used for harvesting and other processing steps. We are therefore aware that in some countries, there may be cases where this work is not voluntary and is provided through government-led programmes that constitute modern slavery. Additionally, any country affected by conflict, poses a greater risk.

We are diligent in addressing these risks and work closely with our suppliers to ensure compliance with our rigorous ethical standards.

As part of our future plans, we aim to adapt the risk assessment tool to include further tiers in our supply chain. All new suppliers are required to provide us with key data on their business, supply chain and workforce through SMC's Sustainability Hub.

Supplier audits

Audits are an important tool for collecting data and information on potential areas of risk within our supply chain and they allow us to address immediate issues, identify signs that further investigation may be required, and support our suppliers in meeting the required standards. We conduct different types of audits, including unannounced visits, full audit assessments for new sites, and follow-up visits and we have drawn up an internal procedure to define the steps for carrying out social audits.

While audits are not the sole method we rely on, they provide valuable insights into our suppliers' practices and help us identify

potential risks in our supply chain. If a supplier fails to make efforts to meet our standards or to recover any identified nonconformity, we may consider terminating our business relationship with them. Nonetheless, our approach and principles remain in favour on building together with our suppliers an improvement process, accompanying them through it.

In 2023, a total of 71 audits and 42 supplier visits were conducted across both product suppliers and service providers at tiers 1 and 2 of our supply chain. Additionally, we have developed a specific survey for homeworkers, allowing us to improve the assessment of their working conditions and collect necessary information to understand the main challenges and risks they face. In recent years, we have completed one assessment of home workers in our Spanish shoe supply chain through a third-party assessment and we have concluded three assessments of home workers in Italy. These assessments aimed to ensure that home





workers are treated fairly and that their work premises are safe and adequate.

Improvement projects

We are committed to implementing improvement projects in our suppliers' factories to address endemic problems and create positive change. Our goal is to address the root causes of these problems through various initiatives, such as improving hiring systems and strengthening communication channels between workers and management. Our suppliers appreciate the collaborative approach we take, as it ensures clear and transparent communication regarding the implementation of improvement actions. We actively collaborate with other brands with whom they share the same suppliers and similar challenges, and aim to develop joint short- and long-term improvement plans.

Supplier training

We regularly conduct training sessions on

ethical trading and the challenges faced by our product suppliers, including modern slavery. These sessions also cover SMC's social responsibility policies and procedures. We ensure that all the suppliers in our key regions, especially Italy, receive this training.

Staff training

Our CSR and Human Rights team follow regular specialist training on modern slavery, the knowledge acquired is integrated into our broader social responsibility programme. These training sessions have also enabled us to provide training to our suppliers, factories, and supply chain teams within SMC.

Since 2017, our Sustainability, Procurement, Manufacturing and Facilities teams have received training on modern slavery. This ensures that awareness and understanding of modern slavery becomes increasingly widespread throughout our organisation. In continuity with what has already been

achieved, in 2023 we began planning internal staff training to be carried out starting from the first half of 2024. The topics concern various themes related to sustainability and corporate social responsibility in order to keep employees updated on SMC on sustainability developments and projects.

Our senior management, including board members, regularly receive updates of our due diligence on modern slavery. This demonstrates our commitment to keeping the issue at the forefront of our decision-making and ensuring that everyone within the organisation is well-informed and engaged in addressing modern slavery in our supply chain.

Grievance mechanisms

All SMC staff and anyone in our supply chain can use the Grievance and Whistleblowing mechanism. The initial training on how to use the tool SpeakUp® (already mentioned in the paragraph 5.1.1.2) has been provided to SMC staff, suppliers and workers throughout 2021. An internal monitoring committee has been created to oversee the mechanism and ensure that it operates in line with the UN Guiding Principles on Business and Human Rights. Since its implementation, two cases have been reported through the tool in 2023. The cases, reported by suppliers' workers, were handled directly by SMC's CSR and Human Rights team, who engaged a third-party company to carry out further investigations, following which the cases were closed without any violations emerging. However, we recognise the challenges of effective complaint mechanisms and tools and continue to work to improve them.

5.2.4 HIGHLIGHTS OF 2023: FLAGSHIP CASES AND ACHIEVEMENTS

Supply chain mapping

In 2023, we continued with the integration of

suppliers information into our SMC Sustainability Hub and internal management systems. This will also support the communication of sustainability topics of our products in a more user-friendly way to our final customers.

