



PEOPLE +  
PLANET POSITIVE.  
WORLDWIDE.





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# ABOUT THE REPORT

## A Year that Makes Us Stronger

2020 was an unprecedented year in many ways. COVID-19 has impacted everyone and demonstrated the importance of building corporate resilience. It has also challenged the leadership in many businesses to maintain good governance and hold steady with the fundamentals of pursuing the people and planet agenda.

For Global Fashion Group (GFG), 2020 has reemphasised to us our responsibility to be a company involved in transforming the fashion industry in all our markets and as a result we have doubled down on our agenda to be People & Planet Positive, Worldwide. Our leaders and people continue to be driven by the moral imperative to mitigate our impacts and our vision to be a company that operates within planetary boundaries in line with best-in-class people practices.

This report, and the progress reported, reflects the significant efforts undertaken by our teams across the globe and we are proud of the inroads we have made. That said, we have many opportunities to do more and better and are restless to transform our business and drive a more comprehensive approach to sustainability and governance across the Group.

## Our Reporting Approach

In this second year of reporting our non-financial performance, the GFG People & Planet Report 2020 supplements our financial reporting and provides a summary of GFG's approach, activities and progress in Our People, Our Supply Chain, Our Operations, Our Community and Governance, Risk & Compliance. This report should be read in combination with our Annual Report and relates to all subsidiaries of GFG's operations which are wholly or partially owned or controlled by GFG during the financial year period from 1 January 2020 to 31 December 2020 unless specified otherwise. See page 7 for more information on GFG operations and business model.

In preparation of this report, we have examined the national, European and international frameworks and have established our report in line with the Luxembourg Law of 23 July 2016 on the Publication of Non-financial Information and Information on Diversity A156<sup>1</sup>. In addition, we continuously seek alignment with international standards to allow us to better communicate our performance both internally and externally.

<sup>1</sup> This national law of Luxembourg is transposed from EU Non-financial Reporting Directive 2014/95/EU

To further evolve the way we communicate with our stakeholders, we have conducted a mapping exercise this year involving peer reviews and best practice benchmarking to link the areas of focus in our People & Planet Positive agenda to the United Nations Sustainable Development Goals (SDGs) – a common framework for companies joint efforts with nations striving to bring about a transition to a sustainable future. As such throughout this report we have linked our targets and our activities to the SDGs that relate.

In each section we provide a scorecard to communicate progress toward meeting the targets set in last year's non-financial report, all of which were designed to be met by 1 January 2022. A status is provided for each to indicate whether it is on track to be met that date. The definition for each status is: Target met (target delivered in 2020); On track (progressing as planned); Not started (due to commence in 2021 or new target). In addition we introduce a number of new targets throughout this report including on Diversity, Inclusion & Belonging which are designed to be met either by 1 January 2022 or 2025.

This report is published on our website at [global-fashion-group.com](https://global-fashion-group.com) and we welcome our stakeholders to provide us feedback on the report via email ([sustainability@global-fashion-group.com](mailto:sustainability@global-fashion-group.com)).

## Acknowledgement

GFG's People & Planet Positive agenda is powered by thousands of team members worldwide. To all who contributed to where we are today, a huge thank you for your hard work and for being part of this journey.



# FOREWORD

from Chairman of the Board &  
Chairman of GFG Sustainability  
Committee



**CYNTHIA  
GORDON**



**VICTOR  
HERRERO**

2020 was a year none of us will ever forget. In January, few of us understood how severely the COVID-19 pandemic would impact life as we knew it, and how globalised and collective in its impact it would be. Whether you were affected by the unprecedented shifts that rippled throughout many industries, had to pivot your business or were directly affected by the virus itself, COVID-19 has been encompassing in changing all our lives.

Despite this, there have been many voices during this time accentuating what divides us, why we are different from each other. But in truth what we must take away from 2020 is that COVID-19 lays bare what unites us.

**Every single one of us is a human being, seeking a decent life.  
Every single one of us is fundamentally - and unavoidably - interconnected.  
Every single one of us deserves social justice, but without social justice for all, there is none.  
Every single one of us will be impacted by our changing climate and we can collectively choose to adapt now or our lives will be irrevocably changed.**

There was a time not that long ago when a cataclysmic event such as the pandemic would have thrown the business sustainability agenda off course for some businesses. We have entered a new age however, where the moral imperative is undeniable and the need for our industry to transform is clear.

GFG demonstrates throughout this report that it has significantly matured its People & Planet Positive agenda during 2020 and we are proud of every single team member who has brought their values to work and prioritised it, in spite of the challenges COVID-19 has thrown at them. GFG also sets out in this report its plan going forward to deliver on its existing People & Planet Positive commitments, while also introducing new ones. There is without a doubt plenty of work for GFG to do however we know, now more than ever before, that integrating the People & Planet Positive agenda is an essential and non-negotiable part of our business thriving.

## Cynthia Gordon

Chairman of the GFG Supervisory Board  
and member of the Sustainability  
Committee

## Victor Herrero

Member of the GFG Supervisory  
Board and Chair of the Sustainability  
Committee



**CHRISTOPH  
BARCHEWITZ**

Co-Chief Executive Officer



**PATRICK SCHMIDT**

Co-Chief Executive Officer



**MATTHEW PRICE**

Chief Financial Officer



**NICOLLE STRAUSS**

Chief People Officer



**JAANA  
QUAINTANCE-JAMES**

Chief Sustainability Officer



**YANA VALLETTA**

General Counsel

# FOREWORD

from GFG Executive Team

Despite an unprecedented period of global disruption, what has remained constant for GFG is our collective commitment to be a company that integrates sustainability into the core of our operations, empowers our people to bring their values to work everyday and applies the highest duty of care to people within our business and supply chain.

We are driven to do this by the knowledge that the climate crisis is not a future state but today's reality, that the people in our business and our supply chain are our greatest asset and that there are clear moral and business drivers to define new ways of working in the fashion industry. We collectively must transform our operations, our supply chain and the materials we use and fundamentally integrate social and environmental considerations into the future of fashion. It is essential also that we empower customers to make more mindful purchasing decisions through credible information, wide assortment and improved accessibility, and that we empower employees to prioritise integration of social and environmental values into decision making.

In our People & Planet Positive Report for 2020 we share that we have delivered some commitments ahead of schedule and that for others we have catching up to do. Either way we have significantly increased our transparency on all aspects of our journey. Our People section provides a much deeper insight into life at GFG and the incredible team that builds and delivers the customer experience everyday. While our fundament of diversity, inclusion and belonging is strong we are pleased to share how we are now formalising our approach and setting targets for the first time.





**GUNJAN SONI**

Chief Executive Officer,  
Zalora



**JERE CALMES**

Chief Executive Officer,  
Lamoda



**PHILIPP POVEL**

Chief Executive Officer,  
Dafiti



**ERICA BERCHTOLD**

Chief Executive Officer,  
THE ICONIC



**MELANIE  
SMALLWOOD**

International Buying  
Director



**KARTHIK  
SUBRAMANIAN**

Chief Technology Officer

Despite the physical limitations of COVID-19, we have continued implementation of our ethical trade framework in the factories we work with for our own-brands and working with our supply chain, own-brand and third party alike, to improve standards. We now have sustainable shopping edits in all regions and will further increase the assortment of more sustainable products available within them and this will be a key focus for 2021.

In terms of transforming our operations and mitigation of our environmental impact, we have worked hard to identify sources of environmentally preferred packaging across the group and are now sending more sustainable satchels in 65% of delivery countries, with the intent to reach 100% by the end of 2021. We have also mapped the carbon impacts of every aspect of our operations across 19 countries, including our supply chain and a formalised carbon mitigation strategy will be released in Q2 2021. Similarly our governance, risk and compliance agenda, a fundament of doing business at GFG, has continued to mature with further activity planned for 2021 and the years beyond.

Building on the momentum of 2020, the coming year will be another significant one for accelerating GFG's People & Planet Positive agenda. For all that 2021 brings, we are clear that our commitment remains central to our business strategy and to our long term success.

The GFG Executive Team





# ABOUT GFG

YE 2020

## Financial performance

Revenue (€ m)	1,359.7
Growth at constant currency (%)	15.3
Gross Profit (€ m)	586.2
Adjusted EBITDA (€ m)	16.4

## Group KPIs

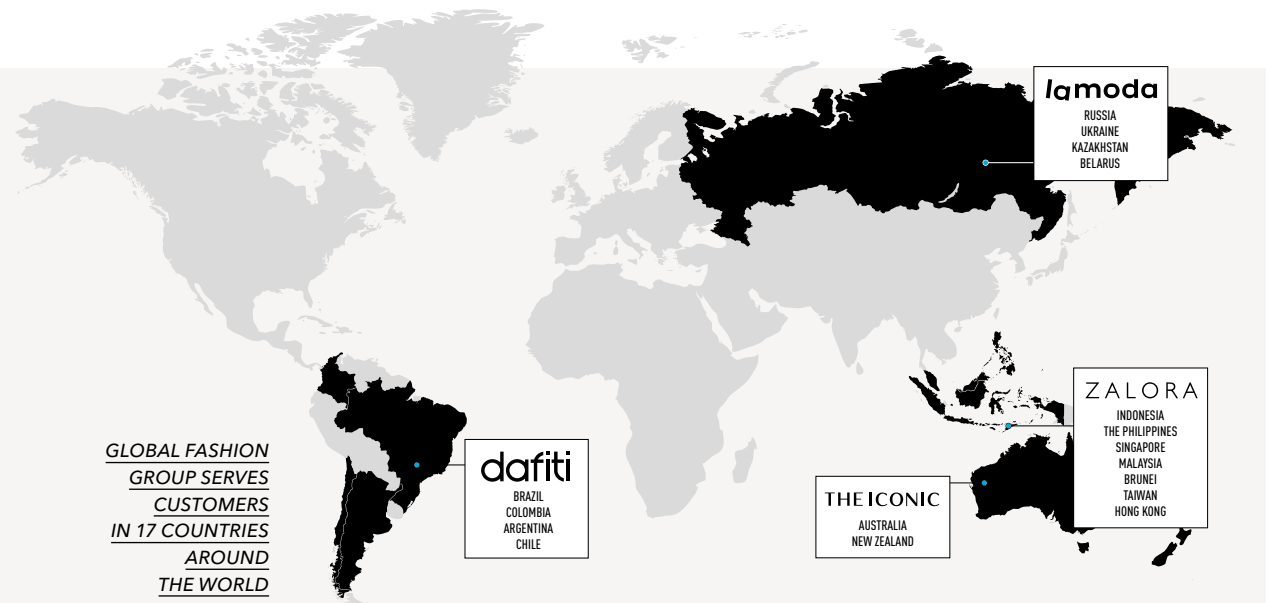
NMV (€ m)	1,958.2
Growth at constant currency (%)	25.7
Active customers (in millions)	16.3
NMV / Active Customer (€ m)	120.3
Number of Orders (in millions)	42.0
Order Frequency	2.6
Average Order Value (€)	46.6

GFG is the leading online fashion and lifestyle destination in our markets, serving customers in 17 countries and connecting a population of one billion potential consumers with thousands of global, local and own-brands via our four established ecommerce platforms. Each platform is operated under an individual brand name: Dafiti (in Brazil, Argentina, Chile and Colombia), Lamoda (in Russia, Belarus, Kazakhstan and Ukraine), ZALORA (in Singapore, Hong Kong, Indonesia, the Philippines, Malaysia, Taiwan and Brunei) and THE ICONIC (in Australia and New Zealand). As a global business with local operations 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". From our people, to our customers and partners, we exist to empower everyone to express their true selves.

Our customers are young, diverse, highly engaged and digitally native. They are predominantly female, and aged between 18 and 45 years. Covering all key fashion and lifestyle categories such as apparel, footwear, accessories, kids and sportswear, across a mix of thousands of global, local and own-brands, our assortment is tailored to meet the aesthetic, cultural, sizing and price preferences of our diverse customer base.

Products are sourced from brand partners via two business models: Retail, where the inventory of products sold to customers is owned by the Group, and Marketplace, where brand partners list their products on GFG's apps and websites. As the only online fashion and lifestyle platform of scale across its markets, GFG facilitates market entry for these brands and helps them overcome the traditional challenges of customer acquisition, logistics, infrastructure, geography and regulatory processes.



Our operational infrastructure is fashion-specific, highly efficient and scaled for growth. GFG operates 9 regional fulfilment centres with a total storage capacity of over 36 million items. Our fulfilment practices are locally tailored to each market including transit warehouses and a mix of own and third-party last mile delivery, as well as local value-added services such as try-on in Russia. Payment options are also tailored to local customer preferences, with over 40 options available across our markets. Fully in-house customer support is provided 24/7 in the majority of our markets and in eleven different languages.

While technology underpins our entire business, it is our highly diverse team of more than 13,700 people – with a passion for fashion & lifestyle and strong capabilities across all of the disciplines needed to execute our business model – with a unique combination of art and science that brings about our compelling customer proposition. Our people also combine strong global expertise with deep local know-how, with over 99% of our team being based in our countries of operation.



# 2020 KEY HIGHLIGHTS

## OUR PEOPLE

50%

**females** on the Supervisory Board and Executive Team

1

**female chairman** of the Supervisory Board

100%

fulfilment centres & eProduction have **COVID-19 minimum safe work practices & policies**

100%

office-based employees enabled to **work from home**

## OUR SUPPLY CHAIN

148

suppliers and factories **trained on our ethical trade framework**

100%

of our regions now have **sustainable shopping edits**

209

**factory audits** conducted remotely

8<sup>TH</sup>

**Dafiti's** position, out of 40 brands, in the **Brazilian Fashion Revolution Transparency Index**

## OUR OPERATIONS

75%

**waste recycled**, 25% more than our 2022 target

100,000+

orders delivered by **low or zero emissions** channel for the last mile

100%

operating countries covered by **carbon footprint assessment**

100%

post-consumer **recycled content** in our ANZ delivery satchels

## OUR COMMUNITY

790

**tonnes of food donations** delivered for the local food bank to communities in Colombia

## GOVERNANCE, RISK & COMPLIANCE

100%

of Regions, Group Shared Functions and Management Board **trained on Capital Markets Compliance**



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# OUR APPROACH

to the People & Planet Positive Agenda

## OUR VISION IS TO BE PEOPLE & PLANET POSITIVE, WORLDWIDE.

We seek to operate our business within planetary boundaries, and to apply the highest duty of care to people within our business and supply chain. This means we seek to understand every element of our business responsibility for people and planet, including in Our Supply Chain (Ethical Trade), Our Operations (Environment), Our Community (Community) as well as for Our People (Responsible Workplace and Diversity, Inclusion & Belonging) and that Governance, Risk & Compliance is a fundament of everything we do.

The revision of our People & Planet Positive framework this year to explicitly include Diversity, Inclusion & Belonging is testament to our maturing and more holistic approach, supported by a solid governance culture.

