

G-STAR RAW RESPONSIBILITY

RAW RESPONSIBILITY

G-STAR RAW SUSTAINABILITY REPORT 2020

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HOW TO USE THIS REPORT

This report reflects G-Star RAW's performance on key sustainability priorities and our implementation of due diligence within our value chain. Due diligence, as defined by the Organisation for Economic Cooperation and Development (OECD), is the process enterprises should carry out to identify, prevent, mitigate and take accountability for actual and potential adverse impact in their value chain¹.

G-Star's sustainability priorities are linked to key impact areas that were assessed and analyzed through a risk assessment that is aligned with the methodology of the OECD. The risk assessment is a key part of our due diligence process and guides us in forming and strengthening our Sustainability Strategy and priorities.

This report focusses on the sustainability progress made in 2020, the planned actions for 2021 and our long-term goals and ambitions for 2025 and 2030². In addition to this report, the following documents, which outline G-Star's policies, guidelines and actions, are also part of our (reporting on) due diligence:

Sustainable Supply Chain Handbook

This [Handbook](#) explains our due diligence process that identifies (potential) risks and includes G-Star RAW's Compliance Policy, a detailed supply chain explanation, our sustainability monitoring tools and process, our supplier onboarding process, and our Supplier Development Program.

Sustainability Milestones Overview

This [document](#) shows our sustainability journey since 2006.

Transparency Tools:

- [Manufacturing Map](#) – This tool shows all direct suppliers with whom G-Star has a business relationship for over two years.
- [Fiber Ranking](#) – This tool scales our fibers from sustainable to not sustainable.

G-Star RAW's Policies:

- [G-Star Supplier Code of Conduct](#)
 - [Social & Labour Guidelines](#)
 - [Environmental Guidelines](#)
- [G-Star RAW Materials Policy & Animal Welfare Policy](#)
- [Modern Slavery Act](#)

All downloads can be found [here](#).

Explore our [RAW Responsibility webpage](#) to find out more about up-to-date actions regarding our Sustainability Strategy.

Acronyms

ACT	Action, Collaboration, Transformation
AGT	Agreement on Sustainable Garments and Textile
Higg BRM	Higg Brand & Retail Module
Higg FEM	Higg Facility Environmental Module
Higg FSLM	Higg Facility Social & Labor Module
OECD	Organisation for Economic Cooperation and Development
SAC	Sustainable Apparel Coalition
SLCP	Social & Labor Convergence Program
ZDHC	Zero Discharge of Hazardous Chemicals

¹ Definition of [due diligence](#) as defined in the OECD Due Diligence Guidance for Responsible Business Conduct.

² Data disclosed in this report has not been verified by an external party, unless explicitly stated.

LETTER FROM THE CEO

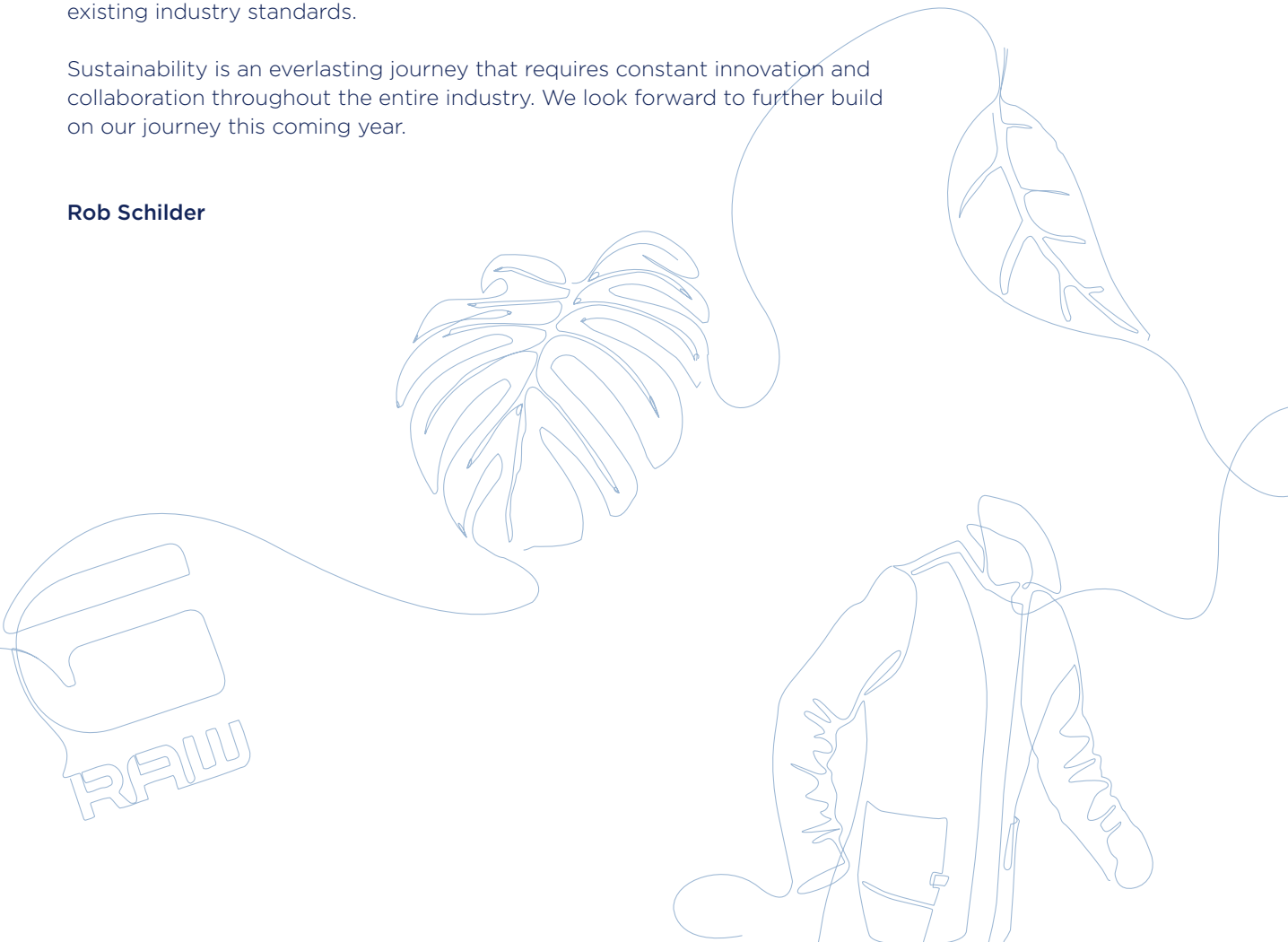
In a year that was heavily marked by COVID-19, the importance of sustainability has become even more evident. These unprecedented times make us extra aware of our responsibilities. We intentionally work with a small and durable supplier base, enabling us to establish long-term relationships. We are in close contact with all of our partners to try to limit disruptions in our supply chain wherever we can.

Despite the challenging circumstances we continued to push for progress on key priorities such as the use of sustainable materials and implementing circular design solutions. We were able to reach and exceed our 2020 goals of using 90% sustainably sourced materials. We also set some new ambitious goals for 2025 and 2030 focusing on increasing our use of recycled and organic materials as well as on increasing our use of Cradle to Cradle Certified™ fabrics.

Additionally, we worked on a few specific transparency projects such as the renewal of our RAW Responsibility website which recently launched, and a brand new sustainability communication tool. This tool, which will launch in 2021, will give consumers full insight into each fiber used in the main fabric of a G-Star garment. It will show how sustainable these fibers are, according to existing industry standards.

Sustainability is an everlasting journey that requires constant innovation and collaboration throughout the entire industry. We look forward to further build on our journey this coming year.

Rob Schilder



RAW RESPONSIBILITY

RAW RESPONSIBILITY

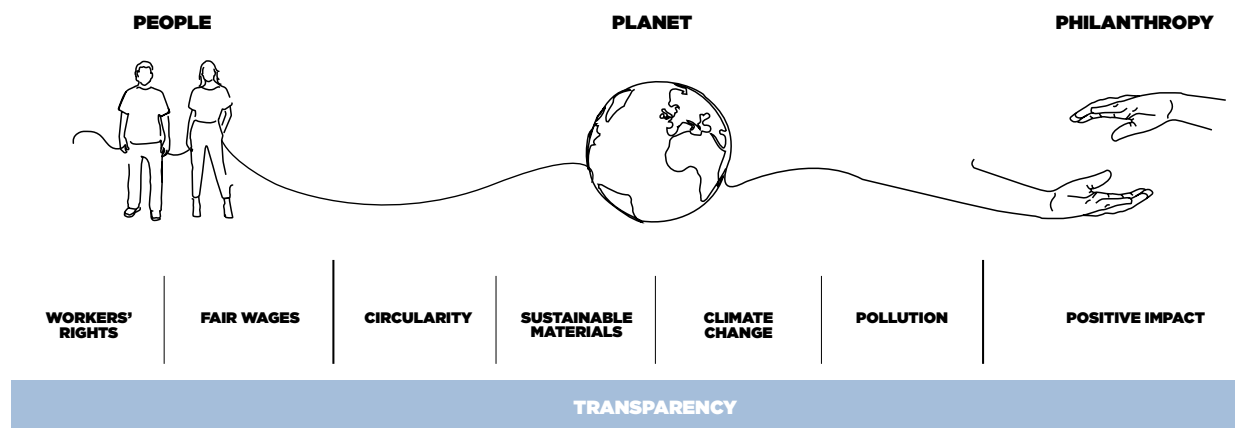
About G-Star RAW

Founded in 1989, G-Star RAW's passion for denim has driven the brand to take craftsmanship to the next level. "Hardcore Denim" is the philosophy that pushes us to invent and explore – down to the smallest detail. With innovation and sustainability at our core, we are proud to present pioneering styles and challenge industry standards.

About RAW Responsibility

Sustainability is key to how we operate at G-Star RAW. It is a process of continuous improvement in both the social and the environmental impact of our products. We have been embedding sustainability in the core of our business since 2006. Take a look at our [Sustainability Milestones Overview](#) to see some of the highlights throughout that ongoing journey.

We find it important to take our responsibility by constantly improving the impact we have on PEOPLE and PLANET, as well as give back to the communities in the countries where we produce. That is why we divide our efforts into three pillars: **PEOPLE**, **PLANET** and **PHILANTHROPY**. These three pillars represent the core of our Sustainability Strategy.



PEOPLE

It is our priority to achieve fair, safe and healthy working conditions, as well as protect the human rights of the PEOPLE involved in our supply chain.

PLANET

We minimize our impact on the PLANET by selecting the most sustainable materials and work towards circular solutions, while operating and producing responsibly.

PHILANTHROPY

Through the GSRD Foundation we want to make a positive and lasting impact on the lives of people in countries where G-Star RAW produces. Together with our partners we provide education and stimulate entrepreneurship through PHILANTHROPIC efforts, including training and coaching.

TRANSPARENCY

To deliver on our strategy, we enable external stakeholders to hold us accountable when it comes to assessing our data-backed sustainability performance. This includes transparent reporting.

Our first sustainability scorecard was developed with MADE-BY in 2013, and we progressed to a MODE tracker disclosure in 2015 until 2017. Since 2018 we have reported using the Higg Brand and Retail 'Beta' Module (BRM) from the Sustainable Apparel Coalition (SAC). This is a global sustainability measurement performance tool in the apparel and footwear sector. From 2020 onwards, we use the Higg BRM to track, measure and share the social and environmental impact of our value chain. In 2021, the Higg BRM will also be verified by an approved third party.

In 2020, we produced our 2019 Sustainability Report that met the reporting requirements of the [Dutch Agreement on a Sustainable Garments and Textiles](#) (AGT), of which we are a signatory, and followed the [OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#). This report was a first step to integrate the OECD Due Diligence Guidance and its risk assessment methodology in our sustainability communication.

Risk Assessment

Over the past year, we have reevaluated our Sustainability Strategy and built upon the OECD risk assessment that was included in the Sustainability Report of 2019. We did this with the help of industry partners, stakeholders and external resources. We performed our social and environmental risk assessment based on the risk categories identified by the OECD and focused on G-Star's main four production countries: Bangladesh, China, India and Vietnam.