Risk Assessment

In 2023, out of the 71 third-party audits conducted, approximately 7% of the audited sites failed the external audits and were not approved for production. These failures were due to critical human rights issues and the suppliers' inability to make the necessary improvements.

Even though these facilities were not approved for our production, each case was brought to the attention of the respective direct suppliers. An improvement plan was shared with them, which outlined the identified risks and recommended actions to be implemented for recovery.

For our audits, we engage external collaborators and assess the social context. The objective is to evaluate the working conditions, safety and well-being of workers. By conducting these audits and addressing any identified issues, we aim to ensure that the rights and welfare of workers in our supply chain are protected.

Transparency and traceability

Transparency and traceability have a high significance for Stella McCartney, as already addressed in the preceding chapters, and it is worth mentioning the SOKTAS collaboration established in 2023 with our regenerative cotton supplier in Turkey to develop and implement blockchain technology across the entire supply chain. This partnership started in 2022 and extended throughout 2023 and 2024. The project aims to improve transparency and traceability within the apparel and footwear sectors by exploring the application of innovative technologies, such as blockchain. Also in 2023, in collaboration with other brands, we participated in a pilot programme to enhance traceability and successfully traced three of our products with the assistance of an external consultant. In this context, we were

able to provide our Tier 1 and Tier 2 suppliers with information regarding the country of origin of the raw materials, whether they were of plant or animal origin.

CSR Supplier training

In 2022 we introduced a training programme aimed at increasing awareness and knowledge on CSR issues and elevating suppliers' skills in supply chain management, particularly in Italy. The programme was delivered by an external consultant in three webinars held between November 2022 and March 2023. The main focus was on ethical trade and its importance for our suppliers, with the aim of teaching them to effectively manage risks related to the supply chain and human rights. We have collaborated with other brands to develop this initiative, capitalising on industry-wide cooperation. These initiatives play a crucial role in promoting a culture of sustainability, which is one of our core values. They align with our responsible supply chain strategy and are part of our vision to support suppliers in improving supply chain management.

In 2022, we launched a new Subcontractor Onboarding Module, which continued to be used in 2023 – allowing us to collect preliminary information from our subcontractors (e.g., workforce) and prepare them for the audit assessment. This onboarding approach is used specifically for our direct suppliers in Italy, where the goal is to equip suppliers with the necessary knowledge and tools to improve their interaction with subcontractors. Given the natural composition of the Italian supply chain, it is crucial that our partners recognise this reality and collaborate with us in diffuse related issues. In accordance with this new methodology, we request our suppliers to conduct a pre-assessment of the new subcontractor they wish to hire. To ensure our suppliers' awareness in applying this methodology, we take the time to present it to suppliers, explain where the request comes from and what the main human rights challenges are that they need to consider and pay attention to when they visit a new place.

5.2.4.1 CASE STUDY: COLLABORATION WITH THE ETHICAL FASHION INITIATIVE AND BUILD A NEST

As part of our CSR strategy, along the entire social value chain we are committed to addressing inequality, empowering the people involved in the production of our clothing and promoting artisan-based projects within local communities. We recognise that community action is a crucial first step in supporting local production and creating a foundation for long-term partnerships. For this reason, Stella McCartney has launched two specific projects.

In 2022, SMC collaborated with EFI for our SS23 collection – incorporating raffia bags handmade by EFI artisans in Kenya, renowned worldwide for their expertise in basket weaving, in order to support local craftsmanship. Raffia was a new material for the Kitui County women's group Shalom, which was involved in making the bags. As a result, we provided training on raffia weaving to introduce them to new skills, as the intricate process could take up to a week per basket. While agriculture has traditionally been their primary source of livelihood, environmental and economic instability has forced these women to explore alternative income opportunities, which orders like these can provide.

The finished product consists of raffia bags featuring vegan Alter Mat handles, GOTS-certified organic cotton lacing and a perforated circular logo patch made with our solvent-free vegan Alter Mat alternative to animal leather. The iconic Logo shoulder strap is responsibly made from 100% post-consumer recycled polyester. In 2022, we also started measuring the impact of projects like these and then reporting their social impact, with this project continuing into 2023.



Another project carried out in 2022 and 2023 by Stella McCartney is the collaboration with Nest, an NGO that supports responsible growth and creative engagement with the global handcraft sector through dedicated programmes. Their mission is to create a more equitable world by supporting and investing in diverse artisans, their stories and their handwork. This collaboration aimed to find a suitable partner to start the production of handcrafted items. After careful consideration, a Madagascar-supplier was selected, working closely with Stella McCartney's bag division team throughout 2022 and 2023 to produce a small capsule collection. These products were included in the Spring Summer 2024 collection, (launched in 2023). These products are made with raffia locally sourced, the activity of weaving and crocheting raffia is part of the traditional Malagasy artisan culture.

