

NON-FINANCIAL REPORT

PEOPLE + PLANET POSITIVE. WORLDWIDE.

Our vision is to operate our business within planetary boundaries and in line with best-in-class people practices. We are committed to understanding and reducing our impact, exceeding customers' expectations in this area and leading this conversation in our markets.

1.10 SUSTAINABILITY REPORT

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1. GFG recognises our responsibilities to minimise all elements of our social and environmental impact and believe this is an important driver of local term value creation for our business.
 2. Historically we have placed more emphasis on the Ethical Trade and Responsible Workplace Pillars and made more progress on this topic in some of our regions.
 3. We recognise the need to address this imbalance and going forward are adopting a more holistic and comprehensive approach to managing sustainability, guided by a set of wide-ranging sustainability commitments.
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We acknowledge that we have an important role to play in understanding and managing our social and environmental impacts, alongside a unique opportunity to define the future of sustainability in growth markets. Our leaders and people are driven by a moral imperative for sustainability and we know that our people and our customers place increasing importance upon it. We believe that sustainability is an essential component of ensuring long-term value creation.

We have made some progress to date towards our sustainability objectives; however, we are really at the beginning of our journey and some regions have made more progress than others. We recognise we have much more work to do. We are committed to making continuous improvement towards our sustainability objectives and to driving a more holistic and comprehensive approach to sustainability across the Group.

We have examined the national, European and international frameworks for the preparation of this non-financial report and have established our sustainability report in line with the Luxembourg Law of 23 July 2016 on the Publication of Non-financial Information and Information on Diversity A156. This report supplements and enhances our non-financial reporting, and includes all Group companies over which GFG exercises control - in other words, 100% of consolidated sales. We therefore collect and report key figures in such a way that they are representative of GFG as a whole. We make mention of special circumstances and exceptions.

KEY PILLARS



Ethical Trade: Fair to the people making our products at the nature; collaboratively working with brands to drive continuous improvement

Environment: Reducing impact of our direct operations

Community: Contributing positively to communities around us

Responsible Workplace: Safe and fair for all of those directly and indirectly involved in getting our products to customers.

SUSTAINABILITY GOVERNANCE

Early in 2019, we made adjustments to formalise the governance structure for sustainability, placing emphasis on the role of our senior leaders to drive this agenda. As such we now have the following bodies in place:

- Sustainability Committee of the Supervisory Board: Responsible for overseeing the Group's sustainability policies and practices. The Management Board reports to the Committee on a quarterly basis on their implementation by the regions of GFG's expectations in relation to sustainability, including policies;
- GFG Group Sustainability Committee: Responsible for driving action on a Group level and chaired by one of our Co-CEOs. All GFG regions report operational detail up to the Group Committee on a quarterly basis, elevating the work of the Sustainability functions in each region to our Group Management Board; and
- Regional Sustainability Committee: Present within each region and chaired by the respective CEO, these Committees also meet quarterly and are responsible for governing progressive implementation of our sustainability objectives within each region.

MATERIALITY PROCESS

In 2017, a materiality process was conducted in conjunction with the Board Sustainability Committee to identify the areas of greatest relevance and risk to our business. The following four key pillars were identified through that process:

1. **Ethical Trade:** Fair to the people making our products at the nature; collaboratively working with brands to drive continuous improvement;
2. **Environment:** Reducing impact of our direct operations;
3. **Community:** Contributing positively to communities around us; and
4. **Responsible Workplace:** Safe and fair for all of those directly and indirectly involved in getting our products to customers.

Our four key pillars are relevant both for understanding the core business, business results, and Company situation, as well as understanding the impact on non-financial aspects. In 2017-2018, recognising the critical importance of core human rights, greater emphasis was placed on the Ethical Trade and Responsible Workplace pillars. As a result, the policies and processes in these areas, as detailed in this report, are more comprehensive and further progressed.

During 2019, we began moving toward a more holistic approach, developing a strategic plan covering all four pillars. This has been developed with widespread engagement across our business to determine the sub-topics within these pillars that are of greatest importance to our organisation and its key Stakeholders. The viewpoint of our people at every level provides valuable insight into their take on the business priorities, their expectations in this area and whether we are meeting them. For the first time we have formalised the opportunity for all team members to provide their perspective, surveying globally our employees in four languages to gather their perspective on what is important to them. As a further build on the insights gathered through this work, our Chief Sustainability Officer has engaged with members of the Board, Management Board, senior leadership and our investor community.

The latter in particular has provided broader macro insights and often delivered validation of our internal perspectives. Similarly, reviewing the activity of non-government organisations, peers and competitors in our operating markets on an ongoing basis has helped to build deeper understanding of the key issues and effective mitigations. The continually evolving legal and reporting requirements in our operating markets are ongoing reference points, as are international frameworks and mechanisms, such as Luxembourg Law of 23 July 2016 on the Publication of Non-financial Information and Information on Diversity A156, the German Sustainability Code ("DNK"), The International Finance Corporation Performance Standards, the United Nations Sustainable Development Goals, the Fashion Pact and the United Nations Global Compact. These in particular prove useful for helping to ensure the comprehensive nature in the issues within our assessment lens. Both the work in 2017 and the more recent qualitative assessment, has informed the prioritisation of our activities within our sustainability strategy and the 2022 commitments outlined in this document.