Our risk assessment identifies both the likelihood and the severity of potential or actual risks within our value chain. Based on all the information we collected through different resources, we determined which risks are most salient in our supply chain. This led to an updated strategic framework that focuses on the prioritized topics in our supply chain. Our complete risk assessment can be found in the [Risk Assessment Annex](#).

Manufacturing Map

Providing oversight of the supply chain is part of our commitment to the apparel sector's [Transparency Pledge](#). Six years ago, we made our Manufacturing Map public – so anyone can trace the origin of a G-Star RAW product, now covering approximately 95% of our production volume (this differs per season). In addition to the map, we publish further details on our direct suppliers, their sub-factories, processing facilities and nominated fabric mills in our [Manufacturing List](#), which is available on the Open Apparel Registry, an open source tool, which maps garment factories worldwide.

Fiber Ranking

The G-Star RAW [Fiber Ranking](#) communication tool gives consumers full insight into each fiber used in the main fabric of a G-Star garment. It shows exactly how sustainable these fibers are, according to existing industry standards. By doing so, we allow consumers to decide for themselves whether a specific garment matches their individual sustainability standards.

More information regarding the Fiber Ranking can be found in the chapter PLANET.



IN 2020...

...we achieved a
**Gold Level
 Cradle to Cradle
 certification**
 for denim products and for our
Relz Black denim fabric

...the Higg FSLM
 self-assessment
 was completed by
 Tier 1 suppliers that
 represent

40%
 of our production
 volume

...we supported supply
 chain dialogue through

**ACT
 participation**
 in two
 G-Star RAW
 production countries

...we developed the
Fiber Ranking
 communication tool

...we used

99%
 sustainably
 sourced cotton

...we used

93%
 sustainably sourced
 materials

...the Higg verified FEM assessment was
 completed by Tier 1 and 2 suppliers that
 represents 66% of our production volume and
 they scored an average of

67.7/100

COVID-19

The COVID-19 pandemic is having an unprecedented impact on our health and economy worldwide. Throughout this pandemic, we are aware of our responsibilities. Ever since we integrated sustainability into the heart of our business in 2006, we intentionally work with a small and longstanding supplier base, enabling us to establish long-term relationships. We are in daily contact with all of our partners in order to limit disruptions in our supply chain wherever we can.

While we constantly work on minimizing financial, social and environmental impact, we realize that these uncertain times have affected and will continue to affect businesses and communities involved. We focus on finding collaborative solutions in which we can carry the burden of this crisis together and hopefully secure the future of all our businesses. We engage in ongoing social dialogues with partners and stakeholders such as ACT to align on these collaborative solutions.

In our [COVID-19 supply chain responsibility statement](#) we further explain our purchasing practices during this pandemic.

...we defined our new

**Sustainability
 Strategy**

with goals towards 2025 and 2030

...we published our
**COVID-19
 statement**
 about our supply chain

...our DETOX program
 covered 75% of our
 annual production
 volume, and we saw

90.4%
 compliance

SUSTAINABILITY STRATEGY

SUSTAINABILITY STRATEGY

Our long-term focus towards RAW Responsibility includes key sustainability priorities specified in goals for 2025 and long-term ambitions for 2030. These are commitments built on many foundations, such as our risk assessments covering the different phases of our value chain and the increased use of sustainable materials in our

collection. Working with different industry partners and tools such as the Higg Index of the SAC and the programs of Zero Discharge of Hazardous Chemicals (ZDHC) with our suppliers has ensured that we can measure and track impact, and scale across our value chain. This Sustainability Report reflects our annual progress and achievements.

Goals & Ambitions

People	Priority	Goal 2025
Workers' Rights	Elevate and improve fair, safe and healthy working conditions in G-Star RAW supply chain.	Improve current complaint systems towards global independency and confidentiality to strengthen workers' voices in G-Star RAW supply chain.
Fair Wages	Collaborate industry wide through "ACT on living wages", to define the roadmap towards a fair wage framework. Train responsible G-Star teams and suppliers on: timely planning & forecasting, defining labor costing within purchasing prices and discussing fair terms of payment.	Work towards an industry wide agreement on regional living wages and support implementation in G-Star RAW production countries.
Planet	Priority	Goal 2025 / 2030
Circularity	Increase the use of Cradle to Cradle Certified™ fabrics in G-Star RAW collection.	In 2025, 20% of our collection is made with Cradle to Cradle Certified™ fabrics.
Sustainable Materials	Define roadmap to achieve sustainable materials goals.	In 2025, 75% of our collection will be made of recycled and/or organic/bio-based/compostable materials. In 2030, 100% of our collection will be made of recycled and/or organic/bio-based/compostable materials.
Climate Change	Define roadmap to achieve climate goals.	Reduce 15% of GHG emissions by 2025. Reduce 30% of GHG emissions by 2030.
Pollution	Ensure the ban of hazardous chemicals in G-Star RAW supply chain.	Phase out all unsustainable chemical applications in G-Star RAW products in 2030.
Transparency	Priority	Goal 2030
	Report on our sustainability performance through a verified industry benchmark (Higg Brand & Retail Module). Offer full transparency about the environmental performance of our materials for all garments through our fiber ranking.	Offer full transparency through on-product sustainability ranking, including environmental & social performance.

SUSTAINABILITY STRATEGY CONTINUED

Governance

Our Sustainability Department implements the Sustainability Strategy within and beyond our own operations. The team specializes in social and environmental sustainability across the supply chain and has a presence across the Netherlands and in Asia. It is their responsibility to define and implement the Sustainability Strategy by integrating the sustainability work throughout our own organization.

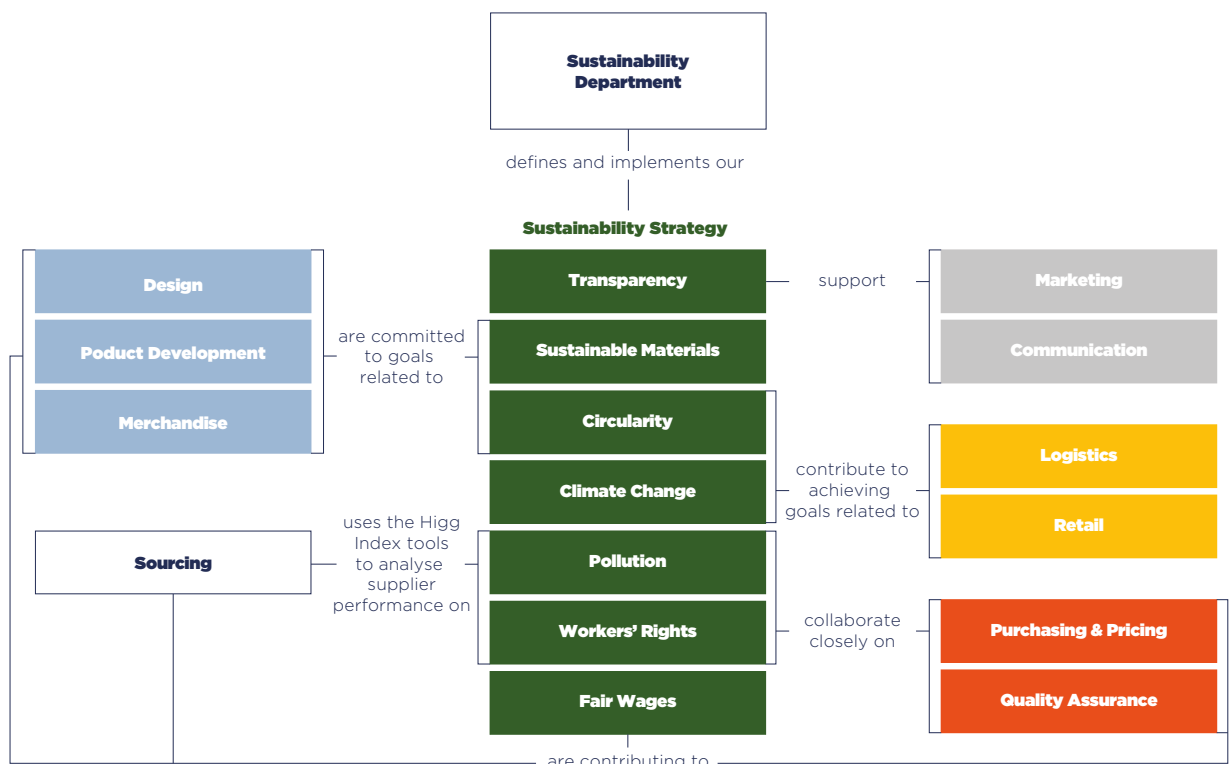
The departments that help manifest our Sustainability Strategy include Design, Product Development, Merchandise, Purchasing & Pricing, Quality Assurance, Sourcing, Logistics, Marketing, and Communications. Our overall Sustainability Strategy is translated into team- and individual goals across these departments, ensuring joint efforts on achieving our goals. Below image demonstrates how we deliver on our Sustainability Strategy together.

Policies

At the base of our Sustainability Strategy we have multiple policy documents to uphold our RAW Responsibility. We developed the [G-Star RAW Supplier Code of Conduct](#) representing all standards on Social and Environmental and Safety and Health (S&ESH) regulations, to ensure that G-Star products are made under fair and safe circumstances. Additional to our Code of Conduct, we also have [Social & Labour Guidelines](#) and [Environmental Guidelines](#). An overview of all policy document can be found [here](#).

We continuously monitor and collaborate with our suppliers and external industry experts, to uphold these standards and improve where needed. How we do that is explained in our [Sustainable Supply Chain Handbook](#).

Governance overview

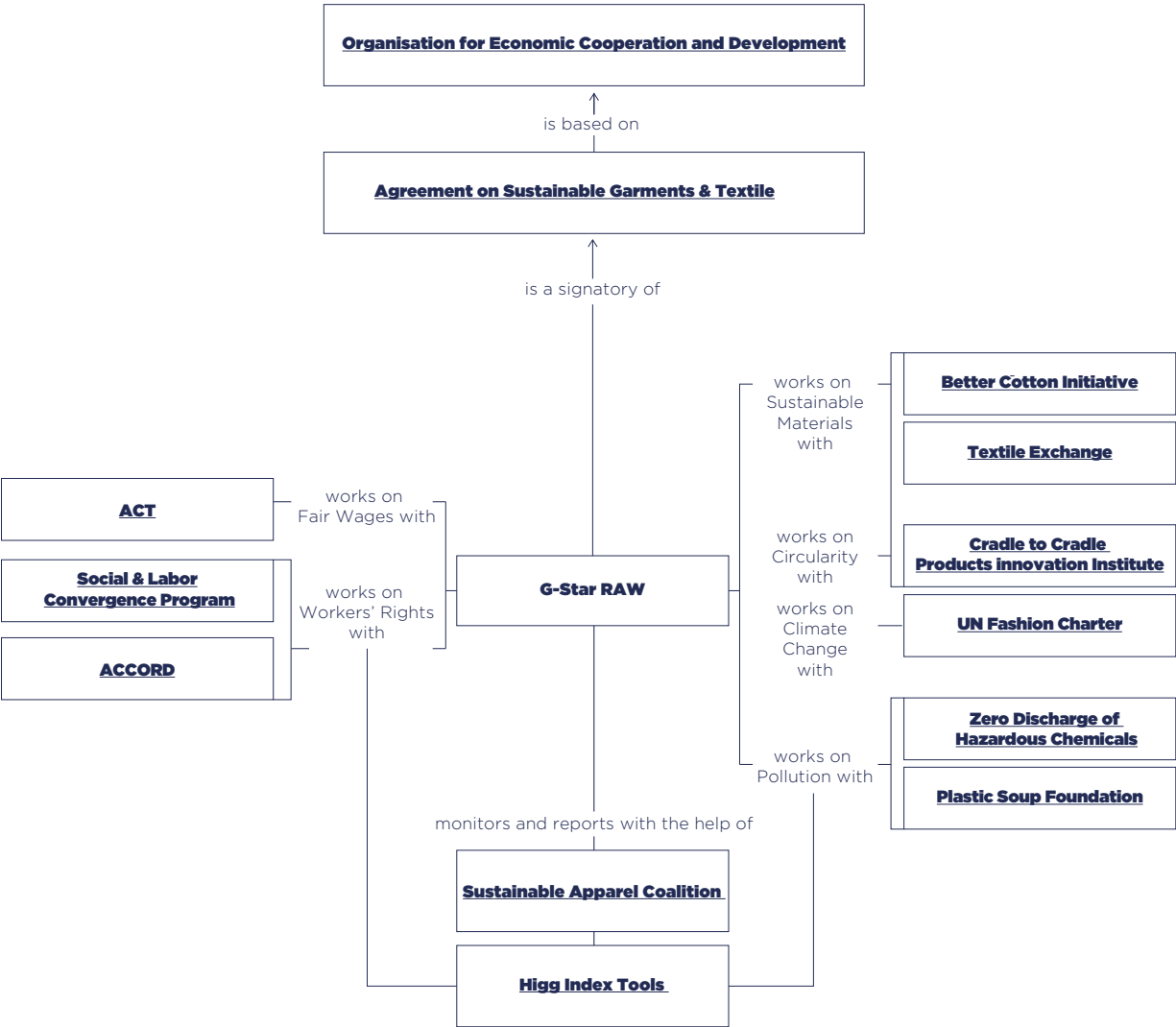


PARTNERSHIPS

G-Star RAW collaborates with many partners and stakeholders to work on our Sustainability Strategy and help define our goals.