5.2.5 LOOKING AHEAD

Below are our next steps, with plans for 2024 and onwards including:

1. New audit procedure, which will lead to more unannounced rather than announced audits and an intensification of audit activity. We also plan to put improvement plans in place should a supplier fail an audit and continue to monitor our supply chain to ensure improvements are sustainable. Only as a last resort, end responsible high-risk business relationships;
2. New goal related to the increase of suppliers in scope, expecting more audits in Tier 2 suppliers;
3. Implement new sections of the Sustainability Hub to further digitalise the supply chain mapping and management by making

- suppliers' information more accessible;
4. Organise company training to update stakeholders regarding company's sustainability goals, achievements and standards;
 5. Collect more information to improve visibility on Tier 3 and tier 4;
 6. Collaborate in 2024 with our IT department and some identified partners to pilot traceability solutions in terms of logical and physical traceability, to digitise supply chain data management and guarantee data reliability;
 7. Assess high-risk procurement suppliers, cleaning and security contractors once global mapping and risk assessment is completed.

5.3 OUR CUSTOMERS

We recognise the fundamental role of our customers, who are among our most valuable assets. Their satisfaction and loyalty are critical to our success, and we are committed to understand their needs and exceed their expectations by offering exceptional products and services. We appreciate their feedback and actively seek to build strong relationships with them. Their support is inestimable, and we aim at continually providing them with the best experience possible.

Maintaining strong customer relationships is crucial for businesses. Stella McCartney aims to create lasting and meaningful connections through the use of the most popular channels such as Instagram, TikTok, Facebook, LinkedIn, Pinterest, YouTube, WeChat, Weibo, RED, LINE and Twitter. In addition to being useful for maintaining contact with our customers, social media is also used to share news about Stella, such as the innovations we use in the creation of products or the creation of collections that respect our sustainability objectives.

We believe it is essential that we listen to the opinions of our customers, and are committed to maintaining a strong bond with them. We

actively encourage our customers to send direct feedback to our retail customer service teams through various channels, including our online customer support form, available on our website, and our telephone contact. By remaining accessible and responsive, we ensure that our store teams can respond promptly to any concerns or suggestions, ultimately improving the overall customer experience. The feedback received from customers is generally related to repairs, online orders, in-store requests and sustainability of materials and processes. Elements such as the materials used, and their sustainability are normally investigated and evaluated before completing the purchase.

We understand the growing importance and interest in sustainable practices among our customers and this is one of many reasons why we are committed to transparently communicating our sustainability efforts and providing information about the materials and processes used in our products via our annual Impact Report.

We are currently evaluating the introduction of customer satisfaction surveys to collect valuable insights and feedback from those shopping in physical stores, allowing us to better understand their satisfaction levels and make necessary improvements based on their feedback. This systematic approach would help us track and monitor customer satisfaction more effectively.



6. Our activism

Stella McCartney plays a vital role in guiding transformations in mindsets, actions and lifestyles among our diverse customer base and within the fashion sector. Advocacy is at the heart of Stella McCartney as a brand, and we take great pride in being a catalyst for constructive change in the fashion industry and beyond. We leverage our platform as an educational resource to increase awareness about our key concerns, which include preserving the planet for future generations, promoting a world without cruelty and ensuring the well-being of the individuals within our supply chain.

6.1 ACTIVISM: STRATEGY

Since the establishment in 2001, Stella McCartney has been a cruelty-free, vegetarian brand – a groundbreaking position at both its foundation and present day. We have consistently abstained from using animal leather, feathers, fur and skins. In 2008, we took this a step further by introducing organic cotton, thus supporting a more compassionate approach within the fashion industry, respectful of both our fellow human beings and Mother Earth.

Our attitude and stance are summed up in the core values on which our marketing and communication strategy is based:

- A cruelty-free ethos;
- Living in harmony with Mother Earth by supporting regenerative practices that respect natural resources;

- Promotion of circularity and waste reduction;
- Conservation and protection;
- Living in harmony with Mother Earth by supporting regenerative practices that respect natural resources;
- Pioneering material innovations, including supporting the next generation of visionaries

Stella herself is the key ambassador and advocate of our core values. We also partner and collaborate with innovators, next-generation activists and organisations that share our values and principles.