CASE STUDY

SHOPPING BY YOUR SUSTAINABILITY VALUES AT THE ICONIC

In April 2019, THE ICONIC launched their Considered edit, a functionality that enables customers to shop by their personal sustainability values. Recognising that product sustainability is a complex and often opaque world to the consumer, THE ICONIC Considered curates items meeting sustainability credentials with a dedicated destination page and a filtering system that is accessible throughout

the site. There are five categories within Considered – Sustainable Materials, Eco-Production, Fair Production, Animal Friendly and Community Engagement – and customers can focus on what is important to them.

The Considered filters have been used by 1 in 5 filter users since launch and the number of brands with either some or all of their product range included increased from 315 to 467 between April and December 2019, with the number of items included more than doubling in the same period to 12% of the total on the platform same period to 12% of the total on the platform and accounting for 17% of sales in the last season.



THE ICONIC recently set the target of reaching 50% of their product range meeting at least one Considered credential by 2025.

ETHICAL TRADE

We recognise the responsibility that we share with our suppliers to source products in an ethical manner. We want our employees and customers around the world to be confident that the people who make our products are treated fairly, enjoy decent human rights and are not exposed to unsafe working conditions.

1. ETHICAL TRADE

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We place significant emphasis on our ethical trade standards in our relationships with suppliers and will work only with companies who demonstrate that they share our values. In addition to the comprehensive programmes we have in place, our commitment is further cemented by having been a member of the Ethical Trading Initiative since 2016. In addition, Dafiti participates in ABVTEX, the responsible supply chain initiative of Brazilian retailers, with the Dafiti CEO being an active member of the Board and team members involved actively in the Certification Working Group and the Arbitration Committee.

Human Rights

Respect for human rights is an indispensable part of corporate responsibility for GFG. We comply with national and international human and labour rights as a matter of course. The company rejects any form of human rights violations such as child and forced labour or discrimination based on gender, race, religion, caste, age, social background, diseases, disability, sexual orientation, pregnancy, marital status, nationality, political opinion, trade union affiliation, social or ethnic origin. Accordingly, the requirement to respect and uphold human rights is a part of both our Business Conduct & Ethics Policy and our Supplier Code of Conduct.

Our Supplier Code of Conduct

GFG has in place a Supplier Code of Conduct which sets out our social and environmental performance expectations to all suppliers, and third-party providers of goods or services to GFG. This is inclusive of, but not limited to, suppliers' vendors, agents, factories, mills, farms involved in production of materials, inputs and raw materials further down the supply chain, even where GFG or its subsidiaries do not trade with them directly. Covering employment practices, working conditions, environmental protection and anti-corruption and bribery, our standards are based on International norms and regulations, the UN Guiding Principles on Business and Human Rights, the Universal Declaration of Human Rights, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, and the Base Code of the Ethical Trading Initiative ("ETI"). Our Supplier Code of Conduct is publicly available on our website and incorporated into our contractual agreements with suppliers by GFG regions.

About Our Supply Chain

Our business model involves stocking a combination of third-party brands and own-brand ranges. GFG has 47 own brands supplying apparel, footwear and accessories, where we design and develop the products ourselves. Further information about the business model can be found in section 2.1.

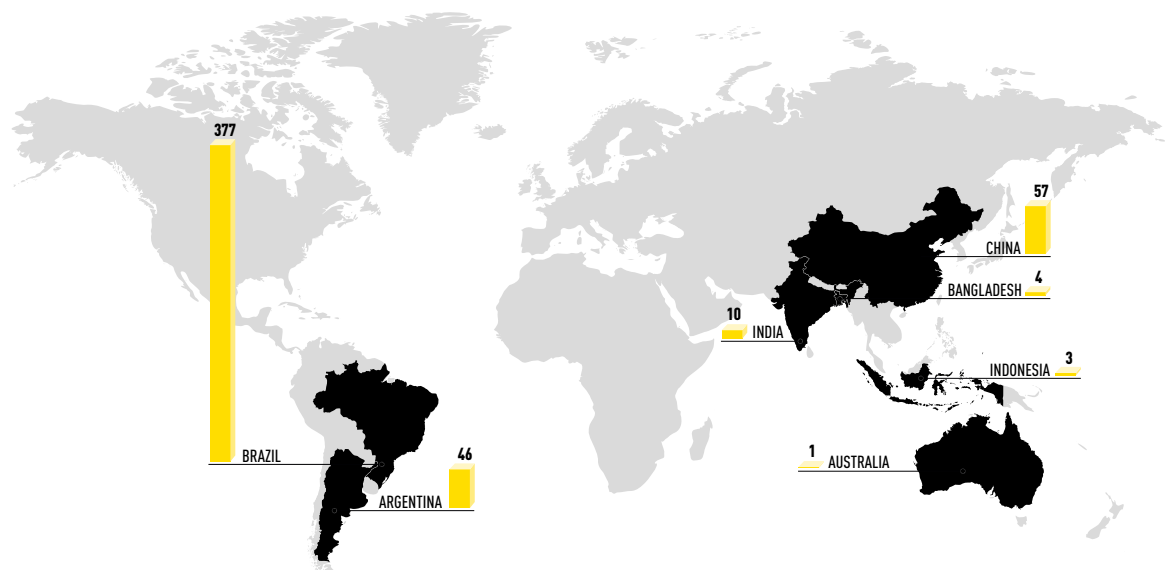
GFG does not own any production facilities and manufacturers source products by working with a network of agents and factories. All businesses within the group have visibility of Tier 1 of the supply chain, final stage manufacturers of our finished goods. This includes subcontractors, manufacturing whole or parts of our orders, where known and advised by suppliers as they are contracted to do. At the time of writing we are working with 498 factories around the world.