The overview below shows how these partners and stakeholders are involved on a strategic level.

Partnerships overview



PEOPLE



PEOPLE

When it comes to the [PEOPLE](#) in our supply chain, our key focus is on achieving fair, safe and healthy working conditions, as well as protecting human rights. We engage in key industry partnerships and make use of tools such as the Higg Index Facility Social & Labor Module (Higg FSLM) to monitor working conditions. We have a clear understanding of the social risks in our supply chain and in 2020 we updated our risk assessment following the guidance of OECD³. Within our supply chain we focus on our [Workers' Rights](#) and [Fair Wages](#) programs.

Workers' Rights

To improve fair, safe and healthy working conditions in our supply chain, we work closely with our suppliers and have built trustworthy and long-term relationships with them. We deliberately work with a small and durable supply chain to ensure continuity in our sustainable initiatives. Our [Manufacturing Map](#) shows the suppliers we work with for over two years and offers background information for each of them.

Although human rights are protected by various national and international laws, they can be restricted in certain situations. We strive for all workers across our supply chain to have these rights respected. The United Nations Universal Declaration of Human Rights sets out these rights as a common standard of achievements for all peoples and all nations. We used these and other related resources as the basis for our Supplier Code of Conduct and our practices.

Social framework for supplier development

Our social framework includes supplier development tools to support direct suppliers consistently to apply high labor standards, based on our Supplier Code of Conduct. This framework consists of supplier trainings, the use of the Social and Labor Convergence Program (SLCP), the Higg FSLM, and the development of a complaint system.

Social and Labor Convergence Program (SLCP)

G-Star RAW has been a signatory of [SLCP](#) since 2016. The mission of this project is to develop a common assessment framework – the Converged Assessment Framework (CAF) – to measure continuous improvement in working conditions and therefore increase the opportunity for transparency. According to SLCP, almost two thirds of social audits in the apparel sector are duplicates. By working together and sharing data, we can accelerate positive change in workers' rights. In 2019, the SLCP relaunched and scaled the CAF to be rolled-out in 12 countries.

G-Star also started to implement the CAF into our supply chain in 2019 starting in China and India. This replaced our own internal assessment as well as our request for other third-party audit standards. Meanwhile the list of SLCP-operational countries is growing and a total of 1000 completed assessments was reached in August 2020.

³ [The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector](#) has helped us to conduct an in-depth risk assessment to address and prioritize the social and environmental risks in our supply chain. Based on this prioritization we are focusing on our selected program topics. Check the [Risk Assessment Annex](#) for more information.

PEOPLE CONTINUED

Higg Facility Social & Labor Module (FSLM)

We apply the Higg FSLM – the content of which is directly informed by the work of SLCP – as a measuring and performance improvement tool for our supply chain partners. This information is collected with a self-assessed methodology and verified through an accredited third party. In our Sustainable Supply Chain Handbook we explain how the information from the Higg FSLM is analyzed and used to monitor our suppliers.

In 2019, we started with the implementation of the Higg FSLM in our supply chain. We focused on the Higg FSLM self-assessment and requested suppliers to complete the module to better understand the system. At the end of the year, almost 70% of our Tier 1 Cut-Make-Trim suppliers completed the Higg FSLM self-assessment.

Next, we set targets to measure the implementation and promote the use of the Higg FSLM. To be able to continuously measure comparable data, we decided to change the way we look at the Higg FSLM adoption of our suppliers and align the methodology with our Higg FEM performance measurement. Instead of measuring the amount of suppliers who adopted the Higg FSLM, we now measure the adoption performance based on production volume. In 2020, the Higg FSLM self-assessment was completed by Tier 1 suppliers that represent 40% of our production volume. Suppliers who also proceeded with verification represent around 27% of our production volume.

This year, we plan to further engage our suppliers, through various communication channels such as annual supplier sustainability webinars, to increase the use of the Higg FSLM. This means we can work towards comparable data sets throughout our supply chain as well as reducing audit fatigue. We aim to adopt the Higg FSLM self-assessment at Tier 1 suppliers that represent 80% of G-Star RAW production volume and the Higg verified FSLM at Tier 1 suppliers that represent 40% of G-Star RAW production volume by the end of 2021. Next year we will also start publishing our average supplier's scores per Higg FSLM topic (as mentioned above) to show in-depth progress.

In the Higg FSLM the following topics are assessed:

- Recruitment and Hiring
- Working Hours
- Wages and Benefits
- Employee Treatment
- Employee Involvement
- Health & Safety
- Termination
- Managements Systems
- Empowering People and Communities

Social Dialogue & Factory Complaints System

In 2019 and 2020 we focused on training our suppliers about the concept of a social dialogue and how this could benefit them. During these trainings we also informed and gave guidance on key improvement points for their workers' committee and factory complaint system, aiming to increase functionality and effectiveness. Next, we will participate in a cooperation program on industry level that provides an independent complaint system in one of our key production countries. The goal of this program is to enhance access to remedy for garment workers and to collaboratively work on and learn about the remediation processes.

AGT Complaints and Disputes Committee

As part of our signatory to the AGT, we participate in an independent Complaints and Disputes Committee that allows for organizations and individuals to submit complaints or disputes. The AGT then tries to mitigate the problem with the help of its signatories (you can find more information [here](#)).

PEOPLE CONTINUED

Fair Wages

Based on our risk assessment, one of the most important steps to improve fair working conditions is through Fair Wages. Although a minimum wage is the lowest wage permitted by law in any given country, this doesn't always suffice for a normal standard of living. That is why we joined ACT on Living Wages in 2019.

ACT on Living Wages

[ACT](#) is a ground-breaking agreement between 22 global brands and retailers and the IndustriALL Global Union, a global trade union fighting for better working conditions and trade union rights around the world. It aims to achieve a [living wage](#) for all textile workers through collective bargaining at an industry level. By joining, we have committed to [purchasing practices](#) with our suppliers that will ensure fair terms of payment, full coverage of wage increases, better forecasting and planning, training and responsible exit strategies. With sector common indicators, the ACT accountability and monitoring framework will help us measure progress towards more equal supplier partnerships.

Purchasing practices

Purchasing practices are an important part of interaction between brands and their suppliers. The way that we buy from and work with our suppliers can have an impact on the working conditions at their factories. Therefore, we work on improving our purchasing practices through improving our planning and forecasting as much as possible with the help of ACT.

In 2021 we will roll out the ACT Purchasing Practices Self-Assessment (PPSA) Survey within our company as well as the Purchasing Practices Assessment (PPA) Survey for our suppliers.

The purpose of these surveys is to analyze our purchasing practices from our own perspective as well as from our suppliers' perspectives. Questions in this survey are related to key topics such as sourcing practices, forecasting and capacity planning, price negotiation, changes to order, re-orders and sampling. We will organize training sessions for our internal teams based on any identified knowledge gaps in key purchasing practices topics.

COVID-19

The impact of COVID-19 unprecedentedly disrupted supply chains all over the world, including ours. During the pandemic we focused our supply chain work on finding collaborative solutions and maintaining a continued dialogue with our suppliers. Our work in 2020 shifted to key impacted risks areas due to the disruption. We requested our suppliers to update us monthly on the payment of employee wages, their employee turnover (including lay-offs) and health & safety protocols. We provided training materials focused on safety measures for workers, based on the World Health Organization guidelines.

The ongoing impact of COVID-19 stressed the necessity for social dialogue in supply chains. This is also a key element of our Global Purchasing Practices Commitment to ACT. The ACT dialogue platforms that have been built in regard to this commitment served as a foundation of communication during this crisis. As a result of the dialogue between suppliers, trade unions and ACT brands, G-Star RAW committed to communicating any possible projections on the overall business and stock situation as well as taking responsibility in cases in which a supplier has incurred a fabric liability as a direct result of order amendments.

REFLECTION ON 2020

Strategic Topic	2019 Achievements	2020 Highlights & Progress	2021 Actions & Goals
Workers' Rights	<p>Almost 70% of tier 1 cut-make-trim factories completed the Higg Facility Social & Labor Module (Higg FSLM) self-assessment.</p> <p>18 direct suppliers were trained in social dialogue, grievances and worker committees.</p> <p>Conducted country-level assessments to understand specific risk exposures.</p>	<p>The Higg FSLM self-assessment was completed by Tier 1 suppliers that represent 40% of our production volume. Suppliers who also proceeded with verification represent around 27% of our production volume.</p> <p>Continued our training program (on social dialogue, grievances and worker committees) which launched in 2019 at our suppliers in Vietnam and Mauritius (pre-COVID).</p> <p>Industry engagement on complaint handling at suppliers.</p> <p>Built upon the country-level risk assessments to include supply chain specific risk exposures.</p>	<p>Adopt Higg FSLM at Tier 1 suppliers that represent 80% of G-Star RAW production volume.</p> <p>Adopt Higg verified Higg FSLM at Tier 1 suppliers that represent 40% of G-Star RAW production volume.</p> <p>Train & engage suppliers on G-Star RAW social requirements.</p> <p>Set up an independent complaint system in Tier 1 factories in India.</p>
Fair Wages	<p>Joined ACT to support living wages through collective bargaining.</p> <p>Utilized Better Buying initiative research to improve our purchasing practices.</p>	<p>Product Development team members attended living wage training of AGT.</p> <p>Supply chain social dialogue through ACT participation in G-Star RAW production countries (Bangladesh and Turkey).</p> <p>Incorporated Responsible Exit strategy as part of ACT Purchasing Practices Commitments.</p> <p>COVID-19 Published our COVID-19 Supply Chain Responsibility statement to explain our purchasing practices during the pandemic.</p>	<p>Start with implementing a tool to monitor wage gap data of our Tier 1 suppliers.</p> <p>Roll out ACT Purchasing Practices Self-Assessment (PPSA) survey within company and Purchasing Practices Assessment (PPA) survey for suppliers.</p> <p>Train internal teams on key purchasing practices topics (including knowledge gaps identified from surveys).</p>

PLANET

PLANET

G-Star RAW takes responsibility for any potential environmental impact on our [PLANET](#) across all stages of our value chain. We consider everything from the choice of raw materials and fibers to responsible fabric and garment production and logistics, from our own operations, all the way through to consumer care and end-of-life of the product. We have a clear understanding of the environmental risks and run programs on [Circularity](#), [Sustainable Materials](#), [Climate Change](#) and [Pollution](#).

Circularity

If we want to be here as a denim brand in the future, we need to design in “closed loops” today. By this, we mean using only sustainable materials, clean chemistry and ensuring that garments are designed for reuse.

Sustainable materials: Cradle to Cradle Certified™ innovations

The Cradle to Cradle Products Innovation Institute helps us to design in closed loops. Their certification process is the only in the world designed for a circular product economy. It is the most rigorous because it requires unparalleled levels of transparency across the supply chain. Read more about our Cradle to Cradle Certified™ journey [here](#).

In 2018 we presented the world's first Cradle to Cradle Gold Certified™ denim fabric. Next, we launched a product range where the certification went beyond the fabric. Here, the full product, including buttons, yarn, dyes and labels was Cradle to Cradle Gold Certified™. This resulted in a 100% recyclable product.