In order to have a positive impact, we leverage our influence to work with public and private leaders to transform policies, practices and legislation. In addition, we actively participate in important global events such as the United Nations' COP Climate Conferences.

6.2 PARTICIPATION IN COP28

In December 2023, Stella McCartney participated in the COP 28 UN Climate Conference in Dubai – launching a sustainable innovation exhibit, titled “Stella McCartney’s Sustainable Market: Innovating Tomorrow’s Solutions”. We showcased a journey into a nature-positive future by featuring 15 innovators overcoming current sustainability related issues, within fashion and beyond.



Our involvement focused on three key goals: advocating for policy change to reduce the environmental impacts of fashion, advocating for human and animal protection and welfare, and bringing together global leaders to progress investment and support in material and process innovations.

The showcase at COP highlighted our brand leadership in sustainability and commitment to increase innovation and reduce negative impact. The broad range of innovators that we showcased highlighted the potential to lower the environmental impacts of fashion and other industries through more investment in innovation. We also showcased many collaborations that we had been working on to highlight the potential for a more sustainable future for the industry.

Innovators and partners exhibiting at Stella's COP28 installation include:

- NFW:** The creator of MIRUM®, the world-first all-natural and plastic-free vegan alternative to animal leather crafted from vegetal and mineral ingredients.
- Mango Materials:** The start-up that transforms methane into a biodegradable alternative to plastic. Its scalable process harnesses the carbon-storing capabilities of bacteria to form a PHA biopolymer, this can then be innovated into pellets which are easily integrated into conventional plastic supply chains.
- Keel Labs:** That created an alginate-based alternative to cotton and synthetic fibres using naturally renewable, regenerative seaweed.
- Protein Evolution:** Making polyester waste infinitely recyclable using enzymes.
- Brimstone:** That displayed a sculpture of Stella McCartney made by an innovative cement produced through a carbon negative process, calcium silicate rock. It also produces magnesium-based materials that naturally absorb carbon from the atmosphere, helping to actively fight climate change.
- Veuve Clicquot collaboration:** Grape-based products alternative to animal leather, using

grape by-product from Veuve Clicquot's harvest, fully traceable and grown using regenerative agriculture practices.

- LVMH Life 360 and Maison/O:** Presented a series of R&D projects developed with Central Saint Martins UAL and the LVMH Environment team, in particular Automating Violacein, an automated microbial dye process on Nona Source deadstock fabrics and printed with a bacteria found in soil, and Rewilding Textiles, a project aiming to use bacteria, algae and food waste as potential bio-circular alternative dye sources.
- Radiant Matter:** Showcased their innovations – including BioSequins, which Stella McCartney made world-first garments with – that are non-toxic, biodegradable and low carbon, without the use of plastics, metals, minerals or pigments.
- Chargeurs Luxury Fibers/NATIVATM:** the installation was enriched with evidence of wool from regenerative farming practices.
- SÖKTAŞ:** Cotton produced through regenerative agricultural practices in Turkey.
- Savian:** Created by biomaterials startup BioFluff, it is the world's first entirely plant-based, vegan and plastic-free alternative to animal fur, fleece, shearling and plush products, formulated in Italy from renewable and vegetal fibres such as nettle, hemp and flax. Savian is cruelty-free and toxin-free.
- PURE.TECH:** 3D printed by LaMáquina, the Stella McCartney's COP28 installation made by nature-based materials with Pure.tech, is able to adsorb greenhouse gases from the atmosphere. This technology is applicable to textiles, paint, paper, wood and plastic, and transforms ordinary objects into carbon-negative forces.

During the event, we also worked with key stakeholders organising events within our space. We hosted talks by Fashion Revolution and Conservation International, as well as workshops from the innovators that we were showcasing. Through these talks, we drew in audiences to discuss important sustainability-related fashion impacts. These talks were open to all COP visitors, including members of the public.



7. Looking to the future

As we look ahead, we acknowledge that there are numerous urgent sustainability priorities for businesses and the sector as a whole. We recognise that the landscape of sustainability reporting is quickly evolving, with growing demands for accurate and comprehensive data that inform decision-making. As we move towards the expectations provided by the new European Sustainability Reporting standards, we are currently determining how our future sustainability reporting will align with regulations and frameworks.