Our people are empowered to bring their values to work every day, collectively own our People & Planet Positive agenda and together with our leaders prioritise this core strategic topic in all aspects of our business. This is demonstrated in the guiding principles for GFG's People & Planet Positive agenda, which express the outcomes the Group strives to achieve.



## GFG PEOPLE & PLANET POSITIVE: GUIDING PRINCIPLES



### OUR PEOPLE

**Safe**, for all of those directly and indirectly involved in getting our products to customers

- Providing a physically, mentally and emotionally safe work environment for all those who work at GFG regardless of where their work is performed be that in a home office, fulfilment centre, office or on-the-go
- Ensuring safe and decent working and living conditions and fair pay for staff indirectly employed in our operations, including agency labour and migrant workers

**Equitable and respectful**, for our people, our customers and our brands to express their true self

- Every person has the right to be treated with dignity and respect and experience a safe workplace where they feel they belong
- Equal opportunities, representation, support and accessibility for all
- Fostering an inclusive environment in our daily business operations and leadership by investing in our culture and capabilities
- Ensuring fair and conscious approaches to our model, supplier and brand selection
- Demanding accountability through policies, internal controls and targets
- Combating diversity discrimination internally and externally with zero tolerance



### OUR SUPPLY CHAIN

**Trading ethically and fair**, to the people making our products and to nature

- Living up to our ethical trading policies, to ensure there is no bonded/illegal labour, living wages are paid and workers are not exploited in our supply chain
- Ensuring our products are made with chemically safe materials and that there is no animal suffering or cruelty practiced in the development of our raw materials
- Understanding the environmental impact of our supply chain and implementing programs which progressively reduce that impact
- Contributing to initiatives that promote circularity of clothing, such as post-consumer textile recycling

**Collaborative**, working with brands to drive continuous improvement

- Working with brands selling on our platforms to drive lower social and environmental impacts



### OUR OPERATIONS

**Reducing the environmental impact** of our operations

- Understanding all of the most significant impacts of our operations (e.g. transport, logistics and packaging), and implementing programs which progressively reduce that impact



### OUR COMMUNITY

**Contributing positively** to communities around us

- Identifying the most important community issues to our people and our customers and implementing programs that contribute to the tackling of these issues

## GOVERNANCE, RISK & COMPLIANCE

**Driving positive change** through the development and strengthening of our Governance, Compliance and Risk programs

- Commitment to the highest standards of ethical corporate behaviour, good governance and doing business responsibly and with integrity
- Zero tolerance approach to bribery and corruption
- Regular training and continuous improvement



## GOVERNANCE OF GFG'S PEOPLE & PLANET POSITIVE AGENDA

GFG is committed to practicing effective corporate governance in all business activities globally. We oversee our People & Planet Positive matters via a Sustainability Committee of our Supervisory Board and leadership by our Group CEOs, who are operationally supported by the Chief Sustainability Officer and Chief People Officer. Cascading from this, within each region there is a Regional Sustainability Committee.

The Sustainability Committee of the Supervisory Board is chaired by an independent board member and has general oversight of the Group's policies and practices. The Management Board with the support of the Group Leadership, reports to the Committee on a quarterly basis on implementation of the Group and regional work plans covering all aspects of GFG's non-financial agenda.

The Management Board holds ultimate accountability for the People & Planet Positive agenda and plays a critical role in setting the overall strategic direction. It has appointed one of the Co-CEOs responsible and the Chief Sustainability Officer and Chief People Officer, who drive day to day implementation report directly to him. The Group Chief Sustainability Officer (Ethical Trade, Environment and Community) and the Group Chief People Officer (Responsible Workplace, Diversity, Inclusion & Belonging) hold operational responsibility for implementation of our People & Planet Positive objectives. To increase emphasis and overall accountability of the Management Board in 2021, their short term incentive plan will introduce a specific objective tied to the meeting of our People & Planet Positive commitments.

The Regional Sustainability Committees which operate in each region are chaired by the respective regional CEO. These Committees meet quarterly and are responsible for championing the continuous development of the agenda in the regions by governing and monitoring progressive implementation of our objectives. Each region is required to report to the Group its non-financial activities and performances using the GFG Sustainability Reporting Framework every quarter.

Our Committee structure and our daily activities in sustainability are supported by GFG's Governance, Risk and Compliance (GRC) functions globally. GRC is key to our commitment to upholding the highest standards of ethical corporate behaviour, good governance, doing business responsibly and to achieving our vision to be the #1 destination for fashion & lifestyle in our markets. GRC at GFG is an integrated collection of capabilities that enables us to reliably achieve objectives, address uncertainty and act with integrity.

Our Global GRC Committee, chaired by one of the Co-CEOs, and our Regional GRC Committees draw on expertise from across our Group to provide coordinated and forward-thinking strategies to support the growth of our business and to ensure that the Group meets its objectives, whilst maintaining the highest ethical standards and complying with all applicable laws and regulations.

As part of our corporate governance practices, GFG operates a risk management approach anchored to the ISO 31000 standard. Through this approach risks in relation to topics in our People & Planet Positive framework alongside with other risks relevant to our business are identified, evaluated, treated and monitored in accordance with the Group's risk appetite and objectives. For more information on our risks and key mitigation measures, refer to "Section 2.13 Risks and Opportunities Report" in our Annual Report 2020. Refer to "Our Governance, Risk and Compliance" section in this report for more information on our approach to these topics.

## ENGAGING OUR STAKEHOLDERS

We believe that our business strategy can be inclusive to all only if we comprehensively understand and address our stakeholders' expectations to our business. Our stakeholders are an integral part of our People & Planet Positive journey and their voices contribute not only to shaping and evolving our focus within each area but also to identify opportunities to improve and mature our strategy.

See Appendix (page 53) for a summary of GFG's Primary Stakeholders and our methods to engage with them during 2020.



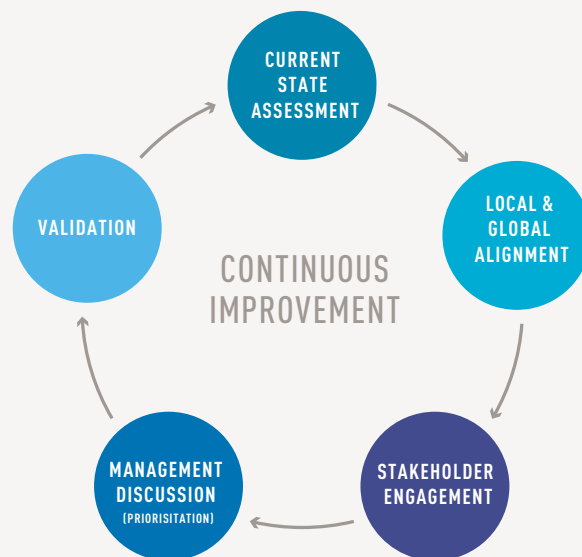
## OUR MATERIALITY PROCESS

Enabling us to prioritise our resources on the areas of greatest relevance and risk to GFG and its stakeholders is a key driver of success in our People & Planet Positive journey. In 2017, a materiality assessment was conducted in conjunction with the Sustainability Committee of the former Board of Directors and the initial sustainability framework focused on Ethical Trade, Environment, Community and Responsible Workplace was identified through that process.

Over the past two years, we have moved toward a more holistic approach to materiality via a five-step materiality assessment. This closed loop process begins with an evaluation of our current performance to identify areas of improvement in comparison to the previous years and our practices in relation to the local and global trends relevant to our industry. This includes reviewing the activity of non-government organisations, peers and competitors in our operating markets on an ongoing basis which continues to inform deeper understanding of the key issues and effective mitigations. In addition, 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 United Nations SDGs 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.

### MATERIALITY ASSESSMENT

*Our holistic approach to materiality contains five steps in a closed loop*



Subsequently, we factor in feedback from stakeholders including our employees and customers who we have actively sought input from via surveys in multiple languages. To date, more than 1,300 employees and 9,300 customers across four regions have participated in our engagement surveys. This allows us to build better understanding of our employees' and customers' perceptions and behaviours as well as the nuances of it by region and we are committed to continuing to engage these groups in this manner. In addition, we proactively engage our investor community on ESG (environment, social, governance) through 1:1 engagement and via ESG ratings to gather broader investor insights and respond to their enquiries.

Building on the insights gathered through stakeholder engagement, our Chief Sustainability Officer has conducted focus group discussions and meetings with members of the Sustainability Committee of the Supervisory Board, Management Board and senior leadership to prioritise material areas. Subsequently, we validate the results with the Sustainability Committee of the Supervisory Board and update our framework accordingly. We aim to review our People & Planet Positive framework and areas to focus every year to reflect changes of business landscapes, stakeholders' expectations as well as legal and reporting requirements in our operating markets. In 2020, the adoption of the five-step materiality assessment has informed the inclusion of Diversity, Inclusion & Belonging into our People & Planet Positive framework.

To drive continuous pursuit of our objectives we have set specific targets which were publicly announced last year, to which we hold ourselves accountable and on which we report our progress. In addition this year we have developed a set of new targets in Governance, Risk & Compliance as well as Diversity, Inclusion & Belonging for delivery by 2022 and 2025 respectively. All of this work will help to shape our People & Planet Positive strategy beyond 2022 and it is expected to be announced next year.












Also as a part of maturing our materiality assessment, we have conducted a mapping exercise during 2020 linking the areas of focus in our People & Planet Positive framework to the United Nation SDGs – a common framework for companies joint efforts with nations striving to bring about a transition to a sustainable future. The below table details the linkages of our areas of focus to the relevant SDGs.

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## SUSTAINABILITY FRAMEWORK

People & Planet Positive, Worldwide	Areas to focus and contribution to SDGs	Relevant SDGs										
												
Our People	Employees				X							
	Responsible Workplace	X			X		X					
	A Culture of Continuous Learning	X										
	Diversity, Inclusion & Belonging		X				X					
Our Supply Chain	Human Rights in Supply Chain		X		X		X					
	Environment in Supply Chain							X		X		
	Brand Collaboration in Sustainability							X				
	Sustainable Consumption							X				
Our Operations	Carbon & Energy			X		X		X	X			
	Packaging							X	X			
	Waste & Recycling							X	X			
	Circularity & End of Life							X	X			
Our Community	Community Partnerships						X		X			X
	Community Contributions						X		X			
Governance, Risk and Compliance	Governance										X	X
	Risk Management										X	X
	Compliance										X	



# OUR PEOPLE



## 2022 Targets

Responsible Workplace	Performance in 2020	Status
100% of labour agencies vetted consistently and comprehensively before onboarding	89%	On track →
100% of delivery providers mapped, working conditions risk assessment completed and high risk providers audited	-	Due to commence in '21 ●
Implementation of a Group-wide Health, Safety & Wellbeing (HS & W) Policy and clear objectives for the maturity of our workplace practices	-	Due to commence in '21 ●
International standard of reporting and governance of HS & W metrics with clear targets for achievement	-	Due to commence in '21 ●
100% of directly employed delivery riders and drivers complete road safety training requirements	-	New target ●

## 2025 Targets

Diversity, Inclusion & Belonging	Performance in 2020	Status
The Supervisory Board maintains 50/50 gender balance	-	New target ●
The GFG Executive Team <sup>1</sup> maintains 50/50 gender balance	-	New target ●
Management Board has at least 1 woman representative	-	New target ●
Leadership team <sup>2</sup> achieves gender balance 50/50	-	New target ●
100% of employees agree they 'feel a sense of belonging where they can be their true authentic selves at work'	-	New target ●

<sup>1</sup> Inclusive of the management board and direct reports

<sup>2</sup> Management Board, Regional CEOs and direct reports that hold Functional Accountability (i.e. Function executives)



## EMPLOYEES



With our ~13,700 employees living and working in 19 countries across four main geographic regions: LATAM, CIS, SEA and ANZ, GFG brings local employment, learning and career opportunities to a highly diverse workforce. As a team member of GFG, you are part of a global company with deep local foundations that celebrate our diverse cultures and lifestyles, which gives real meaning to our Purpose of "True Self Expression". To achieve our purpose, we strive for a workplace that is inclusive where our people feel they belong. We value and hire diverse backgrounds, thoughts and ideas, experience, culture and gender.

The logic is clear – a truly diverse workforce enables us to develop the deep local knowledge and expertise required to succeed in our markets, while thinking globally. From our people, to our customers and partners, we promote human rights, health and wellbeing as part of a responsible workplace, ensuring everyone is treated with dignity and respect.

By respecting all of our people's individual rights, cultures and unique backgrounds with human dignity at the centre, we transcend geographies, enhance innovation and deliver on our customers and partners experience; this mindset and core belief system defines the character of our company. These beliefs inform how we act as a business, including our commitment to our community. Our beliefs are constant. They don't go away, or end. They serve as an ever-present inspiration. To Everyone. Everywhere. Everyday.



TEAM MEMBERS  
IN ACTION  
BEFORE AND  
DURING THE  
PANDEMIC

### Employees by gender and region

As at 31 December 2020

	APAC	LATAM	CIS	SHARED FUNCTIONS	GROUP
<b>Total<sup>1</sup></b>	<b>2,487</b>	<b>3,551</b>	<b>7,574</b>	<b>139</b>	<b>13,751</b>
Female	1,516	2,201	3,847	56	7,620
Male	971	1,350	3,727	83	6,131
<b>Leadership by Gender</b>					
<b>Total<sup>2</sup></b>					<b>46</b>
Female					20
Male					26

<sup>1</sup> Inclusive of all types of employment (contract/internships, hourly)

<sup>2</sup> The leadership group comprised the Management Board, functional executives, regional CEOs and their direct reports

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## RESPONSIBLE WORKPLACE



At GFG we continue our commitment to providing a workplace where people are free from harm, where the environment enriches their work, allows them to be their best self and addressing social related risks in GFG as described in Section 2.13 Risks and Opportunities Report of our Annual Report.

We are focused on building maturity in our health & safety management where ultimately the culture is one where "safety is everyone's business", visible and demonstrated in our daily operations with our people and customers supported by a clear management system and policies. The full establishment of a Group wide Health, Safety & Wellbeing (HS & W) Policy is in progress and will be fully implemented by end of 2022 inclusive of local governance structures and reporting requirements.

In 2020 we continued to enhance our capabilities with dedicated Health & Safety positions embedded in our local operations dedicated to ensuring the safe practices and ongoing improvements to all our local health & safety policies. It was also expanded to include to Mental Health & Wellbeing with a global month long campaign on mental health in October aligned to World Mental Health Day. The campaign offered awareness content, online learning and resources, live and open online wellbeing events and leaders actively speaking up in support or acknowledgement of mental health and the workplace.



SEA TEAM  
MEMBERS  
PROCESSING  
ORDERS IN THE  
KUALA LUMPUR  
FULFILMENT  
CENTRE

In 2020 GFG remained a workplace free of any work related fatality and continued to strive for the highest level of safe work practices and in all our operations. This remains our commitment in coming years.