GFG has partial visibility of Tier 2 suppliers, which includes inputs such as dye houses, printers, wash facilities, spinners and componentry such as zips and embellishments. In addition, we work with around 10,000 third party brands who manage end-to-end design and manufacture of their products and in turn, take the lead on managing and monitoring compliance with the standards outlined in the Code of Conduct.

Human Rights in Our Own-Brand Supply Chain

For Tier 1 factories which manufacture GFG own brands, we require a comprehensive recent social audit to be provided before trading commences. These are our central tools for assessing the presence of human rights risks in our supply chain and are predominantly conducted by independent third party audit firms. However, in the case of Dafiti, given the proximity of the business to the majority of the factories in Brazil, we have an internal ethical trade audit function responsible for assessing factory performance. Either way, all audits involve independent and confidential worker interviews and we prefer audits to be conducted on a semi-announced or unannounced basis. All factories are re-audited at least every 24 months, with many also having a follow up audit in between the full audits. We are aware of the issue of over-auditing of factories and therefore do consider whether we can accept audits done for other retailers. There are some audit types we cannot accept, however, as they are not comprehensive enough to meet our needs.

FACTORIES AROUND THE WORLD





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Each audit copy received is analysed in line with our internal standard and non-compliances are classified as either highly critical, critical, major or minor. The predominant breaches identified relate to health and safety, poor working hours payroll records and overtime. We will not commence working with factories who have outstanding, highly critical or critical issues, and GFG regions have in place Approved Factory Programmes which limits orders being placed where a factory does not meet the standard. In addition, Dafiti requires all suppliers to become a certified member of ABVTEX before orders can be processed. Subcontracting without approval is prohibited by GFG businesses and where it is found to have taken place, the regional business will either issue a contract breach notice or termination letter.

Where human rights concerns are found through the re-audit process to exist in a factory and a highly critical or critical audit issue is present, we set specific timelines by which the issue must be resolved and work with the supplier to resolve the issue. We recognise that the expectations outlined in the Code of Conduct may not always be met and are committed to working with suppliers and factories to progressively achieve change over time. As a result, our preference, in the interests of the wellbeing of people in our supply chain, is to see non-compliances remediated and we actively play a role in driving this change.

To support improvement both Dafiti and THE ICONIC have held training sessions for suppliers to improve their capacity to meet our standards. THE ICONIC's second annual Supplier and Factory Conference was held in Shenzhen, China in August 2019 with 36 suppliers and factories attending sessions on ethical trade, sustainable materials, sustainable packaging, responsible chemical management, ethical recruitment and modern slavery. Dafiti has delivered training for 202 suppliers and factories this year on Code of Conduct and ABVTEX requirements to build their understanding of and capacity to meet the standards. In addition, Dafiti's suppliers, through ABVTEX, can access training opportunities focused on best practice tools for responsible trade.

Unfortunately, there have been situations where, although we have worked to try and have our requirements understood, we have not been successful in remediating an issue at factory level and we have had to cease trading with a facility. The right to terminate the commercial relationship is protected within our contractual agreements with suppliers.

Internally, we are building awareness with buying teams to help them understand the role they have in improving buying practices. In 2018, THE ICONIC introduced an extensive programme on ethical sourcing as a part of its Buying Academy (an internal education programme for our Category Management team) and this programme continued throughout 2019. This training was delivered to coincide with THE ICONIC's Responsible Purchasing Policy, which outlines the commitment to behaving with integrity in dealings with suppliers and to support internal teams by ensuring that our purchasing behaviours align with our business values. Initially three hours long, there was a recognition that there was an opportunity to go deeper, and in 2020 the sessions will be a full day and include topics such as sustainable packaging and sustainable materials. Dafiti also rolled out training for the commercial team in late 2019. Building their awareness on the due diligence and social audit processes, the training involves a classroom component as well as field work where the buyers visit factories with the audit team.

Environmental Impact in our Supply Chain

We recognise, as fashion retailers, that much of our environmental impact results from how the products we sell are made, particularly in terms of water, chemical and land impacts. With the industry accounting for 8% of global greenhouse gas emissions and the average cotton t-shirt using up to 2,700 litres of water during production, we recognise that we have work to do to operate our business and influence our supply chain in a way that minimises these impacts.^{1, 2}

¹ <https://quantis-intl.com/wp-content/uploads/2018/03/measuring-fashion-global-impact-study-full-report-quantis-cwf-2018a.pdf>

² <https://www.worldwildlife.org/stories/the-impact-of-a-cotton-t-shirt>



OUR 2022 COMMITMENTS

We will continue to strengthen our core private label ethical trade requirements and support factories to improve their standards through training opportunities.

We will assess our animal welfare and private label water footprints and implement plans to reduce our impact. We will drive progressive uptake of sustainable materials in our own-brands, set minimum onboarding criteria for third party brands and engage existing brands both to provide more sustainable products and improve their overall sustainability performance. We will continually engage our customers in this journey and enable them to make more responsible purchasing choices.