By constantly expanding on these innovations, we are further increasing the use of these circular fabrics throughout our collection. Right now, 5.2% of our products is made with Cradle to Cradle Certified™ fabrics. In 2025, we aim to include Cradle to Cradle Certified™ fabrics in 20% of our collections. While scaling and accelerating the implementation of these fabrics, we replace existing fabrics with Cradle to Cradle Certified™ fabrics. This means that we can only achieve this goal by actively involving our suppliers.

Clean chemistry

Over the past years we have collaborated with many partners to innovate new technologies for sustainable (indigo) dyeing. Read more about them [here](#). By increasing our use of Cradle to Cradle Certified™ fabrics, as well as specific sustainable dyes, such as Archroma's EarthColours and Recycrom™, we continue to increase our use of clean chemistry.

Packaging

Packaging is an inevitable and important part of shipping products from one place to another without damaging them. However, packaging often requires plastics. In 2019, G-Star looked into the opportunities to reduce the amount of (virgin) plastics in our packaging from business to business, as well as from business to consumer. In 2020, we started testing if we could swap virgin plastic polybags with polybags made from 100% recycled post-consumer polyethylene (PE).

In 2021, we will scale the use of 100% recycled PE polybags. We expect that by the end of 2021 90% to 95% of our garments will be packed with these recycled polybags. We are also currently investigating unpacking our products before we send them to our consumers, to ensure responsible plastic recycling. We would then replace the plastic packaging from warehouse to customer with paper-based bags.

Wear and Care responsibility

Sustainability starts with the fabrics we choose to minimize our impact. It continues all the way through manufacturing and transportation to our stores, but it does not stop there. The environmental impact of our products continues throughout the entire lifecycle of a garment. Besides informing our consumers on how to [wear and care](#) for their G-Star garments responsibly, accelerating post-consumer circular solutions is a key priority for G-Star.

In 2018 we tested a product takeback service in our mono-brand stores in The Netherlands and Belgium. The concept focused on giving old G-Star RAW jeans a second life. We are aiming to re-initiate this initiative in 2021. Currently, we are

PLANET CONTINUED

looking into several options to give the collected jeans a new life by exploring a Denim-to-Denim upcycling program, as well as finding other appropriate recycling solutions.

Sustainable Materials

We are committed to ensuring that all raw materials used in our products are grown and manufactured in a responsible way that preserves resources and respects human and animal rights.

Cotton

Since we are a denim brand, about 80% of all the raw materials we use consists of cotton, a crop that has historically been associated with high water and pesticide use. Today, 99% of the cotton we use is sustainably sourced. Right now, our sustainable cotton is either organic or sourced through Better Cotton Initiative (BCI). BCI exists to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future. Our Materials journey and how we have achieved our goals in the past and will achieve in the future, is explained in the case study Sustainable Materials goals.

At this moment almost 80% of our cotton is sourced from BCI and around 20% is organic cotton. Although we believe this is a great first step towards more sustainable cotton production, we are aiming for 75% of our collection to be made from materials that are either recycled, organic, bio-based and/or compostable by 2025.

Beyond cotton

The remaining 20% of our raw materials includes 50% polyester and 50% other materials. We are now using 93% sustainable materials. Some examples of the non-cotton sustainable materials we use include Lycra®T400® EcoMade, Roica(TM) V550, Lenzing® EcoVero Viscose, Lycra® 166L, recycled elastane, recycled polyester and TENCEL™ branded Lyocell fibers. We continue to investigate sustainable alternatives for the remaining 7% of our materials.

Animal Welfare

Being a denim brand, the majority of our products is made from cotton or includes cotton. About 1 to 2% of our products is made from animal fibers such as wool or leather. To ensure that these fibers come from safe and ethical circumstances, we have an [Animal Welfare policy](#).

Our goal for 2025 is that 75% of our collection will be made with materials that are recycled and/or organic/bio-based/compostable. This means that – considering wool – we will increase the use of recycled wool and potentially organic wool. When it comes to virgin wool, we are currently aiming for RWS-certified wool on yarn level. However, we want to raise the bar and only source organic and/or RWS-certified wool on yarn level by 2025.

Considering leather, G-Star aims to use more recycled leather and/or organic types of leather (plant-based alternatives). When using virgin leather, we only source from members of the Leather Working Group (LWG). Also the tanneries we source from are LWG-certified, which reduces the negative impact on the environment.

PLANET CONTINUED

CASE STUDY

SUSTAINABLE MATERIALS GOALS

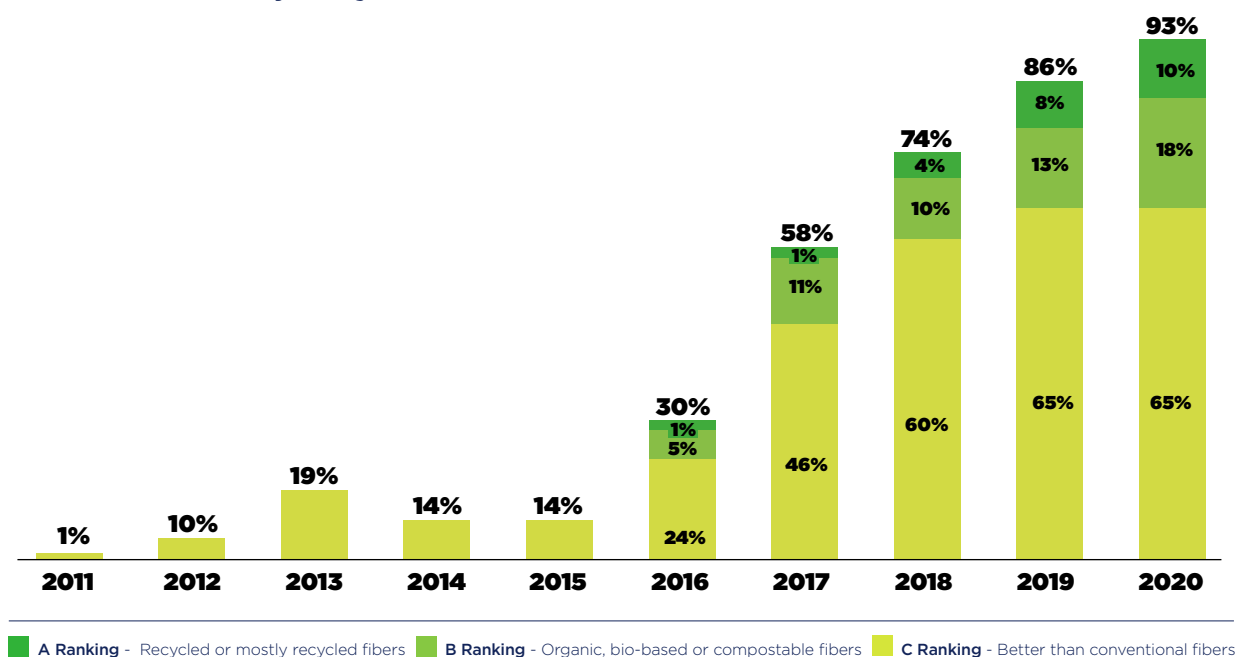
G-Star's Sustainable Materials journey started back in 2010 when we launched the first Raw Sustainable capsule to experiment with and boost the use of sustainable materials. In this capsule, we presented garments made from organic cotton, recycled cotton and fibers of nettle plant. In 2011 we started to implement the use of sustainable materials in our general collections which led to an increase in sustainable fiber usage from 1% to 10% within one year. We have increased the use of sustainable fibers continuously since then.

4 Data displayed was not verified by an external party.

By the end of 2020, 93% of all materials used for our main fabric were responsibly sourced⁴. This includes BCI cotton and organic cotton, but also other kind of sustainable materials such as recycled polyester, Tencel® Lyocell and sustainable types of elastanes.

As cotton is the material we use the most, we particularly focused on increasing the use of more sustainable cotton over the past years. While in 2015 we only used 9% of organic cotton, today 20% of the cotton we use is organic. Right now, 79% of our cotton is sourced from BCI. The remaining 1% is conventional cotton. The following figures show how much sustainable cotton, polyester, elastane and viscose we use.

Sustainable Materials journey

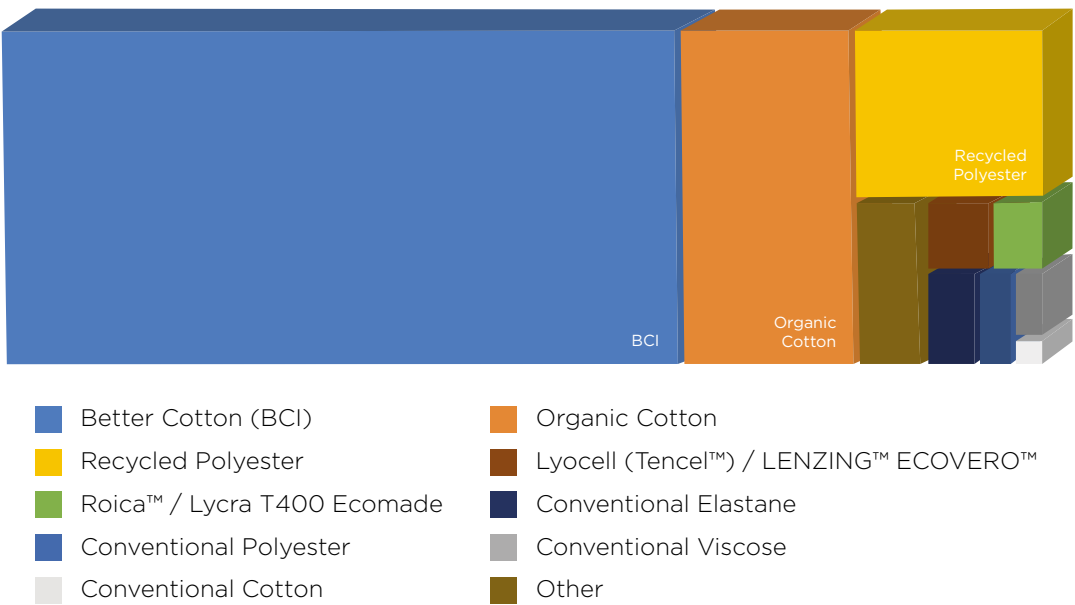


"Our Product Development Team has the responsibility to choose materials that are safe for PEOPLE and PLANET. We are proud of our teamwork with our supply chain partners in reaching our 2020 Sustainable Material goals and are excited to work together on reaching new goals."

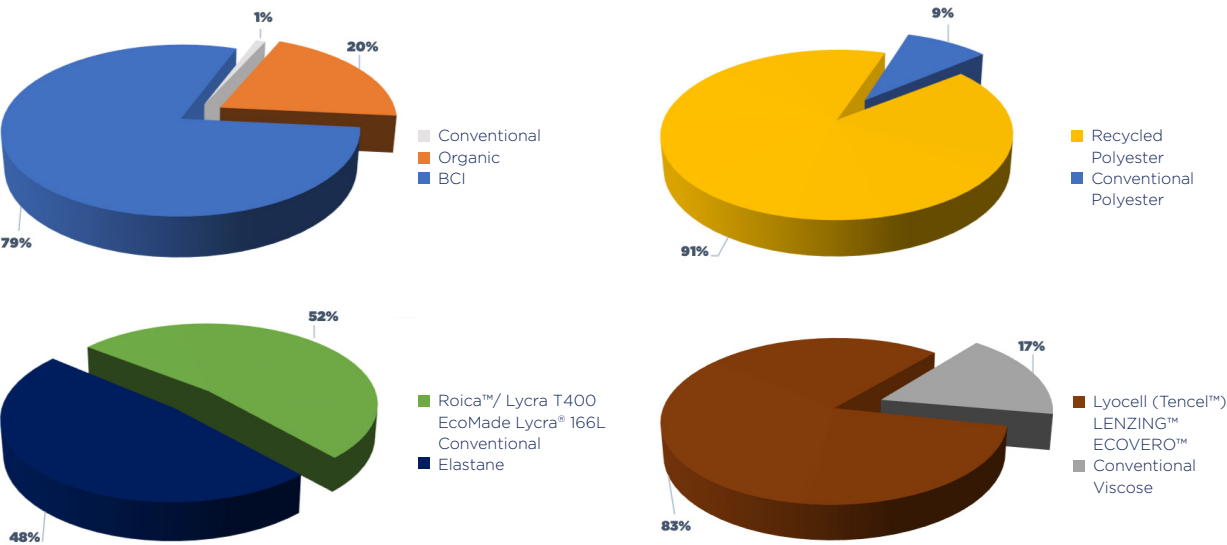
Head of Product Development

PLANET CONTINUED

Materials used for G-Star RAW Products



Breakdown of sustainable materials



Even though 93% of the materials we use are sustainably sourced, we aim to increase the sustainability level of the materials we use even further. Therefore, in 2025 75% of our collection will be made from recycled materials and/or

organic, bio-based or compostable materials and by 2030 this will apply for our full collection. These goals are closely linked to our Fiber Ranking which will help to track and display our progress.