In a year where the health and safety of our people was faced with the COVID-19 pandemic we stayed true to our value of people as our greatest asset and prioritised their health & safety through the establishment of:

- **Networked global response team** – a Global Taskforce led by the Group Chief People Officer and Co-CEO Management Board has been established in February 2020.
- **Frameworks, tools and resources** – developed health emergency resources and tools focused on content that allowed for easy implementation and rapid deployment of basic health & safety measures.
- **Consistent minimum standards** – global minimum standards established in all our fulfilment centres and eProduction studios (including provision to personal

protective equipment and hygiene products) with audits and assessments of compliance reported to the management board.

- **People Surveys** – 85% of all survey participants represented across all regions said they agreed our leadership team is making effective decisions regarding the COVID-19 Pandemic.
- **Working from Home** – 100% of all office based employees offered establishment of working safely from home, supporting resources and subsidy/ equipment to create ergonomic workspaces.
- **Global Monitoring** – through the Task Forces we have regular surveillance and monitoring of trends in the pandemic and reporting of risk of infection or exposure to infection across all our employee base.
- **Safe measures for Agency Staff** – Setting of COVID-19 protocols for all third party labour agencies and their people to ensure safe worker dormitories, access to hygiene products, safe transport and access to information in local languages related to the pandemic.





## Case Study

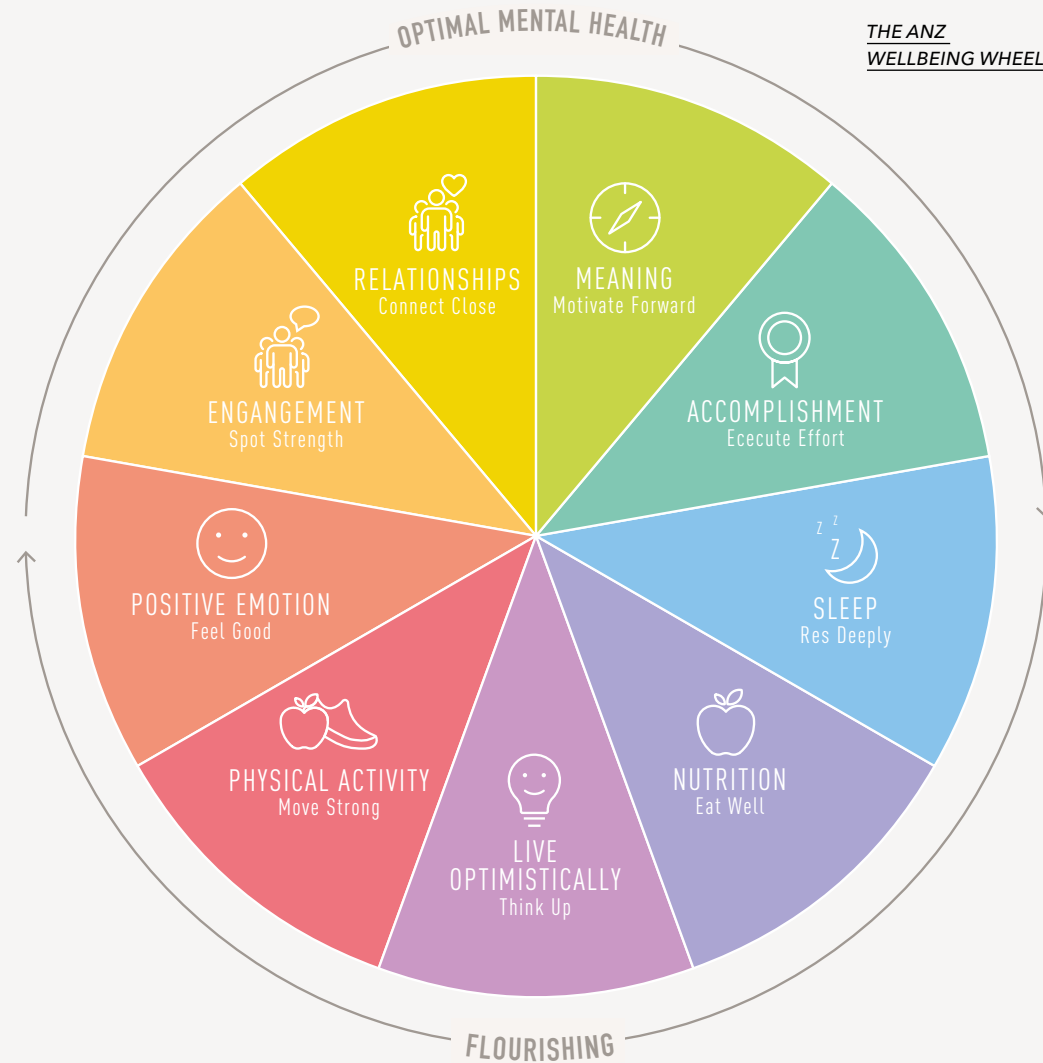
# Responsible Workplace Wellbeing Program in ANZ

THE ICONIC accelerated their commitment to wellbeing in 2020 with an approach that incorporates four key elements and integrate this into the way we work:

**PROMOTE | PREVENT | INTERVENE EARLY  
| SUPPORT RECOVERY.**

The program aims to foster a mentally healthy workplace that:

- promotes workplace practices that support positive mental health
- eliminates and minimises psychological health and safety risks through the identification and assessment of psychosocial hazards
- builds the knowledge, skills and capabilities of team members to be resilient and thrive at work
- is free of stigma and discrimination
- supports the recovery of team members returning after a physical or psychological injury



Adapted from Seligman (2012), Flourish, Model of Wellbeing

THE ICONIC has commenced establishing a positive and supportive workplace culture by taking the following actions:

### PROMOTE & PREVENT

Leaders and managers visibly demonstrate and communicate the workplace's commitment to building a mentally healthy workplace. This shows team members that positive mental health is important and encourages them to engage in positive practices.

- HS & W Policy includes commitment to a mentally healthy workplace.
- Wellbeing is an employee "continuous conversation topic" highlighting its importance to discuss with each other.
- Ask and teach our leaders to model psychological and physical self-care.
- Wellbeing channel via online learning platform to promote positive mental health through the Wellbeing Wheel and use language like "what are your non-negotiables for your self care".
- Champion National R U OK Day and embrace its tenants (both on the day and throughout the entire year).

### INTERVENE EARLY

Provision of Employee Assistance Program (EAP) services providing six employer-funded confidential counselling support sessions for employees and immediate family members.

- Trained Mental Health First Aiders available in the business.
- Make reasonable modifications or supports as necessary.
- Utilising employee centric action plans and making reasonable modifications and/or supports as necessary.
- Delivered Mental Health Awareness training to people leaders (expanded program in 2021).



### SUPPORT RECOVERY

"Doing" promotes recovery – Getting back to work is an important step in recovering from an injury. It means a worker can return to normal life, often reducing the financial and emotional impact on them and their family. We promote "doing" by:

Our Return to Work Program, ensuring we:

- Involve workers in their recovery planning.
- Provide workplace modifications. implementing a reasonable adjustment plan or Wellness Recovery Action Plan (WRAP) that helps injured workers improve their work fitness while they recover from their injury.
- Keep in touch with workers while they are away from work due to injury.
- Promote the importance of work to recovery.

Take an individual-focused approach to recovery using biopsychosocial model involving a Rehabilitation Provider where required.

THE ANZ TEAM  
PRE-PANDEMIC



## Human Rights of Agency Staff & Delivery Drivers

GFG engages additional people via agencies in most operating countries, contracting the agency to supplement the directly employed workforce for picking and packing of customer orders, cleaning, security and parcel delivery. Respect of fundamental human rights at work for people working in or for our operations but not directly employed by us is of no less importance than our own employees or those in our supply chain. Furthermore people employed by agencies are more likely to be migrant workers, a group of people known to often be more vulnerable to issues such as retention of identity documents, payment of recruitment fees and non-payment of due wages.

By virtue of agency workers being paid by another company, we have lower direct oversight of their work conditions and therefore have developed an Agency Due Diligence Framework, which when implemented robustly provides more information about the reality on the ground and ultimately confidence in conditions for agency staff. At its core is a policy which specifies our expectations of agencies and covers non-discrimination, worker representation, non-payment of recruitment costs by staff, non-retention of passports, employment contracts, wages and provision of safe and decent working, living and transport conditions. In addition, the framework provides regions with a structure for conducting due diligence including tools and templates.

Originally developed in 2018, the need was identified to conduct a review during 2020 to assess the extent to which the framework is being implemented region by region and to review the framework itself to ensure it remains fit for purpose and provides the regions with what they need to robustly and consistently ensure we only work with agencies aligned to our values. In the scope of this review are those agencies that employ the staff directly and maintain responsibility for all aspects of managing their employment including payment of wages, and etc., of which there are 47. The vast majority are involved in fulfilment centres pick and pack activities. The number of people provided varies based on the site's daily needs but can involve up to approximately 2,900 people on our sites a day during busy periods. 62% of the agencies engage only local workers, 13% only migrant workers and 26% a mixture of both. Migrants from other countries are employed in Australia, Argentina and Russia however only in Malaysia do the agencies employ foreign migrant workers and take end-to-end responsibility for managing the work permit process, transportation, accommodation etc. The workers in Malaysia come from Nepal, Bangladesh and Indonesia.

The review also showed that the framework is better understood in some regions than others and while it has been implemented robustly where foreign migrant workers are engaged and third party auditors are engaged, the application to agencies who only employ local staff is less robust. This has highlighted that the Framework does not have a risk assessment matrix which supports decision making on the scope and frequency of due diligence. Addressing this gap is a priority for 2021, as is continuing to strengthen implementation of this framework across the Group.

In respect of delivery drivers, an initial review has been conducted in Australia of the carriers, assessing their policies systems and procedures related to recruitment, contract, right to work and identity documents amongst other components. During 2021 we will develop and commence implementation of a Group-wide framework.



CIS OWNS THEIR  
OWN VEHICLE FLEET  
IN RUSSIA



## A CULTURE OF CONTINUOUS LEARNING



As a fast growing company the need to develop skills and capabilities of our people is essential to meet our future talent needs. Our employees are able to access a range of "just in time" learning solutions and tailored development tools or job-specific training appropriate to meet their needs through the digitisation of our learning channels. We believe offering open access to learning and development opportunities enables our employees to feel supported and empowered to meet their personal goals and perform in the roles. Each of our regions puts learning as a key priority in Our People strategies and ensures it is part of everyday culture to be continuously learning commencing with onboarding programs on the job learning projects and activities.

### **Learning programs target:**

- Company onboarding and role specific induction
- Job role-specific training covering technical, operational and skills development
- Training in areas such as health and safety, first aid and manual handling to ensure our employees work safely in our workplaces
- Leader development including conducting performance and feedback for employees and handling workplace conflict
- Wellbeing initiatives including live talks and guest speakers on topical issues
- Compliance education and training as related to our risk & governance topics



E-COMM TEAM  
MEMBERS IN ANZ  
PRE-PANDEMIC

### Continuous Learning through OKRs

GFG adopts the Objectives & Key results (OKRs) methodology to execute our strategy. The setting of objectives and key results is completed quarterly allowing for opportunity to learn and pivot quickly adjusting activity when there is friction or lack of momentum whilst recognising learnings and successes.

OKRs are set at company level, region and function directly linking employees into the objectives and key results which ensures every team member knows their responsibilities and how they are contributing to the objectives of the company.

All levels of management and employees are involved in scoring and learning the key results each quarter and actively input to determine the key results creating accountability, clarity and commitment to our strategic priorities.

Separately all our employees participate in continuous performance development and feedback with regular cadence of discussion with their leader that encourage continuous growth and learning.

### Continuous Listening to our Employees

For both our customers and people we believe in a feedback culture and promoting transparency and honesty is at the heart of that. We regularly ask our employees to participate in surveys to share their voice when it comes to key decision making. Through considered internal communication and operating rhythms we ensure our employees are kept informed of performance and strategy with regular updates from members of the GFG Executive Team (including the Management Board). During 2020 we conducted surveys in each region to understand the level of engagement and commitment our employees have to their work and the company.

The employee engagement scores across our regions ranged from 70% to 87% as measured throughout 2020. That means over 70% of our employees agreed they are motivated and committed to do great work and would recommend the company as a great place to work.

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Case Study

## Digitised Learning in SEA

In February 2020, when the health emergency now known as COVID-19 first entered the region, SEA's Organisation Development team recognised the need to rapidly digitise the learning programs. Prior to February almost 100% of delivered learning at SEA was experiential or in person classroom-based.

SEA pivoted this model and rapidly migrated the majority of learning to virtual classroom settings and online, whilst revamping the materials and adding interactive elements, to support engagement of the participants.

SEA also adapted their techniques, format, tools and added new critical emerging topics such as Mental Health, Emotional Support, Self-Care and many other Working from Home related topics. SEA also quickly identified and switched on online learning materials for our people leaders, upskilling them to lead in the new normal, in areas such as emotional intelligence and virtual team management.

In addition SEA launched the "Jedi Program" to learn Lean Six Sigma open to all employees to apply.

VIRTUAL  
LEARNING IN  
SEA DURING  
PANDEMIC



NUMBER OF  
LEARNING HOURS

421.75

NUMBER OF LEARNING  
PROGRAMS DELIVERED

158

NUMBER OF UNIQUE  
ATTENDANCES

7,735

### Fulfilment Centre Learning

Our fulfilment teams also continued learning whilst practicing safe distancing measures such as split venues, split shifts and 1m-distancing practice. The training offered included:

- Packer Certification 2020
- Work-Based Training 2020
- Health & Safety Refresher Training
- COVID-19 Compliance Training

For 2021, SEA will continue to migrate learning to the virtual classroom and online mediums, compiled into a one-stop online learning portal for easy access for everyone irrespective of role or location.

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## DIVERSITY, INCLUSION & BELONGING



Diversity, Inclusion and Belonging (DIB) is more than just a strategy, it's what we believe and how we lead. It's how we improve our business performance and build on GFG's reputation in the industry. At GFG we describe the power of inclusion as "true self expression", where everyone can be their authentic self and express the best version of themselves.

- At GFG, each of us contributes to diversity, inclusion and belonging—we all have a role to play. Our culture is the result of our behaviours, our personal commitment, our curiosity, how we collaborate, and the ways that we courageously share our perspectives and encourage others to do the same.
- We strive for every person to have a pro-diversity mindset and we achieve this through the development of positive practices and policies, investment in training and inclusive leadership. We strive for flexibility to be mainstreamed and the personalisation of work life harmony to be at the forefront.

We believe fundamentally every human's right is to be treated with dignity and respect, where opportunity is available to everyone of all ages, gender identities, ethnicities, cultural backgrounds, religious beliefs, physical and intellectual abilities, socio-economic backgrounds, education status, parental status, sexual orientation and intersex status. It is our collective responsibility to shape our future with a diverse group of people in our company, where we foster inclusivity and our people feel a deep sense of belonging.