Following further work in 2019 to baseline our performance, specific targets will also be set on the uptake of more sustainable materials in private label and the volume of online product meeting sustainability criteria.

SPECIFICALLY, WE WILL ACHIEVE THE FOLLOWING TARGETS BY 2022:

50%

of private label factories have participated in training programmes.

100%

of private label water footprint mapped and plans in place to reduce impact.

100%

of regions will have a sustainable fashion edit.

100%

of the top 30 brands engaged on sustainability and minimum sustainability onboarding criteria.

THE ICONIC is leading the way in our Group in this area and has conducted a comprehensive analysis of the materials used in its own-brands. This enabled the understanding of the key environmental impacts and informed which materials should be prioritised for removal. The Sustainability and Category Management functions then collaboratively designed their Preferred Materials Benchmark, to guide decision making and provide the basis for preferred materials targets. THE ICONIC recently announced it will transition its own-brands to using more sustainable materials for at least 90% of the ranges by 2025. The business has also joined the Leather Working Group ("LWG")- a multi-stakeholder group assessing and working to improve environmental standards in the leather supply chain - and is driving uptake of LWG-certified leather in its own-brand footwear. Our other regions will step up their management of these topics in 2020.

Animal Welfare

GFG has an Animal Welfare Policy in place that outlines our expectations as to how and where animal materials are used in our products, which is applicable to all of the regions' own-brands. This Policy is based on the industry-recognised Five Freedoms, developed by the UK's Farm Animal Welfare Committee. The five freedoms include:

1. Freedom from hunger and thirst;
2. Freedom from discomfort;
3. Freedom from pain, injury and disease;
4. Freedom to express normal behaviour; and
5. Freedom from fear and distress.

Where animals are used in our subsidiaries' own-brand products, we require them to be a by-product of the food industry. None of the Group's own-brands sell products that use real animal fur of any kind, exotic skins or hair from the Angora rabbit. These requirements are reflected in contracts with suppliers.







GFG recognises the responsibility we have to assess, manage and progressively reduce all aspects of the environmental impact created by our day-to-day operations. In all our markets we will ensure we comply with all applicable legislation related to environmental impact and go beyond that to mitigate it.

2. ENVIRONMENT

GFG recognises the responsibility we have to assess, manage and progressively reduce all aspects of the environmental impact created by our day-to-day operations. In all our markets we will ensure we comply with all applicable legislation related to environmental impact and go beyond that to mitigate it. Our key impact areas include energy, packaging, waste, water, transport and the associated carbon emissions. Refer to section 2.13 for an analysis of our environmental risks.

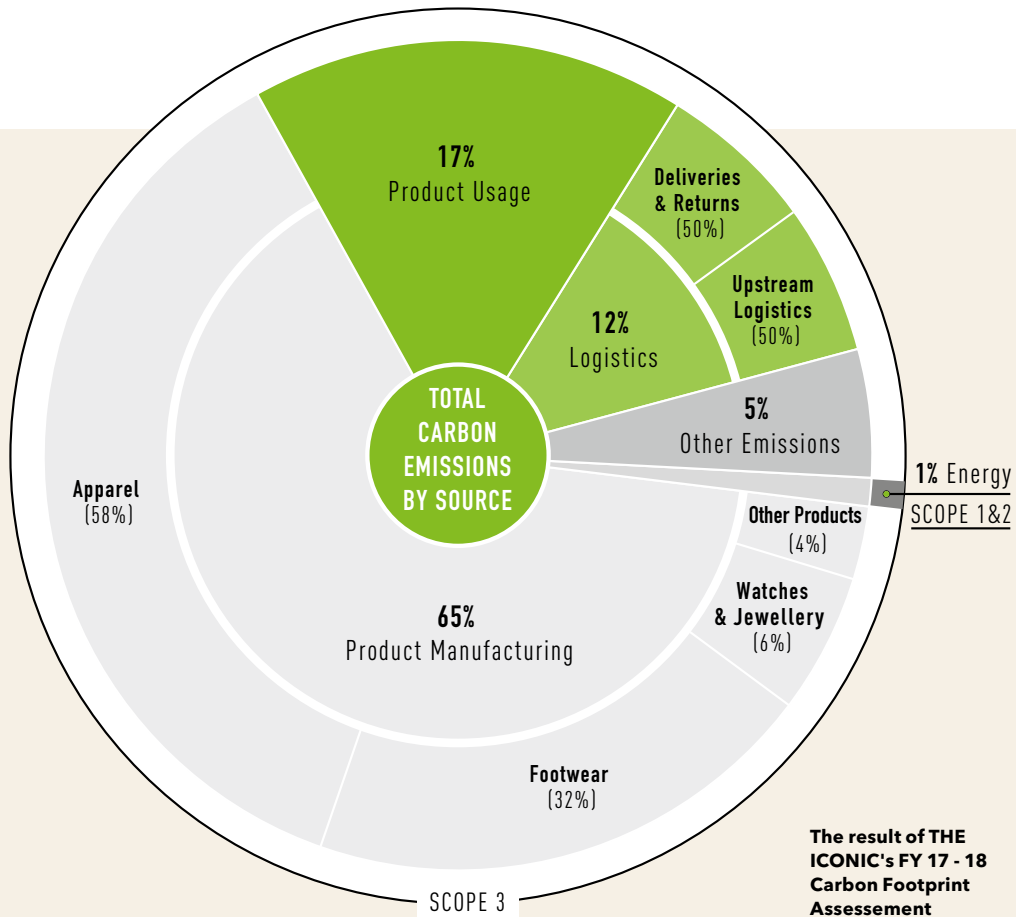
During 2019, we introduced our Environment Statement of Intent which articulates at the Group level the following principles to guide our activity:

- **Reduce** – limit consumption of natural resources and using efficiently where not possible;
- **Replace** – transition away from non-renewable resources and adopting more sustainable alternatives;
- **Reuse and recycle** – promote principles of circularity and maximising consistent reuse of resources;
- **Measure and report** – set and track against performance targets related to the environment and to report both internally and externally on our performance; and
- **Build awareness** – invest in engagement of our employees in these principles as a means to progressing towards our environment objectives.

We have significant ambitions in this area, but are really only getting started on our journey of comprehensively managing our environmental impact.

Packaging

We recognise the opportunity we have to reduce our environmental impact through our packaging and want to ensure we are reducing the volume of packaging used per order, eliminate unnecessary packaging, transition to use of less environmentally impactful packaging materials and ensure those materials can be responsibly disposed of by customers. Dafiti's Chilean and Colombian operations are using bio-based plastic packaging for customer orders and THE ICONIC has completed a full packaging footprint for its private label brands, beginning the reduction and transition journey in earnest during the year. In its most recent annual report submission to the Australian Packaging Covenant Organisation in March 2019, THE ICONIC achieved Advanced status, meaning the organisation has specific, measurable targets in place or tracked data shows that >20% of products have achieved the desired outcome. Although our customer facing packaging will be a core priority regardless, across the group we have a lot more work to do to fully understand the packaging baseline and our key opportunities to reduce our footprint.



CASE STUDY

ASSESSING THE ICONIC'S CARBON FOOTPRINT

In early 2019, THE ICONIC completed its first carbon footprint assessment having collected comprehensive data to map the causes of emissions throughout the business and supply chain. As a result, the business has developed its first carbon management plan to guide efforts to minimise the biggest sources of carbon impacts – including driving uptake of lower carbon materials for products and transitioning to less impactful delivery options. There has also been a focus on improving the quality of the data gathered to monitor performance, to help inform ongoing assessments. We increased standard shipping by 3.7x versus express

shipping, which is on average 55% more carbon efficient per order. Additionally, as Lamoda in Moscow also did during the year, THE ICONIC introduced LED lighting across the warehouse in Western Sydney as one of many electricity efficiency initiatives. This has resulted in, despite almost doubling the warehouse storage capacity to 4 million units, a reduction of 2.5% in energy consumption since installation.

Our Impact

Our Scope 3 emissions constitute the majority of our carbon impact (99%). 65% of our footprint is associated with the development of the raw materials and the manufacturing of the products we sell. Delivery of products by suppliers and then our customers (12%) are small in comparison. Surprisingly, 17% of emissions accounted for are in the consumer use phase, for example through the washing process. The remaining 5% includes various emission sources

such as capital goods, waste, packaging, employees commuting, business travel and server hosting.

Definitions:

Scope 1 emissions are direct emissions from owned or controlled sources (i.e. fuels consumed by in-house machinery or company vehicles).

Scope 2 emissions are indirect emissions from the generation of purchased energy used in directly operated sites.

Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions (i.e. transportation and distribution, purchased goods and services, use and end-of life of sold products).

Waste and Recycling

On the waste and recycling front we are working on building an accurate baseline across the business.

Lamoda and THE ICONIC have made improvements in their performance during the year, with the latter achieving significantly better separation of materials to result in a 37% improvement in the recycling recovery rate. Lamoda began measuring recycling rates during the year and has recycled over 90% of the waste in its Russian warehouse during 2019.

Carbon

We recognise the carbon impacts of our business are significant and that it is imperative we become more carbon efficient. Our impact lies both in the products we sell and the transportation used to send products to us and then on to our customers. THE ICONIC is leading the Group in this area, having completed a full carbon footprint baseline to understand its impacts, prioritise its mitigation activities and develop a carbon reduction plan (see Case Study on the previous page). Our other regions are beginning the process to assess the baseline during 2020.

CASE STUDY

GREEN WAREHOUSE DESIGN AT DAFITI

Once operational, Dafiti's new warehouse in Minas Gerais, built during 2019, will be capable of holding 7 million units. From the outset it was constructed with environmentally conscious design principles at its core. The LED lighting throughout the site will result in a 60 % reduction in energy usage relative to the current warehouse in Sao Paulo. The site is also ready to receive solar panels capable of providing all the site's energy needs. Infrastructure to support reduction of water usage, for example through the reutilisation of rain water for sanitary services, has also been installed. The warehouse will begin operation in early 2020.

We are committed to stepping up the drive for more comprehensive action on this topic in the coming year across the Group and recognise the urgency of this.

Energy

Given our warehouse operations are predominantly storage facilities, the energy consumption of our own operations is not highly intensive and the vast majority of the lighting in our main warehouse locations- Sydney, Moscow, Kuala Lumpur and Sao Paulo- is energy efficient LED. That aside, there is room to continue to improve in this area through further energy efficiency initiatives.