However, we firmly believe that the upcoming decade is crucial for everyone. The decisions we collectively make between now and 2030 will shape the future of our planet. For this reason, our primary focus will be on taking decisive action. As such, we have identified six key areas that will be our top priorities in the years to come.

1. Low-impact materials

Stella McCartney will continue to focus on sourcing the best low-impact solutions for the fashion industry and to collaborate with innovators working together to test avant-garde material alternatives. By acting as an early adopter for these materials, we encourage fast-paced change in the industry – backed by scientific evidence.

As a leading brand, we aspire to inspire other brands to incorporate low-impact materials into their products and must continue to lead in this field by launching new innovations, scaling up usage of regenerative agriculture materials and phasing out fossil fuel-based synthetics.

Our goal is to increase the proportion of low-impact materials in each season's collection, and to promote the visibility of these innovative solutions. A key aspect of

this commitment is expanding our range of fully circular products, such as the Econyl parka. Circular products play a crucial role in promoting sustainable consumption patterns and contribute to a more environmentally responsible and carbon-efficient future.

2. Decarbonisation

Our connection with the natural world is established through the sourcing of materials used in our clothing. It is crucial for us to understand and address the emissions associated with this process by defining specific targets. To achieve this, we have begun evaluating and setting near and long-term FLAG-specific goals. These targets will focus on reducing our carbon impacts related to raw materials. As part of our efforts, we will expand our current work of measuring carbon emissions and removal at the farm level, as demonstrated through the SÖKTAŞ regenerative agriculture project.

In addition, we are also quantifying the greenhouse gas emission reduction measures that we have planned and will finalise to implement a climate-transition plan. We are committed to collaborating with our suppliers at all levels to address emission reductions and we will continue to engage more of our suppliers in the Clean by Design (CbD) programme, which includes supporting manufacturers in transitioning to renewable energy sources.

3. Nature

The current resource extraction system is not sustainable and has led to the depletion of nature. In order to address this, we are committed to sourcing our materials through regenerative agriculture and using certified materials. This approach aims to not only provide a sustainable source for our materials,





but also to support better outcomes for the land and resources we use. As part of our efforts, we are working towards increasing the quantity of certified materials and materials sourced through regenerative agriculture, such as the SÖKTAŞ farm.

We acknowledge our impact on water, both in terms of the volume consumed for crop cultivation, such as cotton, and in the manufacturing process, as well as the pollution that occurs from dyeing processes. In addition to collaborating with our suppliers to reduce water usage in production, we are planning to assess our water usage throughout our supply chain. This will involve understanding our water footprint across the materials we use and the countries we source from and developing targets to decrease our consumption over time. Furthermore, we aim to identify water-related risks across our supply chain to inform our sourcing strategy.

Looking to the near future, the protection of biodiversity is a pillar that Stella McCartney intends to support and develop to the best of our ability, aware of the need for and importance of taking its preservation to heart.

4. Traceability

We are committed to achieving full traceability throughout our supply chain. Our main focus is to understand the origin of all our materials and track every stage of their journey. Every season, we prioritise obtaining the necessary certifications for our materials and collaborate with suppliers who enable us to trace the origin of their provided materials. This allows us to have a thorough understanding of our entire supply chain. Furthermore, we are actively exploring platforms that can enhance our traceability efforts, helping us responsibly and transparently source our materials; for instance, the UNECE Blockchain pilot. Specifically, we will work to extend audits to Tier 2 suppliers as well as increase audits on Tier 1 suppliers, alongside putting traceability projects, such as the digital product passport, in place.

5. Activism

We will persist in our efforts to foster a fashion industry that is nature-positive and cruelty-free. Stella McCartney will utilise her voice and our brand's platform to advocate against regulations that impede or excessively tax vegan alternatives. Furthermore, we will actively support and facilitate policies and legislation that incentivise the development of more sustainable innovations.

By engaging in collaborations with business leaders and participating in events like COP, Stella McCartney endeavours to inspire consumers and fellow professionals in the fashion industry to prioritise sustainability. Through these initiatives, we aim to set a crucial example for a future that is environmentally conscious and responsible.