OUR DFT-BLACK  
EMPLOYEE  
ALLYSHIP GROUP  
IN LATAM  
CELEBRATING  
INTERNATIONAL  
AFRO-LATIN  
AMERICAN  
AND AFRO-  
CARIBBEAN  
WOMEN'S DAY

Our approach is so much more than just a set of policies – it's what we believe, how we live and how we lead. It's embedded in all we do. True self-expression at GFG means everyone can come as they are and together, we embrace the differences we collectively bring to our company.

Our collective behaviour and actions stem from this mandated and shared core "belief statement", so we get behind it and prioritise it. It's how we improve our business performance and build on GFG's reputation in the industry as an employer. It's how we put our people first and it's our way of putting respect into action – every one of us, in every moment, every day.

### Our Commitments

At this pivotal time in our world's history, we want to contribute towards positive changes that embrace new ways of working and leading, while fostering a more inclusive and diverse workplace that is an inspiration to future generations. Our goals, initiatives and commitments to action are developed, shaped and strengthened by our employee voices to create and sustain an inclusive culture of respect.

### Diversity, Inclusion & Belonging Framework

In 2021 we will embed our Group-wide Diversity, Inclusion and Belonging Framework which frames our shared core "belief statement" and inclusion principles. Our core belief statement is that all human beings are entitled to dignity and respect and can be their true selves without risk of prejudice, discrimination or harassment.

The Framework acts as a guide but as a group we will promote freedom within this framework, giving each region the autonomy to bring this to life and respond to local topics in the communities we operate. In 2021 we will provide a collaboratively designed toolkit at a global level to act as supportive levers to embed, socialise and adapt the DIBs framework at a local level. This approach allows our DIBs strategy to be effective as it drives global consistency whilst also taking into account any local laws and cultural nuances recognising their unique differences in our diverse locations.



**DIVERSITY, INCLUSION AND BELONGING FRAMEWORK**

*DIB is more than just a strategy, it's what we believe and how we lead*

<b>PURPOSE</b>	<b>EMPOWERING TRUE SELF EXPRESSION</b> Our shared group purpose is true self expression, it's the heart of our culture and part of our DNA, where everyone can be their authentic self and express themselves without fear.			
<b>OUR BELIEF</b>	<b>RESPECT</b> Every person has the right to be treated with dignity and respect and experience a safe workplace where they feel they belong.			
<b>INCLUSION PRINCIPLES</b>	<b>INCREASING DIVERSE REPRESENTATION OF ALL PEOPLE</b> Reflecting our local communities & customers by shaping balanced teams and building a diverse company.	<b>FOSTERING THE POWER OF CULTURAL DIVERSITY</b> Education, awareness and action for equity-inspired for multiculturalism.	<b>STRIVING FOR GENDER EQUALITY</b> Continuous improvement for equal opportunities.	<b>FOSTERING DIVERSITY OF THOUGHT &amp; APPROACH</b> Inclusion of all voices to foster diversity of ideas, thoughts, views, work styles and approaches.
<b>COMPANY CULTURE</b>	Inclusive, locally relevant, underpinned by our fundamental beliefs and shared values			

**Diversity in Hiring**

We strive everyday for a culture of belonging for everyone that reflects the diverse communities we serve. We have identified that our hiring and promotion practices provide us with a vital opportunity to deliver on our DIBs strategy. As a result, we have made the following commitments to our approach to hiring:

- Conduct a systematic review and implement changes that minimise bias in decision making including how we design roles, where we source

talent and the selection process. Our aim is to ensure we have equitable hiring practices and an inclusive candidate experience.

- Ensure our selection process for leadership roles assesses clearly defined inclusive behaviours and the selection panel is gender diverse.
- Ensure the final selection step for all vacant leadership and critical roles assesses at least two diverse candidates in terms of gender, age and/or other under-represented identity for that region.

**Our Progress**

In 2020 we have accelerated our actions considerably and have set out to integrate our 2025 Targets. We have also made great progress in developing the Employee Allyships Groups in the LATAM region across multiple focus areas that are important to our people. Our aim is to expand on these allyships to support representation in each of our operating countries.



OUR PEOPLE  
AND CULTURE  
TEAM IN LATAM  
CELEBRATING  
INTERNATIONAL  
COMING  
OUT DAY

## Case Study

# Employee Allyship Groups

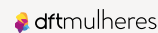
In LATAM, we have proudly developed the Employee Allyship programme made up of four focus areas and are soon to be rolled out across the group. The programme promotes inclusive spaces and gives a daily voice to the diversity that exists in society, and encourages and promotes awareness and empathy for our employees. This key initiative brings everyone together from various areas, promoting reflections and dialogues via actions and interventions in our units. Our talents are invited to meet and participate in groups from their very first day of their journey with us.

We have had over 200 employees actively participating in the Employee Allyship Group Program workshops so far, 1000+ employees engaging in the discussions and more than 30 employee events focused on diversity at LATAM.



### ALLYSHIPS GROUPS

### AIMS



#### **DFT MULHERES (WOMEN)**

Encourages female empowerment and promotes equality between men and women in leadership positions in the organisation.



#### **DFT PCD (PEOPLE WITH DISABILITIES)**

Focuses on educating and engaging people on the experience, accessibility and inclusion of people with disabilities, as well as attracting these talents to the organisation.



#### **DFT PRIDE**

Promotes an inclusive environment so that all LGBT + employees feel safe to develop their full potential, reinforcing cultural aspects through education, awareness and engagement of their stakeholders.



#### **DFT BLACK**

Strengthens the feeling of pride in black talents.



# OUR SUPPLY CHAIN



## 2022 Targets

### Ethical Trade

50% of own-brand factories participated in training programs
100% of own-brand water footprint mapped and plans in place to reduce impact
15% of own-brand products made from sustainable materials
100% of top 30 brands engaged on sustainability
100% of regions with a sustainable fashion edit
10% of sales (NMV) from fashion & lifestyle assortment that meet sustainable product criteria

### Performance in 2020

67%

-

2.5%

17%

100%

-

### Status

Target met

Due to commence in '21

On track

On track

Target met

New target



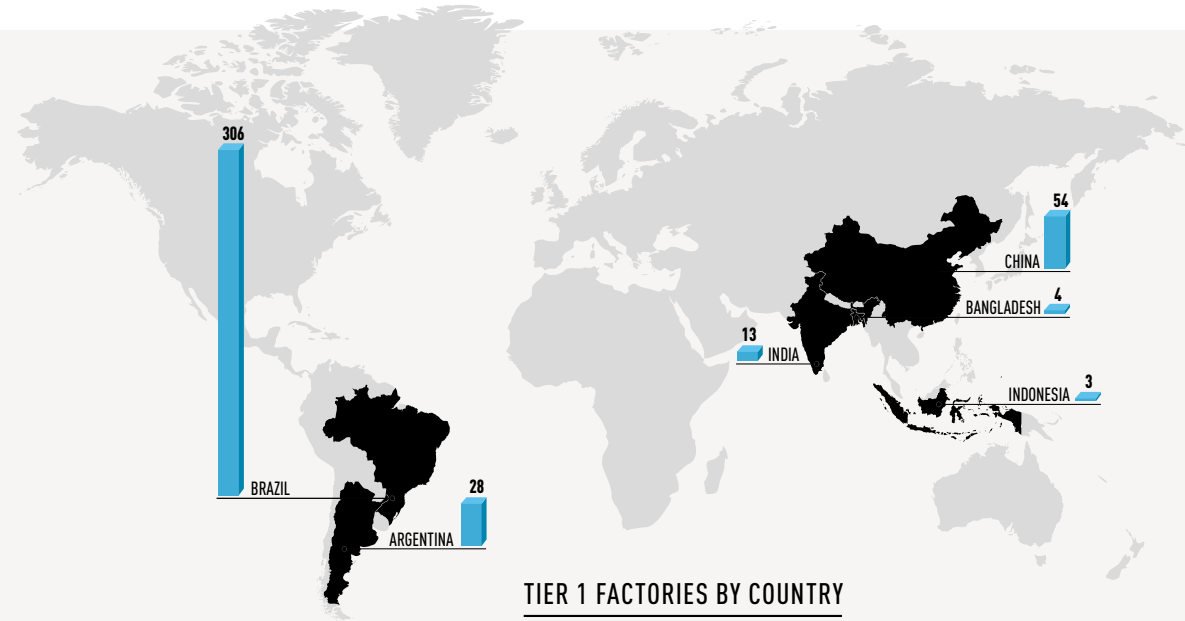
25



During 2020 GFG has continued our emphasis on ethical trading and human rights throughout our supply chain and on pursuing our responsibility, shared with our suppliers, to ensure that people and the environment are not negatively impacted by our activities. We have and will continue to align our practices and responsibilities with the United Nation Universal Declaration of Human Rights and the United Nation Guiding Principles on Business and Human Rights.

Recognising that COVID-19 had the potential to severely impact the livelihoods of workers in our supply chain in March GFG endorsed the International Labour Organisation (ILO) Call to Action in the garment industry. This initiative committed us to a range of actions in the supply chain that we control, long since honoured, including paying for both finished goods and goods in production and maintaining lines of communication with supply chain partners. Being exclusively online, there was only a temporary drop in demand caused by the onset of COVID-19 restrictions and we were able to recommence placing own-brand orders quickly. We believe continued trade with our supply chain partners is the best way to minimise the pandemic's economic impact and we have been proactive in our provision of information and guidance about operating in a COVID-safe manner. Our participation in the ILO Call to Action continues and we support its activity which has now shifted its focus to the introduction of permanent and long-term social protection measures in countries where they do not exist.

Our LATAM region continued its membership of Abvtex, the Brazilian responsible supply chain initiative and our LATAM CEO continues on the Board and the team in the certification working group and arbitration committee. GFG ceased its membership of the Ethical Trading Initiative during the year. With none of our own-brand ethical trading teams now based in either the UK or Europe we found our ability to leverage the benefits of membership were severely hampered. We have completed a review of other potential memberships and will commence those prioritised in 2021.



#### TIER 1 FACTORIES BY COUNTRY

*We are working at 408 factories around the world*

In respect of transparency we have increased the available information to customers in all our markets this year. We were pleased to receive recognition of our growing transparency across the Group when Dafiti, a first time entrant in the Brazilian Fashion Revolution Transparency Index, scored 42% and came 8<sup>th</sup> out of 40 brands overall in November.

### About Our Own-Brand Supply Chain

GFG currently has 42 own-brands where we design and develop the products ourselves and work with suppliers and factories to bring the product to market. Our own-brands ranges include apparel, footwear and accessories and are sold in the LATAM, SEA and ANZ regions of our business. GFG has continued in 2020 to work with contract manufacturers and does not own any production facilities, however we hold visibility of Tier 1 of the supply chain, where

the product is manufactured. This includes subcontractors, manufacturing whole or parts of our orders, where known and advised by suppliers as they are required to do. At 31 December, we were working with 408 factories around the world, which collectively employ at least 41,421 people. 63% of the employees are female and 37% are male. Lists of the Tier 1 factories we work with for our own-brands are published on LATAM (Brazil), SEA and ANZ websites and include the name and address of the facilities and the gender profile of the workers employed there and are updated on a regular basis. GFG continues to have partial visibility of Tier 2 suppliers for our own-brands, including inputs such as dye houses, printers, wash facilities, spinners and componentry such as zips and embellishments. In addition GFG trades with more than 10,000 third party brands who manage the design and development of products via the relationships with their own supply chain and are responsible for where and how their products are sourced and for ensuring applicable standards are met.

## HUMAN RIGHTS IN SUPPLY CHAIN



Irrespective of the type of supplier, the GFG region they work with or the type of product they supply, our expectation is that conditions for people and the environment in our supply chain are decent, meet with stakeholder expectations and ensuring human rights related risks in GFG as described in Section 2.13 Risks and Opportunities Report of our Annual Report are well managed. GFG has in place a Supplier Code of Conduct which sets out our social and environmental performance expectations to all suppliers, both to our own-brands and of 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. Our Supplier Code of Conduct is publicly available on our website and incorporated into our contractual agreements with suppliers by GFG regions.

Our requirements specify that all Tier 1 factories undergo an audit before commencing production for a GFG own-brand. These audits are conducted either by our skilled internal teams or by third party providers and cover elements of our Supplier Code of Conduct including labour rights, wages, working hours and health & safety. Each audit is rated within GFG's in-house audit classification system which grades each non-compliance between minor and highly critical depending on its severity. New factories with unresolved critical or highly critical non-compliances will not be onboarded. Where an existing factory is re-audited (which happens at least every 2 years and most commonly every 12 months) and found to have a critical issue there

is a timed and limited remediation period, the length of which is determined by the nature of the issue, during which trade continues with the factory and we support the remediation process. If the non-compliance is not resolved within the timed period, production ceases and orders cannot be placed until the remediation is completed. The implementation of this system is a collaborative effort by the commercial and ethical trade teams within each region and orders cannot be placed at factories that are not approved. All regions have continued to invest in the remediation of non-compliances in 2020, the most common of which were associated with building/site maintenance, chemical handling and site's management systems and monitoring.

In locations, such as Brazil, where in-house teams exclusively conduct the factory audits, our people have been unable to conduct on-site visits due to COVID-19 and it is our priority to protect their health and safety. As such a remote audit model has been developed which involves a combination of virtual interviews with both management and workers, remote inspections and review of documentation. Inspections of the factory environment and facilities are completed through virtual guided tours using mobile devices. To date, 209 remote audits were conducted including of 52 subcontractors and 100% of which were unannounced. On-site audits by third parties have not been possible in some other locations and as a result 8% of our factories, all located in Argentina, have not been audited on the planned schedule. This will be resolved as soon as it is possible to safely resume in-person audits in line with our COVID-19 health and safety requirements.

All suppliers to GFG's own-brands are required to provide notification whenever a situation of subcontracting is going to take place, allowing the team to determine next steps in relation to auditing. Ten instances of unapproved subcontracting were identified in 2020, where GFG had not been informed that a new factory or subcontractor was in use and as a result they were either issued a contractual breach notice as a warning or terminated.

### Worker Training & Independent Grievance Mechanisms

It is essential to GFG that we have a full understanding of what is happening on the ground in the factories we trade with. Therefore we are committed to building on our factory audit program to engage directly with workers in the supply chain and find opportunities to build on in-factory grievance mechanisms in our own-brand supply chain. Historical concerns about working conditions, such as related to building safety in context of the collapse of Rana Plaza, combined with an existing helpline provider operating locally, made sense for us to focus our attention in Bangladesh for this activity.