PLANET CONTINUED

CASE STUDY

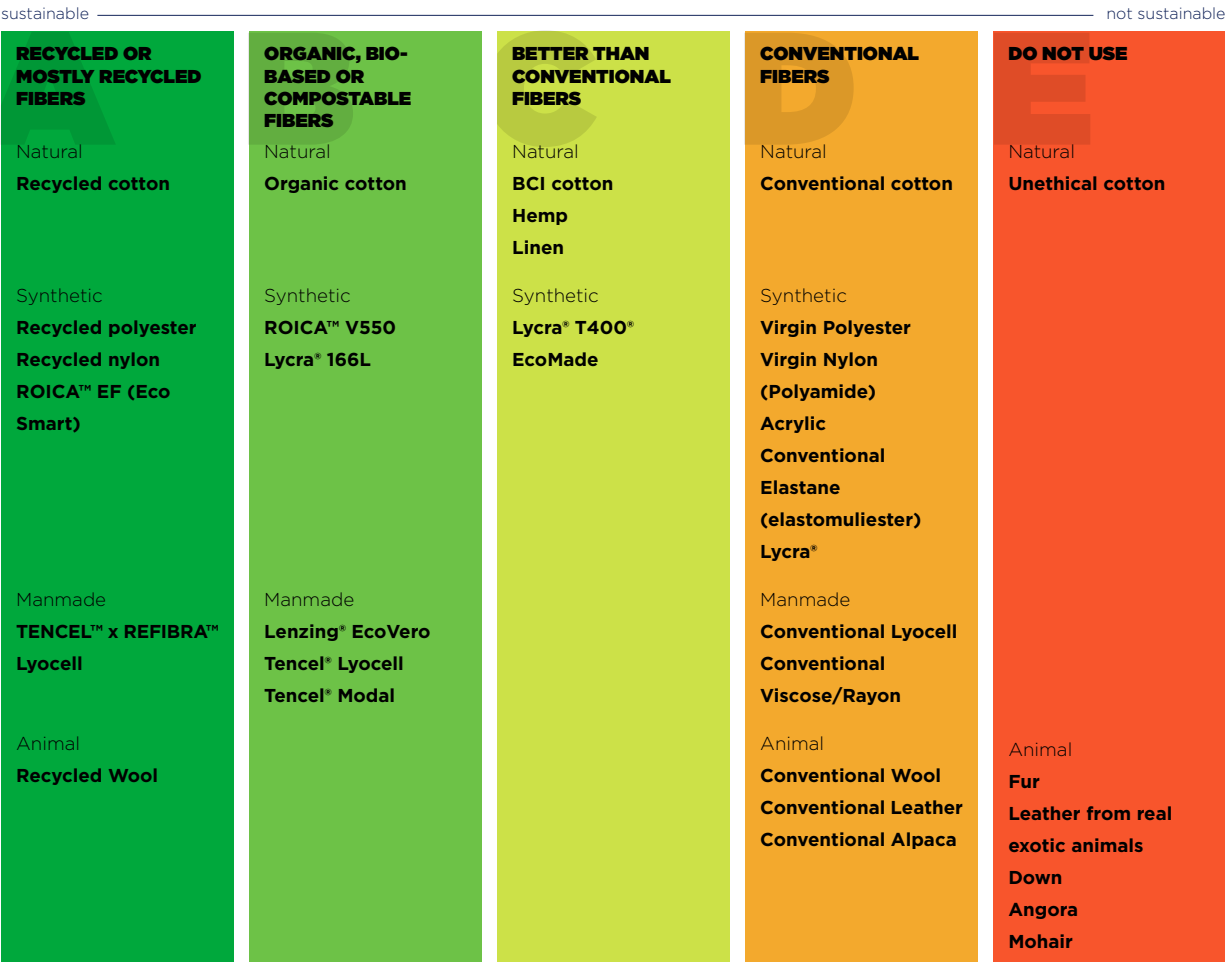
Fiber Ranking

To guide us in our sustainable materials journey we use a Fiber Ranking that lists all the fibers we use and indicates how sustainable these fibers are, according to existing industry standards. In order to rank the fibers, we first categorized all fibers we use, as well as the ones we specifically choose not to use. The categorization is fully determined by the environmental impact of each fiber. To guarantee the most objective and up-to-date ranking tool, the categorization of the fibers is completely based on existing industry tools and scoring mechanisms. We included the classification of the Higg Materials Sustainability

Index (Higg MSI), the rigorous standards of the Cradle to Cradle Products Innovation Institute, CanopyStyle’s annual Hot Button Ranking and the Preferred Material Benchmark by Textile Exchange. The outcome is a living tool, which we will continue to update according to adapted standards and industry debates.

Right now, we are working on translating this Fiber Ranking into a brand new transparency feature that will live on G-Star.com. This sustainability communication tool, that will go live within the next few months, will give full insight into each fiber used in the main fabric of a G-Star garment.

Scaling our fibers from sustainable to not sustainable



PLANET CONTINUED

Climate Change

We focus our climate impact work on our supply chain and consumer engagement, while also taking steps in our own offices and stores.

UN Charter for Climate Impact

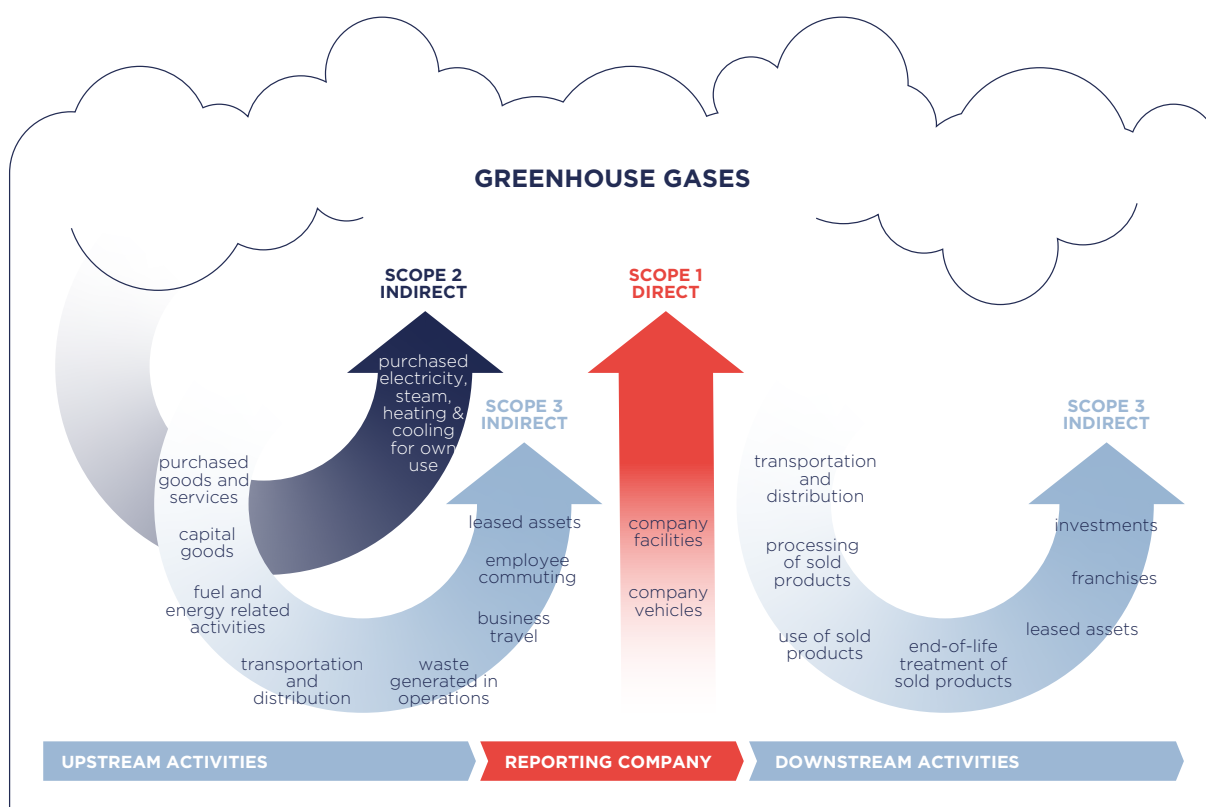
In December 2018, a group of leading fashion brands and NGOs launched the Fashion Industry Charter for Climate Action. The Charter's commitments include a reduction in greenhouse gas emissions of 30% by 2030, public reporting of emissions, and development of a common messaging strategy to communicate the importance of climate action within the industry. In July 2019, G-Star RAW signed the UN Charter and publicly committed to addressing the topic of climate change. Read more about the start of this journey [here](#).

The past two years, we have carefully analyzed energy consumption levels of our own operations (including offices, stores, distribution centers and car fleet). In collaboration with RESET Carbon Limited we analyzed the Scope 1 and 2 carbon inventory based on 2016-2018 data. We now know the carbon hotspots of our own organization and where to focus our actions. Emissions are broken down into three categories; Scope 1, Scope 2 and Scope 3, as can be seen in the [figure](#) below⁵.

Scope 1 emissions are directly emitted from our owned and controlled operations. Scope 2 emissions are coming from the generation of electricity and heat and steam purchased by us. Scope 3 includes all our indirect emissions from our value chain activities.

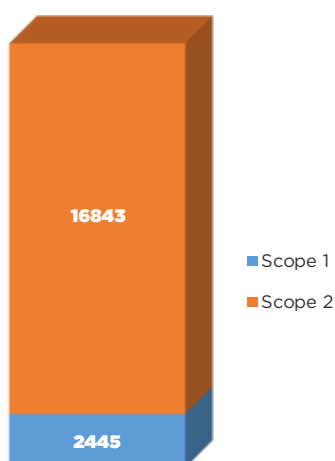
⁵ The definitions of these scopes are retrieved from the [Climate Action Playbook](#) that explains the commitment from the [Fashion Industry Charter for Climate Change](#).

Illustration is based on the [Greenhouse Gas Protocol Corporate Value Chain \(Scope 3\) Standard](#)

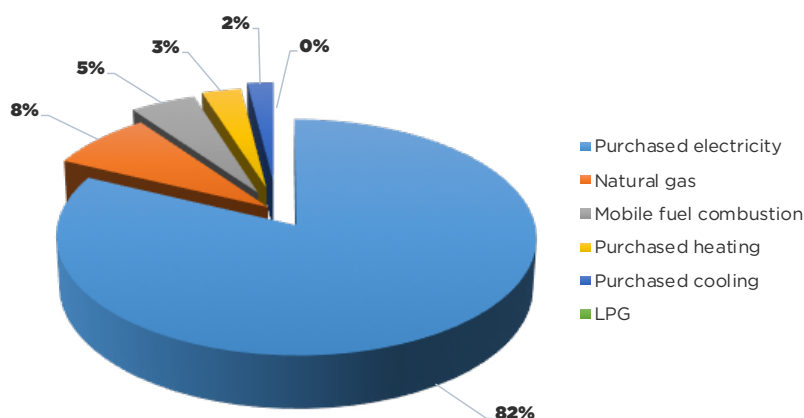


PLANET CONTINUED

**Breakdown of total emissions
from 2016 - 2018 by scope**



**Breakdown of total Scope 1 and 2 emissions
from 2016 - 2018 by source**



The key-highlights of our Scope 1 and 2 carbon footprint:

- Electricity consumption makes up 80% of G-Star's total scope 1 and 2 emissions
- Almost half of our global emissions comes from our HQ offices and warehouses, based in the Netherlands
- Our stores have the highest electricity intensity

Based on this analysis G-Star RAW knows that we should prioritize efforts primarily on the electricity consumption of headquarters and the two warehouses based in The Netherlands. Furthermore, by procuring renewable energy we could make significant steps in reducing our Scope 1 and 2 emissions, as well as by focusing on energy management guidelines for our stores. Specific reduction targets are planned to be set by 2022, when the Scope 3 baseline has been defined as well.