8. Appendix

8.1 GLOSSARY

DESCRIPTION	DETAIL
Bio-based	Products that are derived from renewable biological resources, typically originating from plants or microorganisms. These resources can be grown, harvested, and regenerated over time, making bio-based materials an alternative to fossil-based resources that are finite and contribute to greenhouse gas emissions when extracted and processed.
Carbon offset / carbon credit	A mechanism used to compensate for greenhouse gas emissions produced by one activity by investing in or supporting a reduction in emissions from another activity.
CDP	An international non-profit organisation that focuses on environmental disclosure and transparency, encouraging companies and cities to disclose their environmental impact data.
Circular economy	An economic model that is based on the idea of closing the resource loop by keeping resources in use for as long as possible, reducing the need for new resource extraction. Unlike the traditional linear economy, which follows a “take-make-dispose” pattern, the circular economy focuses on sustainability, resource efficiency, and reducing environmental impacts.
CO2e	Carbon dioxide equivalent (CO2e) is a unit of measurement used to express the global warming potential of various greenhouse gases in terms of the amount of carbon dioxide (CO2) that would have the same warming effect over a specified time period.
Diversity, Equity and Inclusion	Interconnected concepts that focus on creating a more inclusive and equitable environment in workplaces, organisations, and society as a whole. They are essential for promoting fairness, justice, and a sense of belonging for all individuals, regardless of their backgrounds.
Environmental Profit and Loss	A tool that was developed by Kering and PwC to measure and monetise the environmental impact of its Group’s activities. The tool uses natural capital accounting methods to place a monetary value on environmental impacts resulting from company activities – from the extraction of raw materials to the manufacturing of products to direct operations required to sell those products.
FLAG emissions	SBTi has developed sector-specific guidance related to emissions from the Forest, Land and Agriculture sector. This is a separate SBTi GHG inventory that includes a company’s land use change and land management emissions alongside any carbon removals and storage.
GHG Protocol	The most commonly used set of accounting standards and guidelines for measuring, managing, and reporting greenhouse gas emissions.
Global Recycled Standard	An international, voluntary certification standard for products made with recycled content. It is administered by Textile Exchange, a global nonprofit organisation focused on sustainability in the textile and apparel industry.
GOTS certified organic cotton	Global Organic Textile Standard, is a widely recognised certification standard for organic textiles, including cotton. When cotton products, such as clothing, bedding, or textiles, are GOTS certified, it means they meet strict criteria and standards for organic farming and textile processing.

DESCRIPTION	DETAIL
Greenhouse Gas Emissions	Greenhouse gas emissions refer to the release of certain gases into the Earth’s atmosphere that have the capacity to trap heat and contribute to the greenhouse effect. This effect results in the warming of the planet, which can lead to changes in climate patterns and a range of environmental and societal impacts.
Carbon offset / carbon credit	A methodology used to evaluate the environmental impacts of a product throughout its entire life cycle, from raw material extraction to end-of-life disposal.
Market-based	A calculation methodology for Scope 2 emissions that accounts for the electricity purchasing that a company undertakes e.g. renewable energy or low-carbon energy certificates.
Net zero	The balance between the greenhouse gases emitted into the atmosphere and the greenhouse gases removed from the atmosphere, effectively resulting in no additional increase in the concentration of greenhouse gases in the atmosphere.
Organic farming	A method of farming that emphasises the use of sustainable practices while avoiding synthetic chemicals and genetically modified organisms. Certification is often obtained to demonstrate that the farming complies with specific organic farming standards and practices.
Paris Agreement	An international treaty adopted in 2015 at COP21 held in Paris. It was a landmark accord that represents a global effort to combat climate change and reduce greenhouse gas emissions. The central goal is to limit global warming to well below 2 degrees Celsius above pre-industrial levels with an aspirational goal to limit warming to 1.5 degrees Celsius.
Regenerative farming	An agricultural approach that seeks to restore and enhance the health of the soil, ecosystem, and the farming community while producing food. It goes beyond sustainable farming by actively working to improve soil fertility, biodiversity, and ecosystem resilience.
Science-Based Targets initiative (SBTi)	A collaborative organisation that aims to help companies set and achieve greenhouse gas emissions reduction targets that are in line with the latest climate science.
Scope 1, 2 and 3	Classifications used to categorise and account for greenhouse gas emissions associated with an organisation’s activities. These classifications help organisations identify and measure their carbon footprint and understand the sources of emissions.
UN COP	A series of international meetings organised by the United Nations to address global environmental and climate change issues. These conferences bring together representatives from countries around the world to discuss and negotiate solutions to pressing environmental challenges.
UNFCCC	The UNFCCC stands for the United Nations Framework Convention on Climate Change. It was established as a response to growing concerns about global climate change and its potential impacts and serves as the primary framework for global cooperation and negotiations on climate-related issues.

STELLA McCARTNEY