In mid 2019, we completed a feasibility study on the installation of solar panels on the roof of THE ICONIC warehouse and installation is a key project planned in conjunction with the landlord for 2020.

End of Life

We have a responsibility to address end-of-life product management both when an item is returned to us by a customer in a damaged condition and when a customer is finished with an item altogether. We are in our infancy in addressing this issue as a group, but recognise it is an area to which we need a more comprehensive approach.

As a first step in its journey to inspire its customers to participate in the circular fashion movement, ZALORA launched in December 2019 the ability for customers to resell second-hand items on its Marketplace. First available is a range of luxury 'pre-loved' clothing, bags, shoes and accessories. This is a new type of category proposed to our customers that contributes to extending a product's life. To build on this first step into circulatory, as with other regions, ZALORA will explore other initiatives in 2020 to shape a more Circular Fashion model. For minimally damaged returns, THE ICONIC has identified a means to get these products to people in need around Australia.



OUR 2022 COMMITMENTS

We will track and progressively reduce our waste to landfill and support customers to do the same. We will set Science Based Targets for carbon and pivot our business operations to meet the needs of a 1.5° C future, including adopting green energy sources. The majority of our customer order packaging will be made of more sustainable materials and we will assess and reduce the volume and impact of our private label packaging. We will map out our textile waste impacts, improve recovery and enable resale of pre-loved items.

SPECIFICALLY, WE WILL ACHIEVE THE FOLLOWING TARGETS BY 2022:

100%

of waste from our warehouses comprehensively tracked and at least.

50%

of waste recycled.

100%

of carbon mapped and Science Based Targets set for the entire Group.

100%

of carbon from our own operations and deliveries offset.

100%

of delivery countries using order satchels made from more sustainable materials.

50%

of regions enabling resale of pre-loved items.







We recognise we have a role to play in contributing to the social fabric of the communities in which we operate, and want to ensure we play a role in contributing to the communities around us.

3. COMMUNITY

We recognise we have a role to play in contributing to the social fabric of the communities in which we operate, and want to ensure we play a role in contributing to the communities around us. Over time, we are committed to identifying the most important community issues to our people and our customers, and implementing programmes that contribute to the tackling of these. However, as our business is still very young, we are just beginning our journey and our activities in most of our markets have come about organically driven by passionate team members.

That said, THE ICONIC has developed a framework for community engagement, and entered its first charity partnership with Thread Together, an organisation which takes stock from the fashion industry and distributes it around

Australia to people in need. Since agreeing a memorandum of understanding in mid-2019, the organisations have worked together to build a 12 month plan that gives greater profile to the important work Thread Together is doing around Australia. Since the relationship began, THE ICONIC has been making regular clothing donations as well as skilled and unskilled employee volunteering and fundraising initiatives. To date, THE ICONIC has helped 15,000 people around Australia access new clothing.

It is a priority for us in 2020 to formalise our approach to community engagement so we can bring more structure to our efforts and enable greater impact as a result of our work. We're focussed on developing a community programme that makes sense for the Group but which speaks to what our employees and customers in many operating countries feel is important, is relevant to our brand(s) and which provides a set framework for engaging with business.

CASE STUDY

LAMODA X DOBROSHRIFT

Cerebral palsy is a common cause of childhood disability in Russia. The charity, Gift to an Angel, approached Lamoda to support an awareness-raising campaign during the International Cerebral Palsy Day and Lamoda signed on to join a large-scale charity flash mob.

Thirty-three (one for each letter of the Russian alphabet) children suffering from the condition designed a letter of the alphabet and from that, professional designers created a unique font – Dobroshrift.

For a few days, Lamoda changed its logo for a new one made up of the letters designed by the children.

As part of our commitment, Lamoda also donated 3% of the sales of all children's goods sold between 2 October to 16 October, donating RUB 3,491,708 (€ 50,000) as a result. The raised funds will be allocated for physical and speech therapy, rehabilitation, medicines, specialised furniture, clothing and financial assistance to families.



OUR 2022 COMMITMENTS

We will begin to formalise our approach to community engagement across the group by establishing charity partnerships, employee volunteering programmes and donating to charity.

SPECIFICALLY, WE WILL ACHIEVE THE FOLLOWING TARGETS BY 2022:

100%

of regions have a charity partnership in place.





RESPONSIBLE WORKPLACE



Irrespective of whether a team member is working with us directly, through an agency or a transport contractor, we are committed to ensuring that all of those involved in getting products to our customers, enjoy safe and decent working conditions.

4. RESPONSIBLE WORKPLACE

Irrespective of whether a team member is working with us directly, through an agency or a transport contractor, we are committed to ensuring that all of those involved in getting products to our customers, enjoy safe and decent working conditions. This is inclusive of the accommodation provided by their employer to any team member working on our sites.

Health, Safety & Wellbeing

We seek to provide a safe and healthy workplace where everyone feels they belong. The health, safety and wellbeing of our people is a human right, fundamental to our culture and an integral part of the way we do business. We place the health and safety of our people as a priority and never sacrifice it for other business imperatives.

Our workplaces have been free from fatality and where incidents or injury has occurred, we are committed to ensuring appropriate action is taken to improve our processes and policies. In 2019, across our business we commenced the development of consolidated reporting and monitoring to better understand our maturity of health and safety policy and practices to ensure this is happening in all our markets. Through our Sustainability Committee structure, we have

developed a baseline reporting framework and metrics are shared quarterly.