In 2021, we will take next steps by doing the Scope 3 carbon footprint analysis to understand our total carbon footprint. We will do this exercise in collaboration with RESET Carbon Limited. We will first do a Scope 3 mapping to identify the main emission hotspots, followed by a Scope 3

inventory that allows to set a baseline. As most of our emissions are coming from Scope 3, we expect to make the biggest impact there. Once we have our footprint baseline for Scope 3, we aim to set science-based targets for all three scopes by 2022. This will prepare us to steer our full carbon-reduction program towards a 30% reduction by 2030.

Pollution

Minimizing pollution and the environmental impact of hazardous chemicals have been a major priority for us since signing the DETOX Commitment with Greenpeace in 2013.

ZDHC & Supplier Detox Program

Through the DETOX Commitment with Greenpeace we committed to ban the use of hazardous chemicals from our products and production processes in our supply chain. This followed our membership to the Zero Discharge of Hazardous Chemicals (ZDHC) initiative. The ZDHC member brands unite around a joint roadmap to ensure safe and sustainable chemical use in the fashion industry. Moving forward, we will continue to work with the tools of the ZDHC initiative, as well as applying the Higg Facility Environmental Module (FEM) standards and tools to monitor the performance in production and manufacturing of our garments in our so-called Supplier DETOX Program.

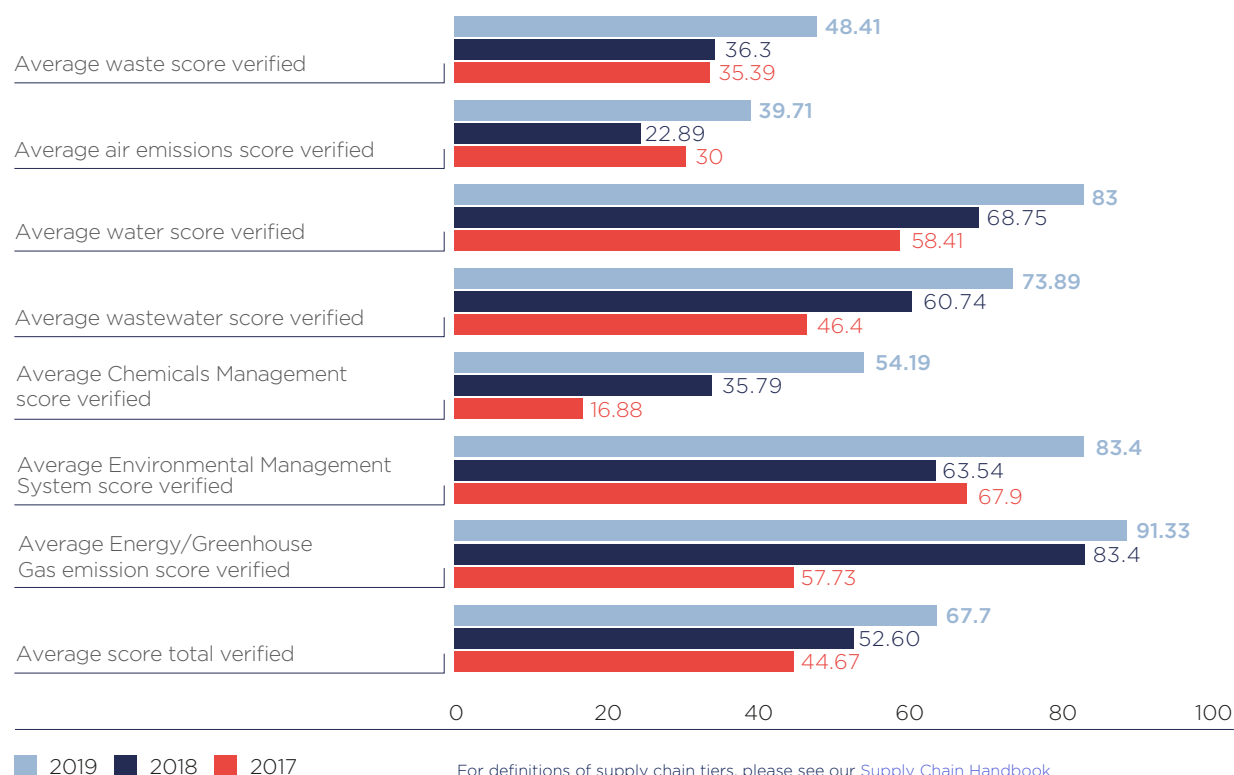
PLANET CONTINUED

Higg Facility Environmental Module (FEM)

The Higg FEM allows manufacturing factories to measure their environmental performance, benchmark their results against peers, and identify areas to make meaningful improvements. The Higg FEM guides factories through a step-wise approach to environmental management. The following graph shows that, compared to 2018⁶, our suppliers have improved across all

environmental impacts, especially regarding average chemical management scores. These scores represent 66% of our production volume. To improve the environmental performance in G-Star's supply chain, we will continue to disclose the Higg FEM performance of our suppliers. In 2021 we aim to publish the Higg FEM verified supplier performance that represents 80% of G-Star RAW production volume.

Verified FEM assessments of G-Star RAW tier 1 and tier 2 factories



⁶ Suppliers are asked in 2020 to disclose data of 2019. Therefore, our reflection on 2020 includes FEM supplier data from 2019. Data displayed was not verified by an external party.

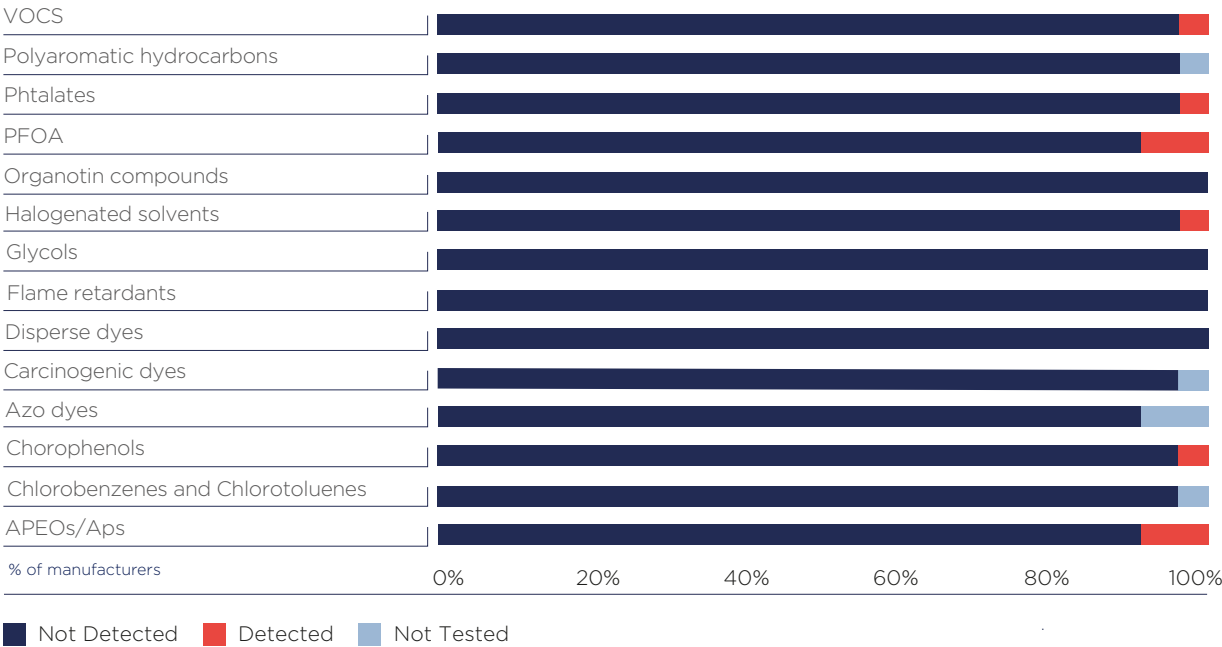
PLANET CONTINUED

MRSL performance per parameter

As part of our Supplier DETOX Program, all G-Star RAW's supply chain partners are required to follow ZDHC's Manufacturing Restricted Substances List (MRSL). We also encourage them to make use of the ZDHC Gateway to identify safer and more sustainable alternatives and to test wastewater to ZDHC Wastewater Guidelines. Our DETOX program now covers 75% of our annual production volume (including tier 1 and 2 wet processing facilities), and we have seen 90.4% compliance in the last year.

The performance per parameter of all factories included in the program is shown in the overview below. As can be seen, a small percentage of failures and non-tested parameters require our attention. We are working together with our suppliers to improve these failures. In 2021, we will continue to engage suppliers to further strengthen sustainable chemical management practices, for example by requesting suppliers to purchase safer and more sustainable (ZDHC MRSL conformant) chemical products.

All factories - Performance by Parameter (MRSL Substances)



REFLECTION ON 2020

Strategic Topic	2019 Achievements	2020 Highlights & Progress	2021 Actions & Goals
Circularity	<p>Launched 4th generations of Cradle to Cradle Certified™ Gold denim Fabric, with the Word's 1st stretch.</p> <p>Worked with Fashion Positive to define and promote safe and circular materials.</p> <p>Set a new circular roadmap for packaging</p>	<p>Received Cradle to Cradle Certified™ Gold certification on product level.</p> <p>Received Cradle to Cradle Certified™ Gold certification for Black Denim.</p> <p>Set new 2025 goal: 20% of our collection should be made with Cradle to Cradle Certified™ fabrics.</p> <p>Tested if virgin plastic polybags could be swapped for polybags made from 100% recycled post-consumer polyethylene (PE).</p> <p>Conducted research on circularity initiatives (pre- and post-consumer waste options) and determined to focus on upcycling and takeback schemes.</p>	<p>Define roadmap for the 2025 Cradle to Cradle Certified™ goals.</p> <p>Replace 90-95% of all polybags with recycled PE polybags.</p> <p>Pilot paper-based polybags.</p> <p>Re-initiate in-store takeback service to collect post-consumer waste.</p>
Sustainable Materials	<p>97% of our cotton is sustainable cotton.</p> <p>86% sustainable materials across all products.</p> <p>Benchmarked materials for sustainability in our Fiber Ranking.</p>	<p>Reached 99% sustainable cotton by the end of 2020.</p> <p>Reached 93% sustainable materials by the end of 2020.</p> <p>Elaborated Fiber Ranking for on-product communication and aligned with stakeholders to improve the tool.</p> <p>Integrated Fiber Ranking within different departments: Product Development, Sourcing, Design, and Marketing.</p> <p>Defined Sustainable Materials roadmap and set goals for 2025 and 2030.</p> <p>ANIMAL WELFARE</p> <ul style="list-style-type: none"> Ban on Down Use of animal derived fibers is now part of our Sustainable Materials strategy (for more details see Animal Welfare policy) 	<p>Get certified on brand-level for Organic Cotton Standard and explore Global Recycle Standard brand-level certification.</p> <p>Publish Fiber Ranking for on-product communication.</p> <p>Keep involved with new industry tools for fiber benchmarking.</p>

REFLECTION ON 2020 CONTINUED

Strategic Topic	2019 Achievements	2020 Highlights & Progress	2021 Actions & Goals
Climate Change	<p>Deployed the Higg Facility Environmental Module (Higg FEM) tool to understand our carbon impact in the supply chain.</p> <p>Signed up to the UN Fashion Charter for Climate Action: built an inventory of Scope 1 and 2 emissions.</p>	<p>Aligned / integrated with other departments on goals and priorities (in particular logistics) for Scope 1 and 2 emissions.</p> <p>Aligned with external partner to prepare for Scope 3 mapping in 2021.</p>	<p>Scope 3 footprint mapping (with external consultant).</p> <p>Define 2025 roadmap & priorities.</p>
Pollution	<p>Deployed the Higg Facility Environmental Module (Higg FEM) tool to understand our carbon impact in the supply chain.</p> <p>Signed up to the UN Fashion Charter for Climate Action: built an inventory of Scope 1 and 2 emissions.</p>	<p>90.4% average compliance to the G-Star RAW DETOX program.</p> <p>Completed the ZDHC 2020 Brand Leader programme.</p> <p>The Higg verified FEM that represents 66% of our production volume scored an average of 67.7/100.</p>	<p>Adopt Higg verified FEM at Tier 1 (and 2) supplier that represent 80% of G-Star RAW production volume.</p> <p>Train and engage suppliers on G-Star RAW environmental requirements.</p> <p>Improve supplier compliance to the G-Star RAW DETOX program.</p>

PHILANTHROPY

PHILANTHROPY

[The GSRD Foundation](#) was founded in 2007 as G-Star's corporate foundation. Its mission is to create a positive impact on the lives of the people and communities in the countries where G-Star RAW products are made. It does so by supporting projects that focus on the education, training and coaching of young people.