The Amader Kotha helpline service, which has been running since 2014 and trained over 1.5 million workers, is available to workers 24 hours a day and has established protocols for protecting workers anonymity, managing investigations as well as reporting and escalation. In September 2020, in a key factory in Bangladesh that supplies to GFG in both SEA and ANZ, more than 1,400 workers were trained in the factory on how to access the helpline service. Since launch, reporting shows termination procedures, compensation and benefits and that these have been promptly resolved by the factory. To ensure its ongoing efficacy, we will be deploying various methods including push notifications for new starters, refresher training, factory newsletters and worker surveys.





## The Australian Modern Slavery Act Preparedness

Our business in ANZ has continued to prepare for the advent of the Australian Modern Slavery Act, with the first modern slavery statement due to be published by 30 June 2021 in compliance with the Act. The focus in ANZ during 2020 has been on building on the business-wide risk assessment completed in 2019. A comprehensive review of the modern slavery risks in the own-brand factory base was completed. A risk model to assess third-party brands (for whom there is less supply chain visibility) was also developed and used to inform strengthening of contract clauses related to modern slavery. Information sessions were attended by more than 70 third party brands which promoted understanding of the issue and the legislation and information about how to assess and manage risk. Finally, modern slavery training was provided to senior leaders from the Commercial, Operations, Legal, Finance and People functions covering definitions and types of modern slavery, local and international legislation and reporting requirements, responsible purchasing practices and ANZ's Modern Slavery Act preparedness. More detail will be provided in the ANZ modern slavery statement, released before 30 June 2021.

## Continuous Improvement of Our Ethical Trade Framework

GFG's ethical trade framework has undergone a comprehensive review during 2020, leveraging the Group Internal Audit function to conduct an assessment of the internal policies, procedures, agreements, controls and reporting in place in each region to manage ethical trade. While the process has identified opportunities for improvement in every region that develops its own-brands, it has also provided confidence that the Group system is being implemented with rigor across the Group. The assessment has also triggered a review of the Group system for classifying non-compliances, resulting in a tightening of standards. The revised system is now applicable to any new factories being onboarded and progressive implementation with existing factories will be completed by 30 June 2021.

## Capacity Building of Buyers and Suppliers

We continue to provide training to buyers across the Group to build their awareness of ethical trade issues, GFG's requirements and the processes we have in place to assess our suppliers against them. Although the content varies by region the training is uniform in seeking to ensure our teams understand their role in ethical trade and sustainability and that they are supported to implement our requirements on a day to day basis. In 2021 we will track this activity more closely and bring greater consistency across the Group. Similarly, although COVID-19 required a shift to a digital mode of delivery we have continued to focus on building on the capacity of our own-brand suppliers to understand and implement our requirements progressively over time. Training programs have been delivered to suppliers in SEA and ANZ on GFG's ethical trade requirements, wage systems and working hours and overtime management in



**GFG OWN-BRANDS BEING MANUFACTURED  
IN BANGLADESH**

both Mandarin and English. In LATAM, training has also been provided for both new and existing suppliers on the ethical trade requirements, the audit program and on our preferred materials. Overall, 67% of GFG's own-brand factories have participated in training programs during 2020.



## ENVIRONMENT IN SUPPLY CHAIN



GFG recognises that some of our most significant environmental impacts are caused by the processing of the materials used in the products we sell and that we have a responsibility to make decisions which facilitate the reduction of these impacts. Therefore transitioning the materials used for our own-brand products to be made from less environmentally impactful alternatives is a key priority for the Group.

During 2020, after completing further analysis of our current material portfolio, we have invested in development of internal tools and resources to support our buying teams in their decision making. The in-house GFG Preferred Materials Benchmark ranks materials based on the environmental impact each material has at each lifecycle stage, including raw material, production, the use phase and at the end of life. The Benchmark is informed by the material impact scores from the Higg Material Sustainability Index (MSI) of the Sustainable Apparel Coalition and by lifecycle studies.

Accompanying the benchmark is a set of detailed guidelines to support teams to verify material content and sources and ensure that our claims are compliant with consumer marketing laws and each standards' usage guidelines. Commercial buying and design teams in LATAM, SEA and ANZ have been provided with training on the benchmark during 2020, including the impacts of conventional materials, the benefits of alternatives and how to verify claims made by suppliers. In addition, we are introducing a new target of 15% of our own-brand ranges to be made from preferred materials by the end of 2021, with a view to setting a more ambitious target in 12 months time.

### GFG PREFERRED MATERIALS BENCHMARK

*The benchmark ranks materials based on their environmental impact*

MORE SUSTAINABLE MATERIALS			CONVENTIONAL MATERIALS	
A	B	C	D	NOT RATED
APPAREL			APPAREL	
Recycled Wool Organic Wool LENZING™ ECOVERO™ Viscose TENCEL™ Modal TENCEL™ Lyocell RWS/ZQ/ Sustainable Cape Wool	Recycled Cotton Organic Cotton FSC/PEFC Modal FSC/PEFC Viscose Recycled Cashmere Lyocell Wool Linen (Organic & Conventional)	Recycled Polyester Recycled Nylon Recycled Acrylic Organic Silk Alpaca Wool Hemp Ramie Viscose (Bamboo-based) Leather Working Group Certified Leather	Polyester Cotton Viscose (Wood-based) Silk	Elastane Nylon Acrylic
Shoes & Accessories			Shoes & Accessories	
Organic Cotton Recycled Cotton Plant-Based Leathers Kangaroo Leather Jute	Recycled Polyester Linen (Organic & Conventional)	Leather Working Group Certified Leather Solvent Free PU (Water-based PU) Vegetable Tanned Leather	PU Leather Cotton Polyester	Plastics Metals Nitrile Natural or Typical Footwear Rubber TPU

During 2020 we have continued to introduce preferred materials into our own-brands. The first sustainable private label brand in SEA, Origin by ZALORA, was launched with its first range made from Tencel™, a cellulosic fabric made from sustainably sourced wood and via a lower impact production process. In the second half of 2020, 18% of the ANZ own-brand range was made from preferred materials and AERE, our ANZ own-brand made exclusively from preferred material is now one of the top performing brands

in the region. Overall 2.5% of GFG's own-brand products were made from preferred materials in 2020 and significant planning has been undertaken to increase this further in the ranges on the way for 2021.



## BRAND COLLABORATION IN SUSTAINABILITY



Although we have much greater ability to influence our own-brand supply chain, we recognise that we have a responsibility (and an opportunity) to influence the third party brands we work with to manage and mitigate their social environmental impacts. Our Supplier Code of Conduct is also applicable to our third party brand partners and incorporated into our contractual agreements. We will not hesitate to exit brands that demonstrate they are not aligned with our values, however commercially significant.

As a first step on this journey we have analysed the publicly available information on sustainability for just over 300 of our most commercially important brands. An in-house developed points based system, the analysis assesses the policies, systems, strategies and memberships detailed by a brand and uses the disclosure as a proxy to assess their overall performance.

31% of brands in this review were found to have no public information and 34% of brands had very little information available, suggesting a need to step up their sustainability disclosures (and potentially performance). Of the remainder 17% demonstrate a reasonable amount of sustainability-related activity is underway and 18% of brands demonstrate comprehensive management of sustainability impacts end to end. These results clearly demonstrate the need to use this analysis as a platform for further engagement with brands to understand whether their result reflects their actual performance, in particular with those that appear to be doing nothing or very little.

This engagement has commenced in late 2020 and will continue through next year and include the provision of training and capacity building measures where required. In respect of our Top 30 brands, who are predominantly represented in the top quartile of the results and are comprehensively managing sustainability impacts, 17% have already been engaged on sustainability to identify opportunities for improved collaboration and advancement of our shared agendas.

## SUSTAINABLE CONSUMPTION



GFG believes that it plays an important role within the fashion ecosystem in respect of influencing demand for and supply of more sustainable fashion. By supporting customers to understand the sustainability credentials of products and by integrating them within our assortment, we can enable customers to make more mindful choices when shopping without compromising fashionability or accessibility. In turn, we can assist our brands to understand customer expectations and preferences in relation to more sustainable shopping and encourage them to provide products that have a lower impact on people, animals or the environment. We believe it is only with these two drivers that the industry will make more sustainable fashion mainstream and a core element of successful fashion businesses.

During 2020 we have progressed this vision across the Group and now have sustainable shopping edits live in LATAM, CIS and SEA building on the successful launch in 2019 in ANZ, meaning our target to have sustainable shopping edits live in 100% of our regions has been reached one year ahead of schedule. In all of these markets we were one of the first major



online retailers in these regions to introduce such functionality and as a result we have made more sustainable fashion more easily accessible to millions of consumers.

Items within the sustainable shopping edits must meet at least one sustainability credential and each item is verified internally as meeting the specific criteria. Introducing the functionality has enabled us to improve the way we tag and report on the extent of the assortment and as a result we are introducing a new target to have at least 10% of our sales (NMV) from product with at least one of these criteria by the end of 2021. This will be a key focus for the year ahead.

30



## Case Study

# Sustainable Shopping Edits Launched in LATAM, CIS & SEA

Our research suggests that whilst, irrespective of region, many of our customers have previously purchased more sustainable products there generally remains a narrow range available to them in the market. A perception also persists that to engage in more mindful purchasing, sacrifices need to be made on fashionability and price. GFG sets out to challenge these assumptions, particularly apparent in developing markets, by improving accessibility to and awareness of more sustainable alternatives.

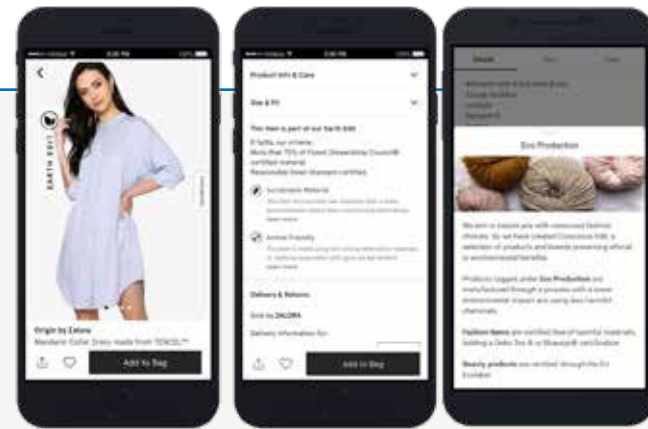
Building on the launch of THE ICONIC Considered Edit in ANZ in 2019 we revealed our edits in LATAM (DFT Evolution, available in Brazil), CIS (lamoda planet) and SEA (Earth Edit) during 2020. Behind each edit sits a set of criteria tailored to each region, informed by localised customer and market research. Each item, both from our own-brands and those of third party brands, is verified by specialist in-house team members to meet at least one of the following criteria:

- **Sustainable Materials** – products made of raw materials with lower environmental impact (e.g. organic cotton, recycled polyester)
- **Eco-production** – products made from production site or process with lower environmental impact (e.g. production using water saving technologies)

- **Fair production** – products manufactured or sourced in a location certified for ethical working conditions (e.g. Fairtrade certified)
- **Animal Friendly** – products made from non-animal alternatives or ensure animal care (e.g. non-mulesed wool, vegan)
- **Clean Beauty** – beauty products free from toxic ingredients or made from natural or organic ingredients (e.g. organic certified)
- **Community Engagement** – products made by brands committed to give back to the planet and the community (e.g. brand donating 1% or more to a charitable cause)
- **Pre-loved** – second hand products in excellent condition, available for resale

**“We are very proud to inspire and facilitate a more sustainable shopping choice to our customers. The launch of the Earth Edit range in 2020 was a big step in the right direction together with our brand partners, and in less than one year 10% of our active customer base had purchased from Earth Edit, more than 3 times the percentage of products currently offered on this range. In 2021 we will continue to work closely with our existing and new brand partners to multiply the number of sustainable products offered, and we will keep evolving our customer educational journey on what shopping sustainably means.”**

Livia Leal, Head of Commercial Projects in SEA



**SEA'S EARTH  
EDIT AS  
AVAILABLE  
ON MOBILE  
DEVICE**

To highlight just one of our sustainable shopping edits, Earth Edit launched in October in SEA have a dedicated tag on the product's photocard to clearly distinguish between items that meet the criteria and those that don't, supported by sustainability-related information on the product page which details why the product has been included. Earth Edit had more than 40,000 live products by the end of December and since its launch, it had over 300,000 customers in SEA purchasing at least one item from the range.

Our sustainable shopping edits are at their initial stage and we will grow and evolve our sustainability criteria and collections over time as we seek to inspire our customers and brand partners to join us on our sustainability journey.



# OUR OPERATIONS



## 2022 Targets

Environment	Performance in 2020		Status
100% of carbon footprint mapped	100%	Target met	✓
100% of Group-wide Science Based Targets set	-	Due to commence in '21	●
100% of carbon from own operations and deliveries offset	-	Due to commence in '21	●
100% of delivery countries using more sustainable order packaging	65%	On track	→
100% of waste tracked in fulfilment centres and transit warehouses	75%	On track	→
50% of waste recycled in fulfilment centres and transit warehouses	75%	Target met	✓
50% of regions with resale of pre-loved items	25%	On track	→





Aligned with our Statement of Intent for Environment, GFG recognises our day to day operations have an impact on the environment and that we must better understand these impacts and reduce them. Although we have a lot of work ahead of us, GFG has significantly improved the maturity of its environmental management program during 2020. In all of our operations and in all aspects of our environmental impact we have a stronger understanding of our baseline performance and have progressed implementation of initiatives which we seek to reduce our impact and respond to the environment related risks in GFG as described in Section 2.13 Risks and Opportunities Report of our Annual Report.

## CARBON & ENERGY



The fact that our climate is changing is undeniable. As a company, an industry and as a human race we need to transform the way we operate and transition to a low carbon economy as the survival of our only planet depends on it. We recognise the increasing impact of climate volatility and rising frequency and severity of extreme weather events, such as floods, hurricanes or fires, may pose a risk to our operations or that of our suppliers and therefore have an impact on business continuity. In the long term the broader impacts of climate change may impact cost and accessibility of the materials used to manufacture our products or other resources needed to operate our business.

As much as climate change poses risks to our business, it provides us many opportunities to relook at the way we do business, which we covered in more detail in the following sections. For us, it is imperative that we reduce our footprint and improve our carbon efficiency; we are absolutely committed to this agenda.

Carbon has been a high priority in 2020, in particular completing a full assessment of the full Group carbon footprint, inclusive of all operating countries, delivery channels and purchase models, for the first time. To do this we have developed a bespoke carbon footprint tool and invested heavily across the Group in collecting and improving the dataset we required to measure our carbon emissions.