We recognise there is an opportunity to continue to strengthen our systems and processes and implement a health and safety management system at Group level to support formalisation of our policy and strategy and increase our capability in all aspects of health and safety. This will be supported by a global internal audit to identify and respond to the key risks and opportunities to strengthen our local practices and policies.

SPEAK UP!
The poster promoting the SpeakUp! service used in ZALORA's Kuala Lumpur warehouse



Our focus will also extend to mental and emotional well-being of our people as a growing health issue globally impacting many people during their lives. Targeted initiatives will be developed in consultation with our people and their leaders.

Managing Agency Employees

Respect of fundamental human rights and working conditions of staff not directly employed by us in our fulfilment centres is of no less importance to us than our own people or that of our private label supply chain. Recognising that the common industry standards and behaviours for agency workers do not meet our expectations in some of our operating markets, we have developed a comprehensive policy framework in relation to migrant workers inclusive of operating procedures, checklists, assessment classification for recruitment agencies and communication tools to support migrant workers in seeking remedy via the SpeakUp! hotline.

In 2018, the Group embarked on a considerable review of agency and recruitment practices in regional fulfilment centres in Kuala Lumpur, Moscow and Sydney. Some of the agencies providing staff to our fulfilment centre in one location were found not to be working in line with all of our expectations, triggering development of action plans and a remediation process to resolve the gaps identified. Unfortunately, in the case of one agency, although working to help them understand our requirements over a number of months we were not able to influence their practices and they have been phased out as a result. A dedicated monitoring process based on external audits and regular internal follow-ups have been implemented to ensure constant check and continuous improvement of agency practices on an ongoing basis.

Since this piece of work has been completed onboarding processes for new agencies have been introduced across the group and promotion of the anonymous hotline SpeakUp!, which can be accessed in multiple languages, increased.



OUR 2022 COMMITMENTS

22

We will continue to strengthen our policies and systems for ensuring agency and delivery provider employees enjoy decent and safe working conditions in line with our standards.

SPECIFICALLY, WE WILL ACHIEVE THE FOLLOWING TARGETS BY 2022:

100%

of agencies vetted consistently and comprehensively before onboarding.

100%

of delivery providers mapped, working conditions risk assessment completed and high-risk providers audited.

Implementation of a Group- wide Health Safety & Wellbeing ("HS&W") Policy and clear objectives for the maturity of our workplace practices in HS&W; and

International standard of reporting and governance of HS&W metrics with clear targets for achievement.

1.11 EMPLOYEE MATTERS

The following non-financial report sets out the steps we have taken so far to meet requirements. Since this is our inaugural report, we have not previously set up the data collection systems to use an official reporting framework.

This section includes our non-financial report for GFG Group AG in accordance with Section 315b and 315c and in conjunction with Section 289b and 289c of the German Commercial Code ("HGB"). We oriented our report with the German Sustainability Code ("DNK").

MATERIAL TOPICS OF ACTIVITY

Employees and Diversity

GFG is a global business with deep local roots in markets with diverse cultures and lifestyles. This diversity is at the heart of everything we do and gives real meaning to our purpose of true self expression. Starting with our people, we exist to empower everyone to express their true selves. To achieve our purpose, we have built a workplace that is inclusive and to which people feel they belong. We value and hire for diversity of backgrounds, thoughts and ideas, experience, culture and gender. The logic is clear – a truly dynamic and diverse workforce enables us to develop the deep local knowledge and expertise required to succeed in our markets, while thinking globally.

GFG unites individuals from more than 50 nationalities across 19 countries, which brings amazing energy, knowledge, great passion, integrity, creativity, and joy to achieve extraordinary results and help build a company with true focus on being people and planet positive in everything we do. We continue to grow strongly and strive for excellence and aspire to be the #1 online destination for fashion & lifestyle in growth markets. Likewise, GFG sees gender diversity as an important factor with 50% of the Supervisory Board, 40% of the senior leadership team and

52% of all our employees being female. The establishment of a diversity policy for the administrative, management and supervisory bodies of the Group will be developed and implemented in 2020.

EMPLOYEES BY GENDER AND REGION

Headcount as at 31 December 2019¹

	APAC	LATAM	CIS	Shared Functions	Group
Total	2,574	2,817	7,318	119	12,828
Female	1,517	1,660	3,439	47	6,663
Male	1,057	1,157	3,879	72	6,165

Leadership² by Gender

	Group
Total	45
Female	18
Male	27

¹ Inclusive of all types of employment (contractors/internships).

² The leadership group comprises the Management Board, function executives, regional CEOs and their direct reports and excludes executive support roles.

This dynamic environment offers our more than 12,800 employees great local career paths, development and also global opportunities.

We know that to achieve our vision and purpose, we need to foster the continuous development of our people. Knowledge and experience sharing are critical to driving highly committed and motivated teams and leaders. Without their enthusiasm, passion for our customers, ambition and contribution, GFG would not be able to grow and thrive. We focus on supporting personal and professional growth by building a strong continuous feedback culture that enables development and learning opportunities on a daily basis for all our employees. We have created and continue to sustain an open, fair and honest work environment in which each employee feels encouraged to proactively share their views, ideas and feedback – irrespective of age, gender, position or experience within the Group.