Our ethos is that knowledge, an entrepreneurial mindset and self-empowerment are key to economic independence and social development. To facilitate this, the Foundation supports projects that focus on education and entrepreneurship.

Education

Vocational training and education for young people, focusing on knowledge and skills that will help them to learn a trade, improving their chances of getting a job and thus of having a better future.

Entrepreneurship

Life-skills training and coaching for young people, to help them to become independent, seize initiatives and leverage opportunities in order to become more self-sufficient, either as proactive employees or through self-employment.

The GSRD Foundation is active in four G-Star RAW production countries: Bangladesh, China, India and Vietnam.



Bangladesh

- Active since 2008
- Supported 35.825 beneficiaries over the years
- [Currently 6 active projects](#)

China

- Active since 2009
- Supported 530.429 beneficiaries over the years
- [Currently 3 active projects](#)

India

- Active since 2008
- Supported 171.850 beneficiaries over the years
- [Currently 7 active projects](#)

Vietnam

- Active since 2014
- Supported 15.615 beneficiaries over the years
- [Currently 6 active projects](#)

PHILANTHROPY CONTINUED

The Foundation supports all of its projects through partner organizations, which have a proven track-record in education and entrepreneurship and countries where GSRD is focusing its efforts. We strive for long-term relationships in order

to strengthen the projects we support and the partner organizations that run them. All projects seek to help people leverage opportunities to become more self-sufficient, either as proactive employees or through self-employment.

Currently the GSRD Foundation works together with

18

partners.

The GSRD Foundation has been working together with

54

partners over the past year.

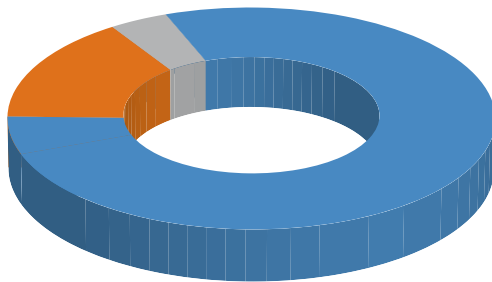
22

projects are being supported today.

92

projects have been supported since 2008.

Beneficiaries supported through:



■ Education ■ Entrepreneurship ■ Education & Entrepreneurship

763.046

lives have been impacted by the GSRD Foundation since 2008

The COVID-19 pandemic has created unprecedented challenges for our partners and projects in the countries where G-Star RAW products are made. Some of our partners also had to suffer from floods, cyclones and other natural disasters on top of the devastating effects of the pandemic. We supported our partners to adjust to the situation and we provided additional support for COVID-19 prevention and for the communities most affected by the virus. We do so by providing additional funding for specific COVID-19 interventions. Examples of additional support provided include hygiene packages and food distribution, awareness raising activities and handing out personal protective equipment.

Support from the disaster fund was not only used for emergency relief, but also to cover operational costs during lockdowns (e.g. being able to pay the salary of the teaching staff or the rent of the vocational training center). We are in close contact with all our partners and we will keep on supporting them throughout this crisis.

We reached

73.301

people during the COVID-19 crisis through our disaster fund.

PHILANTHROPY CONTINUED



CASE STUDY

THE GSRD FOUNDATION SUPPORTS RETRAINING COURSES IN BANGLADESH

Due to the pandemic, the unemployment rate in Bangladesh rose by 13% and upper poverty rate rose from 23% to 35% in only a few months. Our partner [Grameen Shikkha](#) responded by quickly arranging to teach 1,000 unemployed young men and women a new occupation. During a 2-month crash course, they will obtain skills such as electrical house wiring, industrial sewing, and garment machine repairing or computer skills. The project aims to help these unemployed young men and women by equipping them with new skills, which can help them find new jobs.



CASE STUDY

THE GSRD FOUNDATION SUPPORTS A LARGE-SCALE INTERNSHIP PROGRAM IN INDIA

Unfortunately, there is often still a mismatch between the skills one learns in school and the ones needed to become successful at a job. Our partner since 2015, [Lend a Hand India](#) set up an internship program in partnership with the state government in Western India that will facilitate 10,000 internships in the coming three years. Interns will be placed in small and micro enterprises close to their homes because studies show that 80% of the jobs in India are in this sector. After completing these internships, they are significantly more likely to find employment; 76% of employers offer the interns a contract.

RISK ASSESSMENT

ANNEX: RISK ASSESSMENT

This risk assessment disclosure seeks to meet the reporting requirements of the OECD and the AGT. According to the OECD, a risk assessment aims to identify both the likelihood and the severity of a potential or actual harm within the value chain. In our [2019 Sustainability Report](#) we first introduced a due diligence risk assessment based on the [OECD Due Diligence Guidance](#) for Responsible Supply Chains in the Garment and Footwear Sector. This guidance defines due diligence as “the process through which enterprises can identify, prevent, mitigate and account for how they address their actual and potential adverse impacts”.

Over the past year we have built upon the risk assessment that was included in the Sustainability Report of 2019 with the help of industry partners, stakeholders and external resources. Our risk assessment provides the foundation and justification for our actions and goals. This disclosure explains how G-Star RAW has identified the most significant risks in its supply chain and which actions are being taken to prevent or mitigate those risks.

Risk categories

When performing our risk assessment, we took several risk categories into account. The categories have been identified on a sector level by the OECD and are divided into three categories: Human Rights & Labor, Environment and Integrity. These categories are explained in more detail in the table below. All listed Human Rights & Labor risks and Environmental risks are addressed in the [G-Star RAW Supplier Code of Conduct](#) (version 2019).

Animal Welfare

The OECD does not identify Animal Welfare as a risk category but G-Star RAW acknowledges potential risks involved when using animal origin materials.

Being a denim brand, the majority of our products (80%) is made from cotton or includes cotton. About 1 to 2% of our products is made from animal fibers such as wool or leather. To ensure that these fibers come from safe and ethical circumstances, we have an [Animal Welfare policy](#) (version 2021).

Sector risks

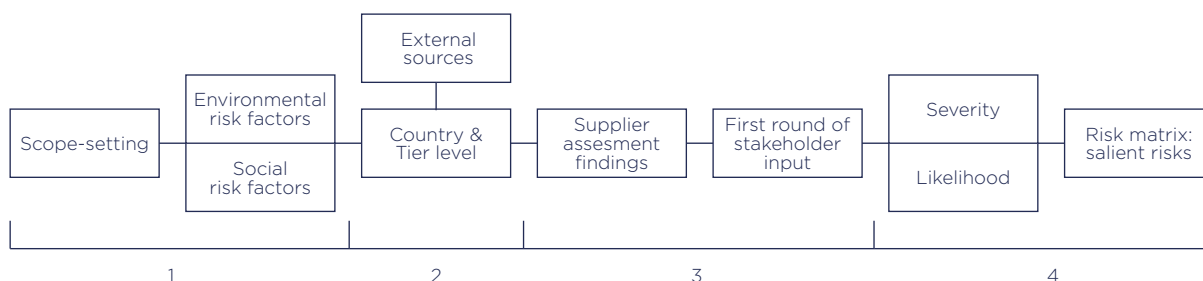
Human rights & Labor risks	Environmental risks	Integrity risks
Child labor	Hazardous chemicals	Bribery and corruption
Discrimination & gender-based violence	Water consumption	
Forced labor	Water pollution	
(Excessive) Working Hours	Greenhouse Gas (GHG) emissions	
Occupational Health & Safety		
Freedom of Association (FOA)		
Minimum Wages		
Living Wages		

ANNEX: RISK ASSESSMENT CONTINUED

Methodology

To be able to assess the risk factors in these categories and determine the most salient risks in our supply chain, we approached the three categories from the OECD on two different levels: country and tier⁷. However, before we were able to assess potential risk factors and identify salient risks, we had to breakdown our value chain, business-model and sourcing-model to set the scope of our risk assessment.

from our partner GoBlu, a service provider to companies operating in the apparel and textile industries. We also monitor our suppliers through the Higg Index tools from the Sustainable Apparel Coalition and the tools from Zero Discharge of Hazardous Chemicals (ZDHC) to identify supply chain-specific risks. How we use these tools is explained in our [Sustainable Supply Chain Handbook](#) (version 2019/2020).



1. Scope-setting

G-Star's Hardcore Denim philosophy is at the core of our business. This means that most of our styles are made from or include denim. Because of this, cotton makes up approximately 80% of our material use. Denim processing techniques play an important role in manufacturing our denim products. As G-Star RAW does not own any factories to manufacture our products, we collaborate with suppliers from different countries (see our [Manufacturing Map](#) for a complete overview). Around 80-85% of our total production volume comes from the following core countries: China, Vietnam, India and Bangladesh. That is why we choose to focus on these four main production countries and the denim supply chain in our risk assessment.

We monitor all of the countries in our supply chain to make sure we are aware of country-specific risks. Our external data for general information mainly comes from the Country Risk reports

Our own Sourcing Department at our headquarters in The Netherlands and our supporting office in Dhaka source directly from Tier 1 suppliers. We deliberately work with a small and durable supply chain. A long-term business relationship between buyer and supplier means that there is more trust, transparency and commitment from both sides to move towards a more sustainable supply chain and product. Therefore, good purchasing practices are also an essential part of our Sustainability Strategy.

2. Initial country & tier assessment

Our risk assessment approach consists of a two-step methodology that first includes the assessment of the potential risk factors on a general industry level and then zooms in on our own supply chain. For the first step we derived information from external sources. Initially, our social risk assessment focuses more on the country perspective of potential risk factors, while the environmental risk assessment focuses more

⁷ We follow the definition of the four tiers as defined by the SAC on their How to Higg website. Tier 1: Final product manufacturing and assembly, Tier 2: Material or Finished Component Manufacturing, Tier 3: Raw material processing, and Tier 4: Agriculture and extraction.

ANNEX: RISK ASSESSMENT CONTINUED

on the tier-level perspective. For instance, risks related to Freedom of Association are connected to national or local labor laws, which are very country-specific. Meanwhile, environmental risks, like the use of chemicals, are more depended on the production stage of the process. Dyeing and finishing a fabric is more chemical intensive than weaving or knitting a fabric. With this initial focus in mind, we then extended the risk assessment within country (for environmental risks) and tier (for social risks) along the process.

External sources used for the environmental risk assessment were derived from:

- The Higg Materials Sustainability Index (MSI)
- WWF Water Risk Filter Tool
- Quantis
- Zero Discharge of Hazardous Chemicals (ZDHC)
- McKinsey & Company

External sources used for the social risk assessment were derived from:

- GoBlu
- International Labor Organization (ILO)
- Fair Labor Association (FLA)
- Fair Wear Foundation (FWF)
- CNV
- Global Slavery Index
- Clean Clothes Campaign (CCC)
- Human Rights Watch
- Global Living Wage Coalition
- Corruption Perception Index

3. In-depth supply chain assessment

To link the initial-scoping assessment regarding social and environmental factors to our own supply chain and zoom in on regional level, we included supplier assessment findings in our risk assessment. These findings came from the Higg Facility Environmental Module and Higg Facility Social & Labour Module or from other third-party social assessment reports and created a more accurate perspective on potential risks in context of G-Star RAW's value chain.

To gain an even better perspective on local scale we consulted our Tier 1 and 2 suppliers in China, Vietnam, India and Bangladesh through a survey in which they were asked to identify challenges in their operations. In general, they recognized the following social and environmental risk factors that we identified as salient: Working hours, Freedom of Association, Living Wage, Water consumption and Water pollution. However, they indicated lower risk levels than reported in our assessment. Our suppliers also identified Bribery and Corruption as a potential high risk. We did not identify this specific risk factor as salient, but because of this outcome we will investigate this risk factor more deeply.

