

G-Star supplier monitoring & development process

G-Star's supplier monitoring & development process is based on the G-Star Supplier Code of Conduct. We employ a combination of tools in order to verify whether suppliers meet our standards and share our values of respecting people and planet in order to make a high quality and sustainable product in a transparent way.

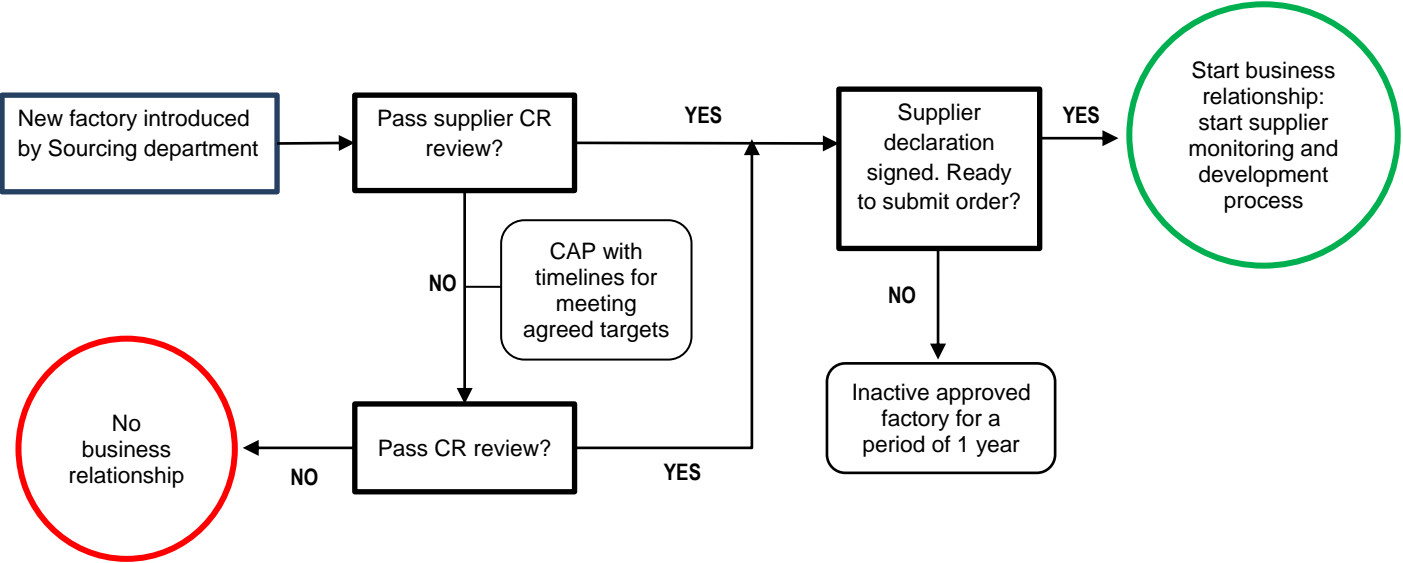
Audit methodology

G-Star believes that it is more important to focus on supplier and their workforce development rather than supplier monitoring. As suppliers still have to deal with multiple audit methodologies and multiple audits per month we decided that we do not want to add to audit fatigue. As a result, G-Star accepts different types of assessment methodologies. For social audits that are commissioned by G-Star we use a public methodology called Sedex Members Ethical Trade Audit (SMETA).

Going forward, we consider it very important that a single unified and effective industry-wide assessment framework will be implemented in the apparel and footwear industry to accelerate social progress. Hence, we became a signatory to the Social and Labor Convergence project, facilitated by the Sustainable Apparel Coalition (SAC), in order to support this goal. Therefore, as soon as the Higg Facility Social & Labor Module (FSLM) is in effect, G-Star will only accept this assessment tool from that moment on. For the environmental assessment G-Star makes use of the Higg Facility Environmental Module (FEM).

Corporate Responsibility (CR) review

Prior to initiating a business relationship with a supplier, the below process is followed.



We require all potential new suppliers to disclose historic audit data, preferably through the Higg Facility Module. From the historic audit data, G-Star collects detailed information about the factory and the social & labor and environmental conditions on-site.

For any questions or further information please contact Frouke Bruinsma (Corporate Responsibility Director) via CR@g-star.com