The 2019 carbon impact of our entire business has been completed in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard. All greenhouse gases regulated by the UN Kyoto Protocol have been accounted for and it is inclusive of the following scopes:

- **Scope 1** emissions: direct emissions from activities owned or controlled by GFG (e.g. fuel combustion from company vehicles, refrigerants)
- **Scope 2** emissions: indirect emissions associated with GFG's consumption of purchased energy (electricity and heating)
- **Scope 3** emissions: All indirect emissions (not included in Scope 2) caused by GFG's activities but not owned or controlled by us in our value chain, inclusive of our purchased goods (including merchandise) and services, use and end-of-life of sold products

In 2019 the total greenhouse gas emissions emitted by GFG was 1.25 million tonnes of carbon dioxide equivalent (CO<sub>2</sub>e). The nature of our business resulted in a majority of our carbon emissions (97.6%) occurred within our value chain i.e. Scope 3 which are not operations we own or control. Emissions related to energy and refrigerant we consumed within our operations (Scope 1 + 2) contributed 2.4% of total emissions only.



GFG'S LATEST WAREHOUSE IN BRAZIL

The biggest driver of our emissions was product manufacturing (72%) which is associated with the development of raw materials and the manufacturing of products that we sell. This is followed by logistics (11%), product usage (6%), energy consumption (2%) and end-of-life treatment of sold products by our customers (1%). The remaining 7% includes various emission sources such as purchased services, capital goods, waste, packaging, employee commuting and business travel. With over 34.6 million customer orders processed, our emissions per order in 2019 was 36kg of CO<sub>2</sub>e on average inclusive of all scopes; emissions per order exclusive of product-related emissions (i.e. product manufacturing, usage and end-of-life) were on average 7.5 kg of CO<sub>2</sub>e per order.

Our direct emissions result from the operation of our fulfilment centres are generally not high energy users given they typically have little machinery. With LED lighting already the main power source in our fulfilment centres including our new additions in Manila and Brazil, sourcing renewable energy from third parties or installing capacity to generate is our next key opportunity to further reduce our direct emissions in these locations. To pave a consistent path towards adopting renewable energy across the Group, all regions are required to investigate renewable energy solutions as per defined in the GFG Renewable Energy Guidance issued this year.

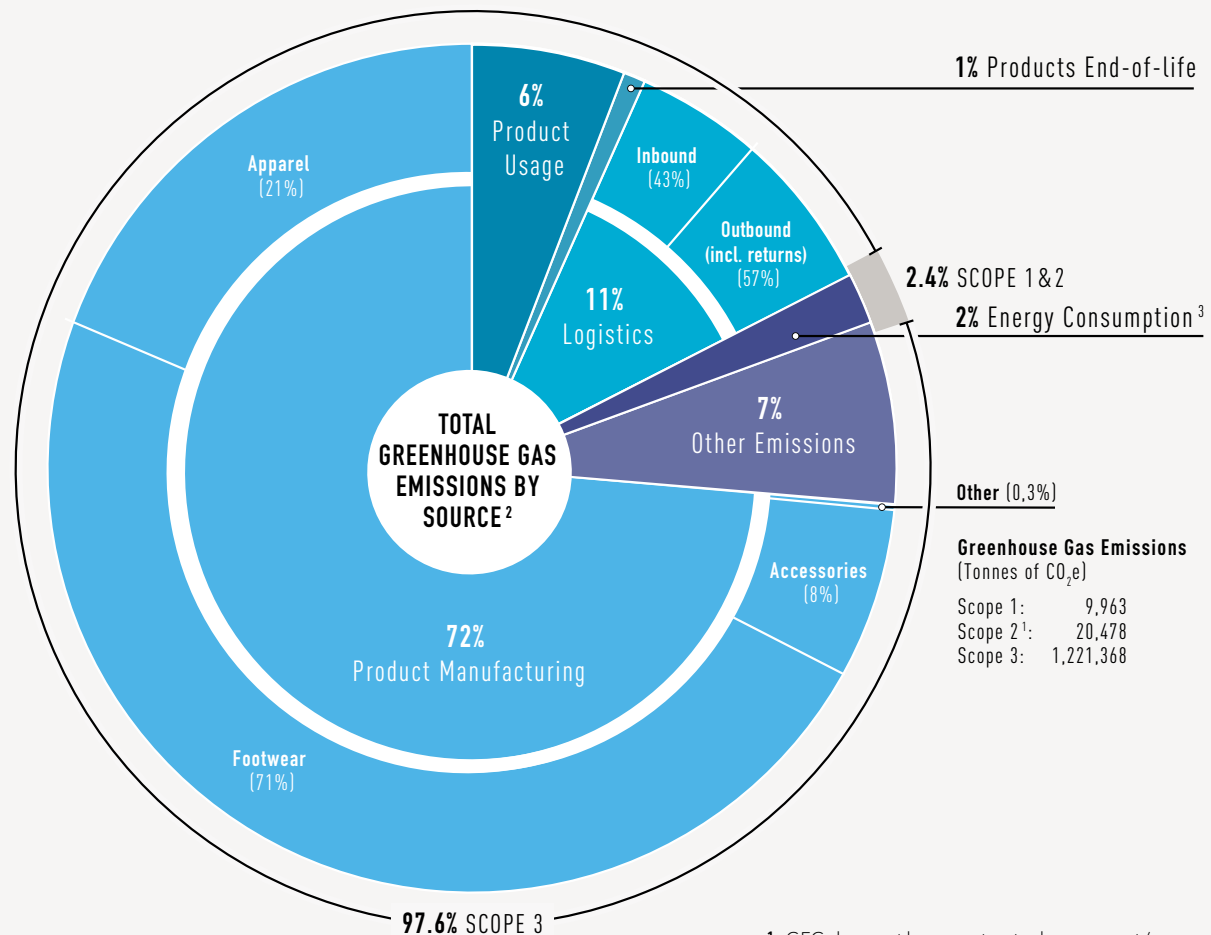
During 2020 ANZ shifted to a renewable energy provider, resulting in 93% of their needs coming from renewable sources in the year. An assessment has also been conducted of energy transition opportunities in SEA however the potential in our key operating markets is notably more limited. We will continue to pursue energy efficiency and transition opportunities during 2021, including with the landlords of the other smaller distribution points where we are not a sole tenant or do not control the choice of electricity provider.

	Fulfilment Centres	Transit Warehouses	Total
Electricity (MJ)	61.1 million	1.3 million	62.4 million
Other Energy - Diesel, Gasoline & LPG (MJ)	143.8 million <sup>4</sup>	-	143.8 million

<sup>4</sup> Fuel consumption by GFG's own fleet is accounted under fulfilment centre.

With respect to our indirect emissions in the value chain, the vast majority of our carbon impact is associated with the growing and manufacturing of the raw materials that make up our products. As detailed in Our Supply Chain section we have commenced transition in our own-brands to materials that have a lower footprint and via our sustainable

## GFG CARBON FOOTPRINT IN 2019



<sup>1</sup> GFG does not have contractual agreement / usage on renewable electricity in 2019 and uses national electricity grid average emission factors to calculate Scope 2 emissions. Therefore both Scope 2 location-based and market-based emissions are the same.

<sup>2</sup> Percentage may not total 100% due to rounding.

<sup>3</sup> Fuel consumption by GFG's own fleet is included in outbound emissions.



shopping edits, are driving uptake of similar products amongst the brands we stock.

The emissions associated with our inbound and outbound transport are another important component for us to tackle. In 2020, inbound to ANZ, where products are sent to us by suppliers, there was a reduction of 14%, with 28% of the total weight transported by air, down from 42% in 2019. This is a result of increasing consolidation of sea shipments leaving Asia and the introduction of a hybrid solution that incorporates a mix of sea and air freight for vendors that would otherwise use exclusively air shipping. The other regions of GFG have improved tracking of and reporting on what is a complex network of delivery partners during 2020 however have more work to do to ensure data reliability and identify opportunities for improvement.

In terms of outbound parcels that we send to customers, we are pursuing a dual strategy to reduce the emissions, focused on both greater consolidation of parcels and transitioning to use of low or zero emissions vehicles. Where a customer order has multiple items and they are located in our warehouse we send one consolidated parcel. However, where an order includes a Marketplace item this is often sent directly from the seller, meaning the customer receives two packages and two trips are undertaken to deliver the order. 'Cross-docking', where we collect products from sellers and consolidate the customer order into one parcel is underway in Brazil, Argentina, Chile and Russia. More than 82% of orders are delivered by GFG. In 2021 we will introduce this model in additional countries and improve the available data to make a more informed assessment of its benefit to our carbon footprint.

CIS'S DELIVERY  
FLEET ON  
THE ROAD



On lower emissions deliveries we have launched three pilots this year. Selected orders placed at a certain time and/or heading to a certain location in Santiago and Sydney are delivered the last mile in a lower emissions vehicle. In Russia, the last mile can now take place on foot from one of our many pick up points, in Moscow and St. Petersburg, resulting in zero emissions. Although the scale of these options is small relative to the total, this is an important step into lower impact deliveries for GFG and we're seeking to scale up in these locations during 2021.

Our transition to the use of more sustainable packaging materials and reducing our waste to landfill will also make a contribution to the reduction of our carbon intensity, both of which are covered in more detail in the next section.

Having now completed the carbon footprint process, in early 2021 we will formalise these mitigation activities and others into a formal carbon mitigation plan. In addition, the 2020 carbon footprint will be completed and released externally in the first half of the year. We are also committed to setting Science Based Targets for the Group by the end of 2021, modelling our planned initiatives to ensure they are embedded in data and offsetting the carbon impact of our own operations and outbound deliveries.



Case Study

## Low Emissions Deliveries in Santiago, Sydney & Russia

As an ecommerce retailer, our business model relies on delivering products to our customers via our own fleet or third party logistic partners. It is an integral part of customer experience that we offer, however it has a notable impact on the environment, contributing 7% of GFG total emissions due to conventional vehicles involved in the deliveries. Although not available in all our markets, electrical vehicles (EVs) are an attractive alternative where we can introduce them as they generate no direct emissions themselves and avoid up to 70% of carbon emissions<sup>1</sup> as compared to conventional petrol vehicles from a life cycle perspective.

GFG has been actively exploring how we can transition to zero or low emissions deliveries and this year launched pilot projects in LATAM, CIS and ANZ.

In Chile and Sydney we have collaborated with our delivery partners to deliver orders via EV. Two EVs, each carrying 70-100 orders per day, have been deployed to deliver orders in Providencia district, Santiago. In ANZ, EVs powered by renewable energy now deliver orders to 13 postcodes in Sydney. A charging station was installed at ANZ fulfilment centre to recharge EVs whilst waiting on orders for collection



**ZERO EMISSIONS  
VEHICLE  
OPERATING IN  
CHILE**

or between runs. To date we have delivered more than 7,100 orders in Sydney and Chile and more EVs are expected to be rolled out in 2021.

**Introducing EVs in Chile was a huge milestone for us in 2020. We have been amazed by their capacity and productivity, while also resulting in zero-emissions. This adds to our paperless process and compostable packaging which we had already implemented in Chile and we will continue to work closely with our delivery partners to introduce more EVs and other LATAM countries."**

**Jose Cortes**, Chief Operation Officer in LATAM

Where EVs have not yet been deployed, we have been exploring other ways to reduce emissions arising from deliveries. In Moscow and St Petersburg we introduced a walking delivery option for the last mile from pick up points to customers who reside within a 2km radius. This allows CIS to offer improved customer experience without creating an additional emission. To date, more than 95,300 orders have been delivered the last mile on foot. Although this option is still in testing phase, it currently covers more than 100 routes everyday and will further reduce our reliance on vehicles in deliveries once expanded to other routes and cities.

<sup>1</sup> NATURE SUSTAINABILITY | VOL 3 | JUNE 2020 | 437-447 | [www.nature.com/natsustain447](http://www.nature.com/natsustain447)



## PACKAGING



As an online retailer packaging is an important part of not only our brand identity but also how customers physically interact with us and our environmental impact. Our focus is to either eliminate packaging materials altogether, or if that is not possible due to the role it plays in protecting the product, transition them to be made from a less environmentally impactful material. To achieve this, we developed a Group-wide Sustainable Packaging Guidance in 2020 to support the credible and authentic transition to the use of less environmentally harmful packaging across GFG.

The packaging components controlled by GFG include what we purchase for use in our warehouses such as postage satchels and boxes for customer deliveries, polybags (clear sleeves used to protect products in warehouses and transit) and packaging used by own-brand suppliers including shipping boxes, shoe boxes, swing tags and polybags. Third party brands also send us products in shipping boxes and polybags and while we have less direct control, we will seek to influence them over time to make less impactful choices.

Transitioning delivery packaging to be made of more sustainable materials has been a key focus during 2020. During the year we have successfully moved the delivery satchels we directly purchase in ANZ to be made of 100% certified post-consumer recycled content and in SEA 80% certified pre-consumer recycled content, building on the compostable satchels already in place in Chile. Early in 2021 Brazil and Argentina will also transition their packaging materials. Polybags continue to be used across GFG due to

the role they play in protecting products from damage both whilst they are in our warehouses and in transit. Given the resources invested in developing the product are greater than the packaging, this is a very important consideration. However we continue to seek opportunities to reduce their associated impact and where these are purchased by GFG and used in our warehouses we have already commenced polybags made of recycled content. We are also working with own-brand suppliers to drive them to also to adopt recycled content.

More broadly we have completed a Group-wide review of the packaging used for our own-brand products during 2020, firstly seeking to identify packaging components that could be eliminated all together. LATAM has as a result eliminated shoe sticks and excessive cardboard from its packaging. ANZ has also successfully phased out all plastic packaging (e.g. polybags and shoe sticks) from its own-brand footwear products and has removed metal rings and waxed coated swing tags from Q1 2021 for all own-brand products. In addition, we continuously work together with our own-brand suppliers to adopt sustainable materials into packaging. Our suppliers used recycled shipping boxes to deliver all SEA own-brand modest wear products to our warehouse and in Chile our suppliers used recycled shipping and shoe boxes for their deliveries.

Overall for the Group, 29% of the shipping packaging we purchased in 2020 (inclusive of satchels, polybags and boxes) was made of more sustainable materials, however 65% of countries were using delivery satchels made from more sustainable materials by December 31. We have begun investigation of alternative sources and materials for the remaining as well as own-brand products' packaging however it is notable that the supply chain for more sustainable packaging is much less mature in some of our markets which is resulting in slower than expected progress to date. This transition will be a continued focus in 2021.