Before continuing to determine the most salient risks in the context of G-Star RAW's supply chain, we discussed our risk assessment methodology with two other external parties. First, we consulted an AGT signatory retailer to compare their methodology and approaches towards identifying salient risks with ours. During the annual due diligence assessment from the AGT we also discussed our risk assessment methodology. We discuss the next steps based on these different consultations in 5.Next steps.

4. Identify likelihood and severity

The goal of a risk assessment is to identify both the likelihood and the severity of potential or actual risks within the value chain. Based on all the information we collected through different resources, we determined which risks are most salient in our supply chain. Severity is based on the scale, scope and remediable character of the risk factor. We identified the likelihood of the risk factor with the help of our own supply chain-specific information.

On top of that, it should also be highlighted that many risks are interconnected with others. This interconnection is very important when it comes to the severity of risks. High risks are usually connected to multiple other factors, which increases the importance of the risk even more. For example, Freedom of Association is one of the building blocks towards a Living Wage. Meanwhile, the lack of earning a Living Wage

ANNEX: RISK ASSESSMENT CONTINUED

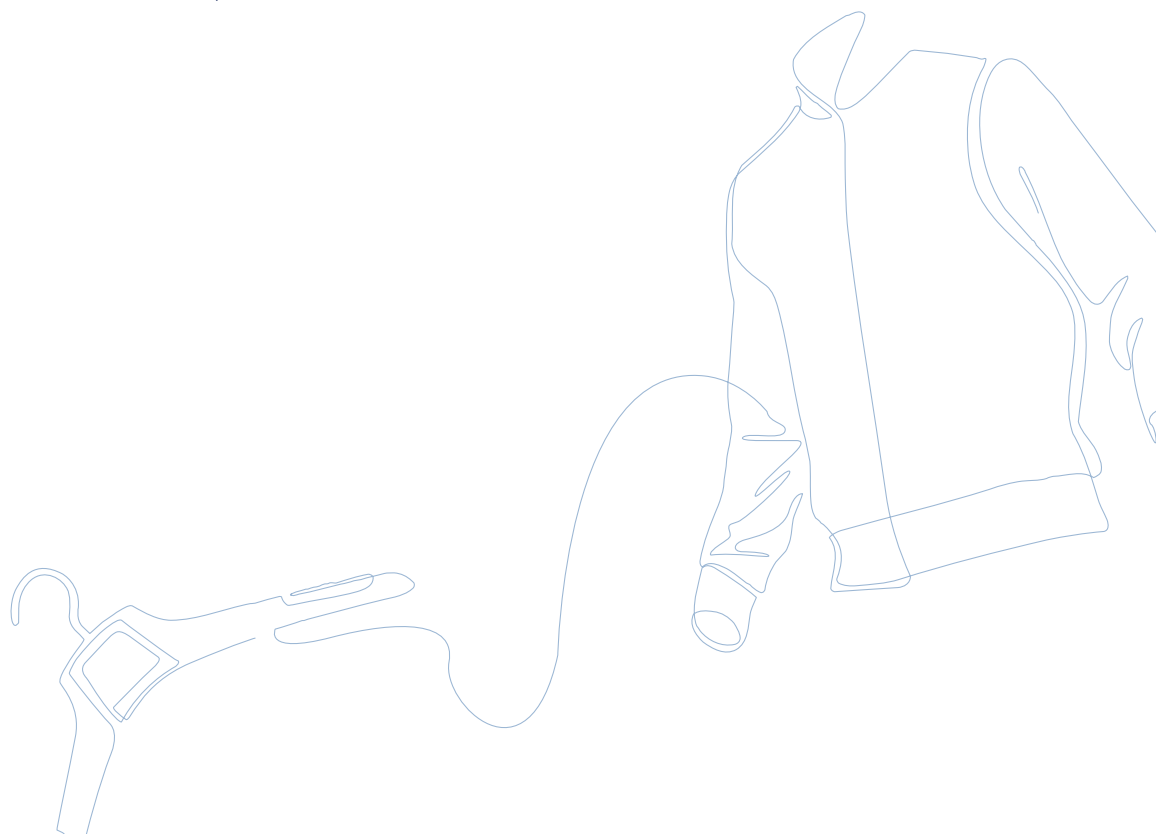
can lead to excessive working hours because workers are not able to make a living within normal working hours with a minimum wage salary. Therefore, G-Star RAW identifies risks as salient when they are severe, likely to occur and interconnected.

5. Next steps

This year's risk assessment has supported us in defining our new Sustainability Strategy. We will continue to update our risk assessment according to any changes that may occur in our key production sourcing countries.

Our first step is to set up a dialogue with local stakeholders, including trade unions. This way we aim to include even more local perspective into our current risk assessment to be able to determine more specific actions in certain areas. Besides that, we will zoom in on our direct Tier 1 and 2 supplier base to increase the visibility of supplier-specific risks even further.

Due diligence is an ongoing process, and so is this risk assessment. Therefore, we invite additional critical stakeholders to share their thoughts and comments so we can continue to improve our risk assessment.

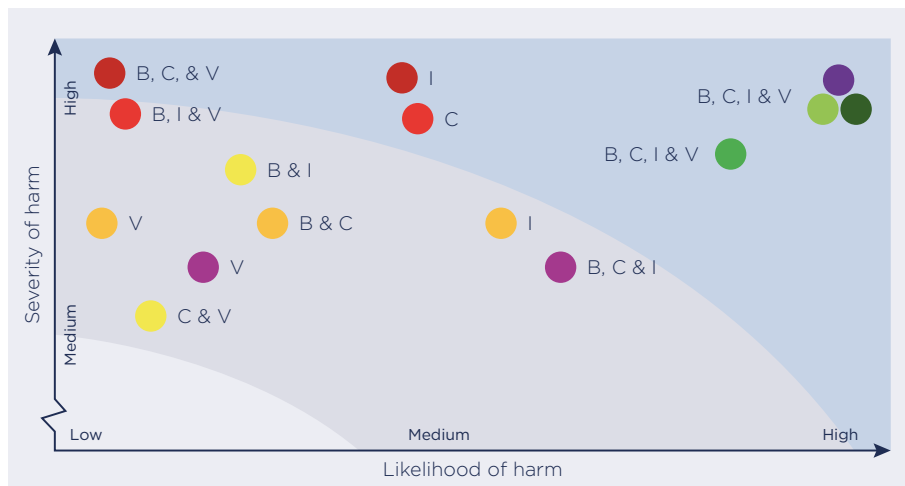


ANNEX: RISK ASSESSMENT CONTINUED

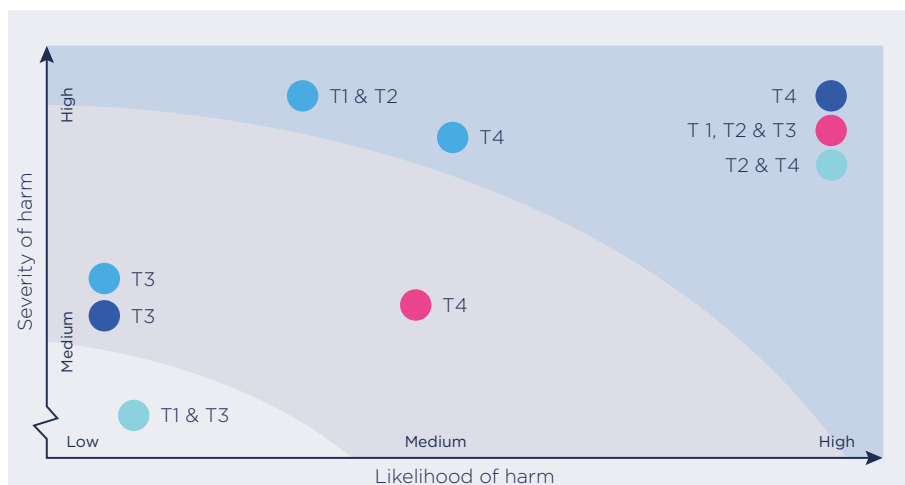
Risk Matrix

The risk matrixes below illustrates the salient risks that have been identified for mitigation. The first matrix shows the social risk categories as identified by OECD translated to our supply chain in Bangladesh, China, India and Vietnam. The second matrix shows the environmental risk

categories in Tier 1, Tier 2, Tier 3 and Tier 4. Based on the analyzed information from our supply chain we can conclude that the areas in the right and middle to top corner of the matrix can be scaled as salient risks. These risks are included as key priorities as part of our Sustainability Strategy and action plan towards mitigation.



- Child labour
- Forced labour
- Minimum wage
- Health & Safety
- Freedom of Association
- Discrimination / (sexual) harassment
- (Excessive) working hours
- Living wage
- Bribery / corruption



- Water consumption
- Water pollution
- Chemicals
- GHG

ANNEX: RISK ASSESSMENT CONTINUED

Strategic Priorities & Actions towards Mitigation

Based on the results of the risk matrixes above, we have linked our strategic topics from our Sustainability Strategy and the goals we have set and actions we are taking to mitigate the identified salient risks categories.

Strategic Topic	Related risk category	Goals 2025 - 2030	Actions specified
Worker's Rights	Child labor	2025: Improve current complaint systems towards global independency and confidentiality to strengthen workers' voices in G-Star RAW supply chain.	Continue supplier social performance improvement monitoring through a verified Higg Facility Social & Labor Module (FSLM).
	Discrimination / (sexual) harassment		
	Forced labor		
	Freedom of Association		
	(Excessive) working hours		<p>Increase visibility of Tier 3 & 4 suppliers in all countries by collecting and documenting the information received through direct and Tier 2 suppliers.</p> <p>Set-up an independent complaint system with key suppliers in India (and continue in other countries).</p> <p>Implement and improve G-Star Purchasing Practices following the ACT commitments: timely planning and forecasting, defining labor costing within purchasing prices, fair payment and term and a responsible exit strategy.</p> <p>Assess if suppliers are indirectly linked to recruitment through labor contractors and/or government agencies.</p>
Fair Wages	Minimum wages	2025: Work towards an industry wide agreement on regional living wages and support implementation in G-Star RAW production countries.	Train internal teams and suppliers on key purchasing practices topics.
	Living Wage		
	(Excessive) working hours		<p>Start implementing a new tool to monitor wage gap data.</p> <p>Implement and improve G-Star Purchasing Practices following the ACT commitments: timely planning and forecasting, defining labor costing within purchasing prices, fair payment and term and a responsible exit strategy.</p>
Circularity	Water consumption	2025: 20% of our collection is made with Cradle to Cradle Certified™ fabrics.	Increase the use of Cradle to Cradle Certified™ fabrics.
	Water pollution		
	Chemicals		
	Greenhouse gases		Define roadmap and monitor progress on reaching 2025 goal.

ANNEX: RISK ASSESSMENT CONTINUED

Strategic Topic	Related risk category	Goals 2025 - 2030	Actions specified
Sustainable Materials	Water consumption	2025: 75% of our collection will be made of recycled and/or organic/bio-based/compostable materials.	Increase the use of more recycled, organic/bio-based or compostable materials.
	Water Pollution		
	Greenhouse gases	2030: 100% of our collection will be made of recycled and/or organic/bio-based/compostable materials.	Define roadmap and monitor progress on reaching Sustainable Materials Goals 2025.
Climate Change	Greenhouse gases	2025: Reduce 15% of GHG emissions. 2030: Reduce 30% of GHG emissions.	Mapping and inventory of GHG emissions of scope 3 with external consultant.
Pollution	Water pollution	2030: Phase out all unsustainable chemical applications in G-Star RAW products.	Continue the G-Star Supplier DETOX program tool to monitor and track supplier environmental performance.
	Chemicals		
	Water consumption	Greenhouse gases	Increase supplier engagement on requirements of the ZDHC InCheck reports and chemical management.
	Greenhouse gases		Increase adoption and performance improvement of verified Higg Facility Environmental Module (FEM) at Tier 1 & 2 suppliers. Include water consumption and recycling performance parameters for suppliers through Higg FEM and include them in the Supplier Detox program tool.