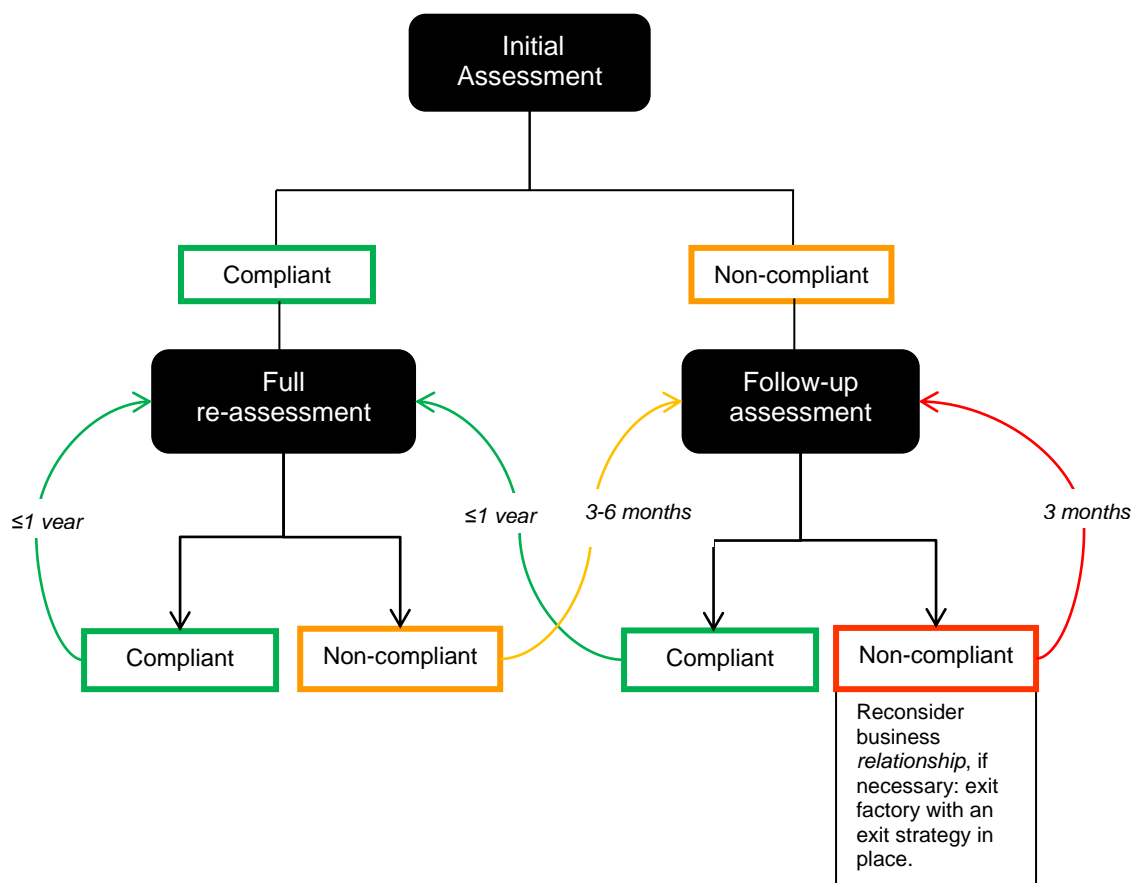
In addition, an internal G-Star team visits the factory for a first on-site Corporate Responsibility (CR) review. During this review the team performs an assessment that includes worker's interviews. Through a meeting with the factory management the G-Star standards are explained in detail and documentation (such as our Code of Conduct) is provided in local language.

If a supplier is approved after the CR review, a supplier has to sign our G-Star Supplier Declaration, committing to comply fully and unconditionally with the Code of Conduct. Thereafter, an order can be placed.

If a supplier is not approved, a Corrective Action Plan (CAP) is formulated in which the supplier and G-Star agree on a timeline to improve the non-compliances. If thereafter the issues are solved G-Star can start working with this supplier. If the issues are not solved, G-Star will not work with the supplier.

G-Star monitoring system

G-Star monitors its suppliers following the below flow.



As explained before, G-Star acknowledges external audits. In addition, our internal local teams conduct supplier assessments by means of inspections at regular intervals in order to ensure whether the factory is compliant with the local law and G-Star standards. G-Star follows a methodology consisting of in-depth

interviews with management and workers, a physical inspection of the factories and a review of documentation and records.

The outcomes of the audit and assessment are discussed with the supplier. In instances where suppliers need to improve G-Star works closely with them to formulate and implement an improvement program in order to reach compliance in an agreed time frame.

Monitoring scope & frequency

Our tier definitions are in line with the manufacturing tiers provided by the Sustainable Apparel Coalition (SAC).

- **Tier 1** are all processes related to **finished product assembly** such as cutting, panel screen printing, embroidery, sewing, washing, pressing, garment dyeing, packing etc.
- **Tier 2** includes all processes related to **material production** such as weaving, knitting, fabric dyeing/printing, chemical/mechanical finishing, tanning etc.

Our Tier 1 suppliers are closely monitored as per above explained process. As of 2014, G-Star publically discloses its first tier suppliers online. In 2017 the processing facilities were added to the G-Star Manufacturing List and as of 2018, G-Star will include its denim mills.

The frequency of our assessments is based on the non-compliant level of the supplier. This varies from 1 assessment per year to follow-up assessments every 3-6 months.

G-Star development program

Through monitoring we are aware of the local situation. However, we acknowledge that monitoring in itself does not bring us answers to solve possible issues found during inspection. To tackle any issue, we dig deeper to identify the root causes. That is why we consider coaching and development by our local teams of utmost importance. In collaboration with expert third parties, we share knowledge, guide and encourage suppliers and their employees to move forward. Rather than emphasizing on non-compliances, we engage with suppliers and their employees and help them to integrate good social & labor and environmental performance into their business and facilities.