**THE 100%  
POST-CONSUMER  
DELIVERY  
SATCHELS  
LAUNCHED IN  
ANZ**

## WASTE & RECYCLING



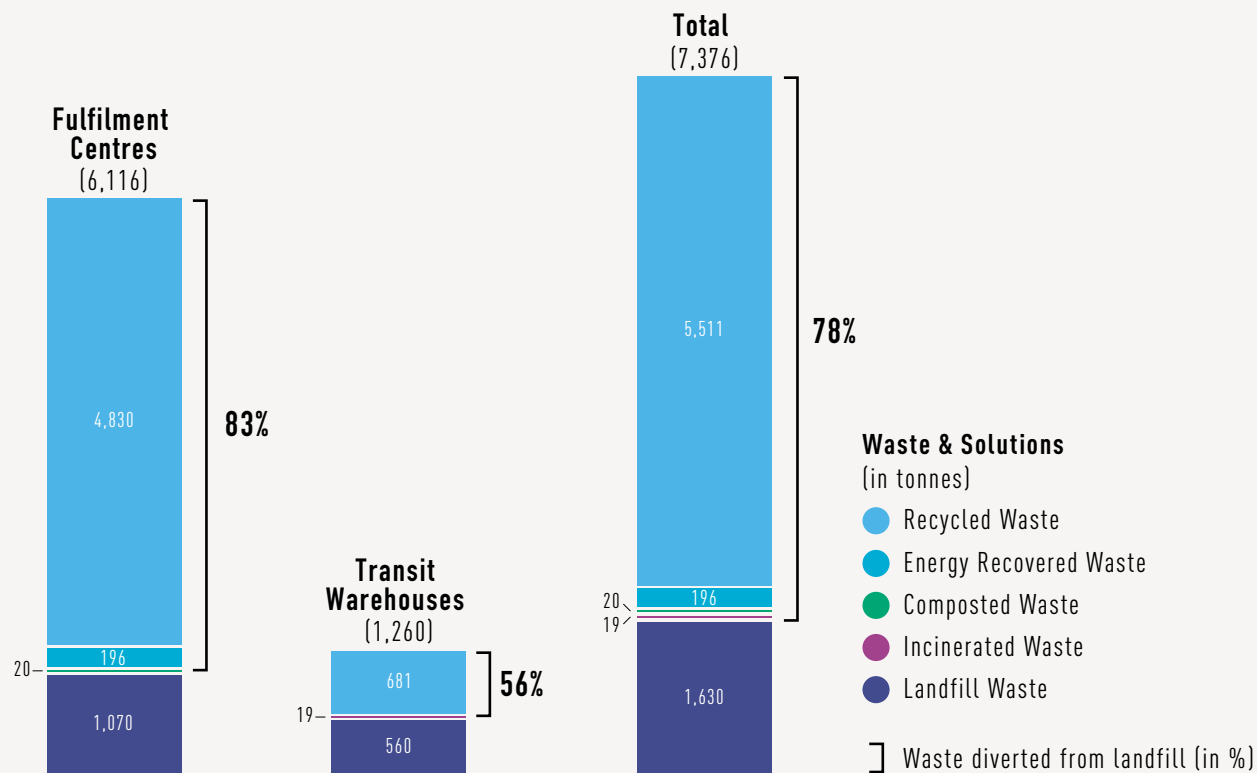
Waste and its management is a global issue with many even developed countries challenged by the volume of waste generated, the complexity of processing modern materials and the need for comprehensive infrastructure which supports the circular economy. We understand our role in waste generation as a fashion e-commerce retailer and our responsibility to reduce this impact, despite the lack of strong waste infrastructure in some of our markets. Our commitment to proper waste management goes beyond our own operations to include our customers and we seek to enable them to responsibly dispose of the packaging we send them even where public infrastructure is absent.

Our immediate focus during the year has been to improve our understanding of the waste generated by GFG's operations, improve tracking and internal reporting on waste and identify the most urgent changes that need to be made. Tracking of waste takes place in all our fulfilment centres with the gap accounted for in transit warehouses in Belarus, which is on the plan to resolve during 2021. The vast majority of our waste is associated with the packaging in which we receive or send products or returns (such as cardboard boxes, postage satchels, polybags and stretch film) with the balance being food waste and other general waste.

GFG's recycling rate has significantly improved during the year as a result of better tracking of waste and improvements in supply of recycling services including our partnership with The Plaf, a social enterprise involved in collecting and transforming plastic waste into protection shelters for communities affected by natural disasters in the Philippines. Overall 75% of GFG's waste was recycled in 2020 which exceeds our 2022 target of 50% and therefore

### GFG'S WASTE DIVERSION IN 2020

75% of GFG's waste was recycled in 2020



we are revising this target to 80%. In addition 3% of waste was sent to energy recovery, where materials are turned into electricity. While we would prefer to keep materials in the system in cases where we cannot secure a recycling or composting service either due to low volumes or due to the type of material trying to be recovered, energy recovery provides an alternative.

We have also completed a study across our markets to assess how feasible it is for customers to recycle the materials we send them. Given the emerging markets focus of GFG, there is relatively immature consumer recycling infrastructure to support responsible disposal of our packaging. In addition, some markets have less concrete national policies, compared to ANZ for example, to drive improvement in the waste management landscape. However, where it is



possible to recycle our packaging, we have improved the information available to customers during 2020 either on the packaging directly, on our websites or via our social channels. In the medium to long term we are keen to collaborate with governments and industry to address the limitations of consumer recycling.

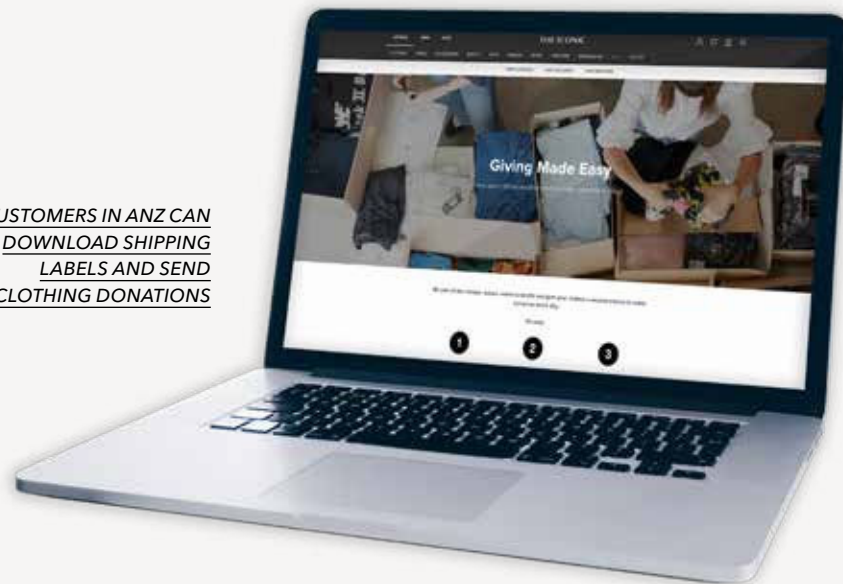
## CIRCULARITY & END OF LIFE



The transition of the fashion industry to a circular economy, and keeping the clothes in the system for longer, is an essential driver toward being a less impactful industry. We understand we have a responsibility to manage our direct impact and an opportunity to provide customers with the infrastructure to manage theirs.

Extending the life of products is always our first intent. SEA launched a Pre-Loved category late in 2019 on its website and mobile app, facilitating another life for second-hand products. Focusing initially on the women's assortment, the category was launched in partnership with one of the top Asia's luxury marketplace resellers, Style Tribute, in Malaysia and Singapore. In 2020, the Pre-Loved category was expanded into new markets, including Hong-Kong and Taiwan and into new segments including menswear. With 4,000 items now available, 1,200 customers have purchased a Pre-Loved item during the year, indicating strong engagement with the concept contributing to a circular fashion economy.

CUSTOMERS IN ANZ CAN  
DOWNLOAD SHIPPING  
LABELS AND SEND  
CLOTHING DONATIONS



In addition, GFG launched two activities to support customers to divert textile waste from landfill during 2020. In ANZ in collaboration with Salvos Stores, the retail arm of The Salvation Army, and Australia Post. 'Giving Made Easy' enables customers to download and print a prepaid shipping label from our ANZ website and use it on any box or satchel to donate their preloved clothes. With 3,446 donations in 2020, volumes have grown month on month and an estimated 14,408kg of textiles has been diverted from landfill since January. In Russia, we installed 13 clothing drop off boxes on behalf of Vtoroe Dykhanie, a charity that supports collection, sorting, recycling and donation of clothing items. Over 38,000kg of apparel and footwear was donated, 53% was donated to communities most affected by COVID-19 (elderly, low-income families, homeless), 2% was suitable to find another life in a second hand store and the remaining 45% was processed into rags.

In terms of online returns, the vast majority of the products returned to GFG by customers are in perfect condition and able to be again sold to customers. Where a product is returned damaged or we have excess out of season stock, we have a number of potential options including fixing minor issues on site, donation to charity (if only minimally damaged) and resale in bulk. Unless required by local laws which prevent donation or resale, GFG does not destroy any product. During 2021 we intend to conduct a global review of management of damaged returns and assess further opportunities to improve the sustainability outcomes of our actions.



# OUR COMMUNITY



## 2022 Targets

Community	Performance in 2020	Status
100% of regions with charity partnership	25%	On track →

40





More than a billion people reside in the customer markets of GFG. We recognise the expectation and value the opportunity to contribute to the social fabric of the communities in which we operate and COVID-19 has made even clearer the need for business to play a positive role in society. Being true to our customers and our vision means being true to greater society and as we continue to grow and evolve, we will formalise how we give back by focusing on specific community issues and via long term community partnerships.

## COMMUNITY PARTNERSHIPS



As we operate in so many diverse locations and we have a strong emphasis on local execution, we do not prescribe a community concern that should be focused on at Group level. Instead, our regions operate within a global framework for community which guides implementation and we work with our people in each market to understand the community issues that are relevant to and prioritised by them. The ANZ team completed this assessment in 2018/19 and identified social inclusion and environmental protection as their areas of focus. During 2020 the teams in LATAM, SEA and the Group Shared Functions, which are split between Asia and Europe, have invested time to assess community issues in their respective regions, prioritise them and understand the landscape of charities in their markets. This will be completed in CIS in 2021.

ANZ's partnership with Thread Together has continued throughout the year. Thread Together supports people experiencing homelessness, victims of domestic violence, refugees and asylum seekers, Indigenous communities, ex-inmates, as well as other vulnerable groups within the community with new clothing diverted from the fashion industry. The other regions of GFG will build on the engagement and research completed this year and formalise partnerships with charities during 2021.

## COMMUNITY CONTRIBUTIONS



As a young and agile organisation we see an opportunity to leverage a broad range of skills, resources and assets when making a contribution to the community issues we care about. This will involve monetary donations to registered charities in good standing and also involve using our platforms and specialist capabilities in operations and logistics to support charitable initiatives.

During 2020 we have done this in a range of ways. In ANZ, in response to the devastating Australian bushfires, seeing that charities throughout Australia were inundated with donations and reaching capacity, ANZ provided a storage solution for non-perishable and wildlife care items. Opening up its locations to allow the general public to drop off their donated goods, more than 6,000 items were ultimately delivered to eight charities once they had the space to use them. Similarly but leveraging its logistics expertise, Colombia has supported the National Association of Food Banks (Asociación de Bancos de Alimentos de Colombia - ABACO) to pick up and deliver food donations to communities most affected by COVID-19. The vehicle, a medium sized truck, carried almost 3.5 tonnes of food daily and is estimated to have moved 790 tonnes in total during 2020.

Leveraging its platforms, in response to the impact of COVID-19 in the region, SEA set up dedicated donation pages and coordinated e-donation drives in each market on behalf of non-profit organisations. Raising money on behalf of The Singapore and Philippines Red Cross, MERCY Malaysia, and World Vision amongst others, €50,000 was raised for 11 charities by the end of December. In Russia, a marketplace for charities was launched in June, enabling the sale of their merchandise despite the pandemic resulting in the closure of their physical stores. Today, 10 charities have more than 90 items available in CIS and supported by preferential commercial terms, more than €36,000 has collectively been raised for them (see Case Study page 43). In addition CIS collaborated with social network Odnoklassniki and the Russian Museum to launch a limited collection of t-shirts and shopping bags fundraising for Anton's Right Here, the Russian centre for people with autism, and promoting awareness of the condition.

Stock donations is another means through which GFG contributes to communities, ensuring not only that excess stock is kept out of landfill but also that items have a long life being used as they intended, just in this case by people less able to access new clothes. During the year we have donated 35,650 items of apparel and footwear to charity. In addition a total of 4,005 items including masks, aprons and other essential items were donated to the Red Cross and Bahia state hospitals in Brazil and ZALORA donated 39,474 masks to the Singapore Red Cross. GFG itself has made monetary donations of €65,490 during 2020, to the Red Cross and Thread Together in Australia and to the Laboratorio Institute in Chile which is a social enterprise dedicated to provide more opportunities to women in the digital space.



Ahead of making charitable donations, our third party due diligence process must be complied with internally in order to ensure the donation is made in compliance with our Anti-Corruption and Anti-Bribery Policy, anti-money laundering regulations and Sanction Policy. In addition, all charitable donations are subject to the prior approval of the regional Heads of Legal and/or Group General Counsel, depending on the amount involved in line with our compliance policies.

## Employee Volunteering

Our ability to provide traditional employee volunteering opportunities to our teams has been significantly impacted by the pandemic during 2020. In January and February during the devastating bushfires in Australia, 54 team members were able to support the local charity partner in picking and packaging orders of new clothing for affected communities. Following that ANZ's employee volunteering program transitioned to a remote model via video conferencing, focused on leveraging the teams skills in warehouse design and engineering, analysis, communications and training. Over 80 hours were subsequently delivered. Due to the pandemic other GFG regions have not been able to progress development of on-site employee volunteering programs this year and will refocus on this in 2021, permitting there are safety protocol and remote volunteering opportunities.



