



ENVIRONMENTAL
POLICY

LPP

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INTRODUCTION

LPP is a Polish family company, one of the most rapidly growing in the fashion industry in the Central European region. LPP manages 5 fashion brands: Reserved, Cropp, House, Mohito, and Sinsay, with the product ranges now available for sale in shops and online in 41 markets worldwide. The company is listed on the Warsaw Stock Exchange in the WIG20 index and belongs to the prestigious MSCI Poland Index.

This policy is based on a Double Materiality Analysis, in which we have identified the main environmental areas around which we focus our activities. It is also the result of consultations with stakeholders and selected representatives of key business areas of the LPP Group.

We are aware that it is possible to manage the following areas through extensive cooperation – both within the company and with our suppliers and business partners, organizations and institutions operating in these fields and customers. We constantly monitor emerging risks and take steps to reflect them in their environmental practices.

I. PURPOSE

We are committed to continuously reduce the environmental impact of our operations. This includes minimizing the impact of our own operations, including stores, offices and distribution centres, while striving to ensure that the products we sell are manufactured in more environmentally friendly way - from the sourcing of raw materials, through the production, logistics, sales, the usage phase and the end of life.

1. CLIMATE

We are committed to our climate impact and halting global growth 1.5°C. Our decarbonization targets cover the entire value chain and have been validated by the Science Based Targets Initiative. Our actions include initiatives aimed at improving energy efficiency and direct reduction measures.

The LPP Group's decarbonization objectives include:

- reducing greenhouse gas emissions in scopes 1 and 2 by 42% by 2030 compared to the 2021 baseline. Achieving this goal will involve further decarbonization of the energy network, transitioning to renewable energy sources, reducing energy consumption, and making changes to our vehicle fleet.
- limiting emissions resulting from the purchase of goods and services included in scope 3 by 51.6% by 2030, calculated per unit of purchased product (compared to 2021). To achieve these commitments, we will increase the share of certified raw materials needed for production, whose acquisition involves less environmental impact, and enhance engagement with suppliers to transition to renewable energy
- engaging business partners responsible for 21% of emissions in scopes 4 and 8 of scope 3 to develop their own reduction targets by 2027.

2. POLLUTION IN PRODUCTION

We take action to eliminate pollution, its emissions and prevent release into the environment. We want to ensure product and value chain safety through the use of appropriate chemicals. We demand from all our suppliers to strictly comply with the standards for acceptable concentrations of chemical substances in finished products, complying with the REACH¹ regulations. ZDHC² Membership enables us to manage chemicals in our production processes and improve the quality of post-production water. We strive for full compliance of suppliers responsible for wet production processes with ZDHC guidelines.

¹ <https://echa.europa.eu/regulations/reach/understanding-reach>

² Zero Discharge of Hazardous Chemicals

3. WATER

We take action in the field of water management at every stage of the value chain. We work with suppliers to optimize water use in wet processes and work together to improve the quality of post-production water. We are increasing the use of materials with verified reduction of water consumption, such as Cotton made in Africa. We introduce solutions aimed at reducing water consumption in our offices, showrooms and warehouses. We support global and local initiatives to protect ecosystems.

4. BIODIVERSITY AND ECOSYSTEMS

Being aware of the impact on nature and dependence on natural capital, we monitor the state of the ecosystems in which we conduct direct and indirect operations, therefore we also included our activities in TNFD analysis. We prioritize raw materials and processes production that reduce the potential negative impact on biodiversity and we plan to gradually increase the amount of certified cotton and licensed viscose materials.

5. WASTE AND CIRCULAR ECONOMY

We are committed to decoupling our growth from resource consumption in both products and packaging. We are increasing the share of recycled materials in our collections. We strive to close textile circulation through their collection and by textile-to-textile recycling technology development.

At the same time, we support our customers in the responsible use of fashion. We strive to eliminate single-use plastics, preferring recycled materials and those suitable for reuse. Packaging raw material management activities are in line with the guidelines of the Ellen MacArthur Foundation.

II. GOVERNANCE AND IMPLEMENTATION

1. This Policy has been approved by the Management Board of LPP SA. It is applicable both to LPP SA and all companies of the LPP Group, both in Poland and abroad.
2. The implementation of the Policy is supervised by the Vice-President of the Management Board for Finance. At the operational level, the person responsible for coordinating the implementation of the policy within the LPP Group is the Head of the ESG Department, supported by the directors of other departments, in particular purchasing, logistics, administrative and technical, lease and expansion.
3. The policy is complemented and reinforced by other related documents applicable in the LPP Group, including:
 - Code of Conduct;
 - LPP Rules of cooperation with business partners;
 - The Whistleblowing Rules in the LPP Group;
 - LPP Human rights policy.

III. THE WHISTLEBLOWING RULES

We strive for transparency and compliance of the activities of the LPP Group and its employees with the law and internal rules. We provide the possibility of safe reporting of irregularities, detailed rules are included in the document "The Whistleblowing Rules in the LPP Group", available on the www.lpp.com website.

IV. REVIEW AND MONITORING

We will monitor the effects of the LPP Group's operations and strive to improve the results of our environmental activities. This policy will be subject to a recurring assessment and update once a year. Progress on environmental work will be published in the Sustainability Report available on the corporate website www.lpp.com in Polish and English.

V. COMMUNICATION AND DEVELOPMENT

1. This policy is publicly available on the website www.lpp.com in Polish and English.
2. Its implementation is supported by communication activities, both within the LPP Group and in our value chain.

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