We have established the following not only to keep employees informed about current company and market developments, but also to gauge their current satisfaction with their role, responsibilities and working conditions, which drives our culture of learning:

- Global platform (mobile enabled) for team collaboration, networking and communication across our regions. Enabling two-way communication, including video and live streaming between leadership and employees, sharing of ideas and peer to peer, leader to team member recognition;
- 'All Hands' meetings across all parts of the business, engaging all employees to participate in frequent discussions on companywide topics driving transparency and alignment within teams and fostering the company culture and values;
- Global goal setting and alignment via the Objectives&Key Results ("OKR") which takes place on an annual basis with quarterly review and check ins. OKRs allow a collaborative approach to agreeing how we meet and achieve our objectives as a company. They connect our strategy into day-to-day work and outcomes where all our employees can see how their work contributes to our success. OKRs drive our focus on learning by regularly scoring and reviewing our progress, ensuring we apply learnings quickly and pivot in response to changes in our company and world;

- Employee Engagement Deep Dives and Pulse Checks: Bi-annual deep dive surveys to gather anonymous employee feedback about GFG, the leadership team, learning & development, general support and if GFG is recommended as a great place to work. These provide important data and insight for our People&Culture team, as well as senior management, about how people feel in their roles and provides us with opportunities to learn and grow, to improve the work environment and employee offering for everyone; and
- Continuous Feedback Framework that enables leaders and employees to engage in regular performance and development conversations that focus on continuous feedback loop and constant improvement and career growth.

We offer a safe and healthy work environment to our employees in our offices and our fulfilment centres or logistics fleet. Therefore, we aim to completely prevent accidents and minimise the risk of occupational illnesses. Furthermore, we regularly review all fire safety requirements in all of our locations. We also offer an anonymous SpeakUp! line for complaints or notification of unacceptable behaviour. We have a zero-tolerance policy on any form of harassment, discrimination or bullying.

In 2019, employees could participate in a variety of community projects, donations and a number of sports programmes and consultations on ergonomics at the workplace.

As a considerate employer, we offer flexible working arrangements for applicable employees concerning working hours, part-time employment and job location solutions, such as the option of working from home/ remotely.

1.12 COMBATING CORRUPTION AND BRIBERY

The Company is committed to the highest standards of ethical corporate behaviour. Our business operates a zero-tolerance approach to all forms of bribery or corruption.

Our Business Conduct and Ethics Policy together with our Anti-Bribery and Anti-Corruption Policy, which includes our third-party due diligence procedures, set out the Company's guiding principles which aim to prevent acts of bribery and corruption. GFG reviews these policies on a regular basis and introduces revisions where necessary or appropriate. Our policies apply to all employees of GFG along with any third parties acting on behalf of the Company, who must also adhere to similar standards and establish and maintain appropriate anti-bribery and anti-corruption policies.

In order to combat bribery or corruption and to ensure a zero tolerance is adhered to, the Company provides practical guidance to all employees regarding Anti-Bribery and Anti-Corruption measures, to ensure employees are equipped to make the right decisions and take the correct actions. The Company's employee guidelines set out key red flags to assist employees when identifying bribery and corruption in the workplace. Employees must escalate matters of bribery and corruption immediately to their respective line manager and the Legal Department, which forms part of the Company's Global Legal and GRC function. The GRC is an integrated collection of capabilities that enables the Company to reliably achieve objectives, address uncertainty and act with integrity.

Corruption risks linked to the operations of the global business:

Dealings with Government Officials

The majority of our business relationships will be carried out with private individuals and businesses. However, it is possible that we may have interactions with governments and their officials.

Other Third Parties

Political Donations

Charitable Donations

Risk mitigation steps taken by the Company:

- Due Diligence to identify Government Officials/Politically Exposed Persons
- Written contractual agreements formalising dealings with Government Officials
- Gifts and entertainment, political and charitable donations involving Government Officials require approval from the Group General Counsel

- Due diligence on the third parties.
- Written contractual agreements formalising relationships with third parties;
- Record keeping and traceability of payments

- Due diligence on the recipient of the donations and any associated person;
- Requires approval of the Management Board and Group General Counsel
- Record keeping and traceability of payments

- Due diligence on the recipient of the donations and any associated person;
- Requires approval by the Regional Head of Legal in cash up to €15k or in kind up to €50k. Further approval required from the Group General Counsel and Group Treasury for amounts in excess of those
- Record keeping and traceability of payments



It consists of a set of functions that oversees and manages risks and compliance across our organisation. The Global Legal and GRC function monitors all risks that might impact the Company's business performance, which includes not only legal, compliance and financial risks, but also reputational, social and environmental risks.

The Global Legal and GRC function periodically conducts mandatory training sessions for employees. Our Business Conduct & Ethics Policy is included in our Employees onboarding process and is at all times available on the Company's intranet, along with our Anti-Bribery and Anti-Corruption Policy. We intend to further enhance the compliance training schedule in 2020, ensuring that all employees globally receive training on core Company policies regularly. Training is supplemented by internal campaigns, news flashes and targeted training sessions.

We actively encourage a SpeakUp! culture, with a non-retaliation policy for those employees who report issues in good faith. Incidents can be reported internally to line managers, People & Culture or the Global Legal and GRC function, or can be reported anonymously online or via telephone, using a platform administered by an independent third-party provider.

There were no known incidents of bribery or corruption during 2019.