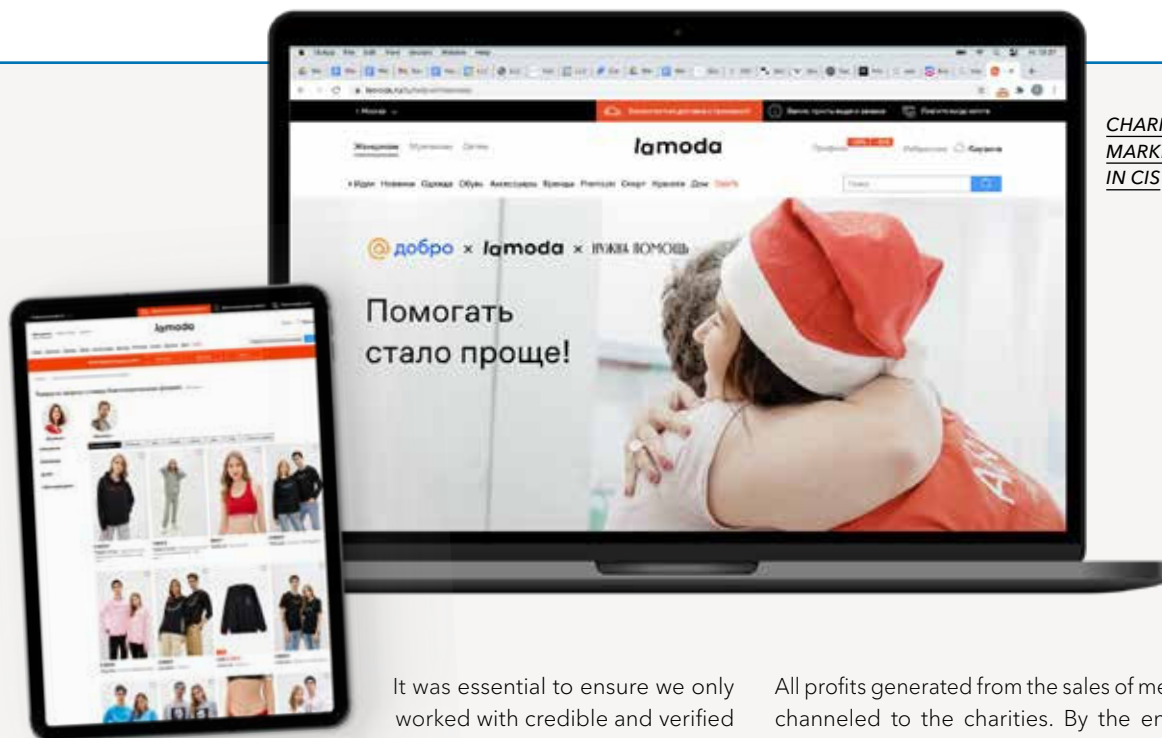
TEAM MEMBERS VOLUNTEERING  
IN ANZ PRE-PANDEMIC

## Case Study

# CIS Charity Marketplace

As in many locations, in Russia the onset of the pandemic required charities to close their retail locations just as festivals and corporate events also ceased. This had a significant impact on the ability of charities to engage with their supporters and raise much needed funds to support communities in need. The team in CIS recognised they had an opportunity to help by setting up a dedicated online marketplace for charities. By enabling charities to sell their merchandise (e.g. clothes, accessories, household goods, toys and etc.) and pivot their fundraising channels online, we could play a small part in supporting them to maintain a steady income during the pandemic, as well as provide marketing and public relations coverage to promote their work and attract new supporters.

We began engaging with potential charities including Leikozu.net (charity for the Fight against Leukemia), Kod Dobra and Takie dela (not for profit charity aggregators). Upon engagement with charities, we learned that many are not familiar with selling products online and that we needed to share our expertise in ecommerce to make this successful. In addition to providing favourable terms, we have had nine employees working with the charities on product certification, trademarking, packaging and labeling to ensure the ranges meet all appropriate standards.



CHARITY  
MARKETPLACE  
IN CIS

It was essential to ensure we only worked with credible and verified charities and therefore we entered a partnership with the Need Help Foundation and Dobro. Mail.ru, established charitable project verifiers in Russia. All charities onboarded to the charity marketplace have to be verified by our partners and as a result of this we can provide confidence to our customers about the credibility of charities that we engaged.

**“I’m not exaggerating if I say that the “I want to help” project is a breakthrough and a new stage in the sale of goods from non-profit organisations. By partnering with lamoda and leveraging the infrastructure of the online platform, charities have new distribution channels and real help to become more sustainable. This means that more people will be able to get help.”**

Sofia Zhukova, Fundraising Director of the Need Help Foundation

All profits generated from the sales of merchandise are directly channeled to the charities. By the end of December, the number of participating charities has grown to 10 and more than 2,600 items have been sold. With the launch of lamoda planet, the sustainable shopping edit in CIS, this marketplace is now branded as “I Want to Help” category and can be easily navigated by our customers under lamoda planet. CIS will be expanding its reach to more charities in 2021.

**“The COVID - 19 pandemic pushed us to launch the “I want to help” category. It is always important to unite and help, but especially so in difficult times. By purchasing products from charities, our users not only buy things of great design, but also express their solidarity with charities. Non-profit organisations, in turn, receive additional financial support and can devote more time to their main work. We also take over the entire burden of selling and storing goods.”**

Oksana Kostiv, Sustainability Manager in CIS

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# GOVERNANCE, RISK AND COMPLIANCE



## 2022 Targets

	Performance in 2020	Status
<b>Governance</b>		
100% of regions and the Group Shared Functions to have all best practices codified in one single reference document (i.e. "Governance Manual")	-	New target ●
<b>Risk</b>		
100% implementation of ISO 31000 as part of our GRC 2.0 Programme	-	New target ●
<b>Compliance</b>		
100% new requirements of EU Directive 2019/1937 reflected in whistleblowing policy	-	New target ●
Two countries to have Anti-Corruption and Anti-Bribery ISO 37001 Certification by end of 2022	50%	On track →





GRC is essential to ensuring that we realise our commitment to the highest standards of ethical corporate behaviour, good governance and doing business responsibly and with integrity. As such, GFG has an holistic approach to leveraging the three pillars of Governance, Risk and Compliance to achieve the desired standards in all our business practices, including amongst other things our approach to our operations, supply chain and sustainability. GRC is facilitated through functional teams in Legal, Finance, Compliance, Risk, Information Security and Internal Audit, which work together to create the process, procedures and tools used by the business to achieve the highest standard of ethics and do business in a responsible way for the benefit of all stakeholders. These functions, partly embedded in the regions and partly in the Group's Shared Functions, collectively help drive GRC across our organisation in a manner that aligns our strategic and operational execution with our corporate objectives. Across the Group, alignment is facilitated by GRC Governance and Sustainability Governance, and by our cross functional approach to planning and prioritizing anchored in our management system which is applied across the organisation.

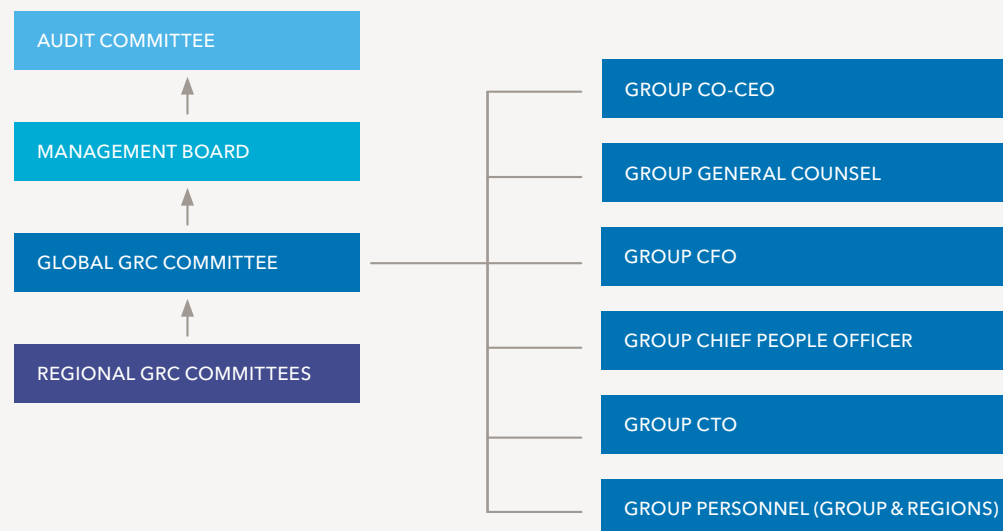
## GOVERNANCE



In line with our desire to practice effective corporate governance, we oversee our GRC matters through a comprehensive GRC governance structure that involves supervision of the Audit Committee of the Supervisory Board (relating to GRC topics), allocation of responsibility to the Management Board for GRC matters, Group Executives (such as the Chief Financial Officer, the General Counsel and the Chief Technology Officer) each individually responsible for different components of the Group's GRC framework,

### THE GRC GOVERNANCE STRUCTURE

*The Management Board holds ultimate accountability for GRC*



the Global GRC Committee chaired by the Co-CEO and Regional GRC Committees comprising Regional CEO's and Executives within each GFG region.

The Management Board holds ultimate accountability for GRC and plays a critical role in setting the overall tone at the top, with one of the Co-CEO's appointed as the member responsible for GRC across the Group. In turn, the Co-CEO works with several Group and regional Executives to drive the GRC agenda globally.

Our Global GRC Committee was established in 2019 and is chaired by the Co-CEO. It reports directly to the Management Board, which then reports to the Audit Committee of the Supervisory Board on GRC matters. The Global GRC Committee oversees the coordination,

development, and implementation of the GRC programme for the Group in order to serve as an effective system of checks-and-balances, which takes into account, amongst other things, the strategy and business needs of the Company, applicable laws and regulations, key stakeholders as well as social, political, environmental and public policy conditions. The role of the Regional GRC Committee is to oversee the coordination and implementation of the GRC program at a regional level whilst also acting as the conduit between the Regional and Global committee on all matters relating to GRC. The Regional GRC Committees are the face of our GRC governance structure ensuring alignment and championing a risk culture within the territories in which we operate. They also provide a forum for the consideration of regional GRC matters by regional stakeholders ahead of elevation to the Global GRC Committee, as required.

Our Global GRC Committee and our Regional GRC Committees draw on expertise from across our Group to provide coordinated and forward-thinking GRC strategies to support the growth of our business and meeting its objectives, whilst maintaining the highest ethical standards and complying with all applicable laws and regulations. Together, the Global and Regional GRC Committees form part of our Compliance Management System and Enterprise Risk Management Framework.

## RISK MANAGEMENT



GFG's Enterprise Risk Management Framework governs risk management across the Group and is tied to our implementation of the ISO 31000 standard. Risk registers are in place and a bi-annual risk assessment exercise is conducted to ensure the effective management and mitigation of salient risks. This combines with a line of defence model that ensures efficient consultation on and management of risk across the Group, underpinned by the Regional and Global GRC Committees. GFG remains committed to maturing its risk management capability with the intention of reviewing and refreshing its approach in 2021 to ensure risk and opportunity are identified and acted upon in a timely manner and ultimately in the interest of the Group achieving its objectives.

We have a robust Internal Audit function whose policies and procedures ensure that our risk management, governance and internal control processes are operating effectively. The function provides objective assurance and consulting with the purpose to examine and evaluate the Company's activities across the Group in order to add value and improve operations. This is in service to Management, the Management Board, and the organisation



LATAM TEAM  
MEMBERS IN BRAZIL  
PRE-PANDEMIC IN  
A WORKSHOP FOR  
OUR DFT-WOMEN  
EMPLOYEE ALLYSHIP  
GROUP

as a whole, with the team reporting directly to the Group Audit Committee and ultimately protecting the interests of the Group shareholders. The scope of Internal Audit work covers all Group activity including Commercial, Financial, Operational, People & Culture, Legal and GRC and IT processes. Whilst involved in various assurance and consulting process projects, the Group Audit function may also support any investigations with suspected fraud or inappropriate behaviour to investigate the root cause of the process deficiencies and mitigate risk with the respective areas' controls break-down.

## Information Security

Our business is powered by science and our teams are dependent on the effective use of technology to continue to innovate and develop smart solutions for our customers, brand partners and internal stakeholders. Information Security is therefore an integral part of our risk management framework. We have a robust Information Security function which establishes stringent technical security measures, enables effective threat model development, awareness activities as well as the development and coordination of security policies that ensure compliance with world security standards (such as the ISO 27001, PCI DSS) across the global business, protecting against external threats and business continuity in IT Systems. The Group Chief Information Security Officer leads the Information Security team and reports to the Chief Technology Officer. The Audit Committee is briefed on information security on a regular basis.

## COMPLIANCE



### Compliance Management System

Compliance is firmly embedded in GFG's corporate culture. The aim of our compliance management system is to ensure legal conformity of all Group activities. Responsible and lawful conduct is firmly established as part of GFG's corporate culture and we also expect this from our business partners. The compliance management system is applied to all compliance topics, including: to prevent bribery, corruption and unfair and/or anti-competitive conduct and to promote lawful, ethical and responsible behaviour.

For employees, directors and officers, their compliance journey starts on day one, with compliance training enshrined in our onboarding process. The journey continues with periodic mandatory training sessions for employees conducted by the Global Legal and GRC function, supplemented by internal campaigns, news flashes and targeted compliance initiatives. All GFG policies are stored on an intranet site, known as **#ONECOMPLIANCE**, which is easily accessible by all employees, directors and officers. **#ONECOMPLIANCE** also includes guidance notes in order to aid understanding of the policies. Each region also makes its local policies accessible to employees, directors and officers on local intranet sites and, where necessary, these policies and guidance notes are translated into local languages. The Global Legal and GRC function reviews all policies on a regular basis and introduces revisions where necessary or appropriate to ensure they remain relevant and up-to-date at all times.

GFG IS COMMITTED  
TO THE HIGHEST  
STANDARDS OF  
ETHICAL CORPORATE  
BEHAVIOUR



The importance of maintaining a culture of compliance within the organisation is further highlighted by our quarterly goal setting exercise. Within this process, the Group often focuses on the development of compliance strategies and the continued strengthening of financial and other internal controls, both at a global and regional level.

We will continue to expand our compliance management systems and we also plan to consider the introduction of further IT-based solutions to make our compliance management system more efficient and effective.

### Business Conduct & Ethics

The Supervisory Board, Management Board and GFG Executive plays a key role in acting as a role model and providing the "tone from the top". They must consistently demonstrate their commitment to integrity and high ethical standards through their attitudes and actions. They

are responsible for effectively implementing compliance programs and best practices in consideration of local laws and regulations and ethical market practices.

GFG's commitment to the highest standards of ethical corporate behaviour is enshrined in the Company's Business Conduct & Ethics Policy (Code of Conduct), which is available to and sets the benchmark for all employees, directors and officers globally. The standards established by the Code of Conduct, which applies to all employees, directors and officers worldwide, translate legal and regulatory requirements as well as our core ethical values into clear, precise and understandable guidelines. The Code of Conduct was implemented in 2016 and is refreshed on an ongoing basis.

## Fraud

We have established a robust set of systems and procedures, combined with a strong tone at the top to help prevent fraud and detect it early. Group and Regional Legal, Compliance, Risk and Audit functions run continuous monitoring and fraud detection practices and we have a Group-wide standard risk/control matrix that covers entity level, IT, operational and financial controls. To complement this, we have a system of preventive and detective controls in place across the Group. Examples of preventive controls include separation of duties between members of the executive team and senior leaders, authority and threshold matrices, requirements for adequate and complete documentation, controls over information systems and physical control over assets. Where required, we have appointed dedicated asset protection officers and security officers in order to ensure that we continue to maintain our culture of compliance and can effectively mitigate any potential risks of fraud.

## Anti-Bribery & Anti-Corruption Matters

GFG operates a zero tolerance approach to all forms of bribery, corruption and fraud. We serve customers in 17 countries and work with brands and suppliers across several more. Operating on a global scale exposes us to the risk of violation of anti-corruption and anti-bribery laws and regulations worldwide, as well as a variety of legal sanctions on both a local and international level. Such matters could have further detrimental effects on our business, resulting in significant harm to our Group's reputation, and/or the loss of brand partners, suppliers and our valued customers. These key risks may adversely impact our ability to attract investors or lead to competitors seeking to take advantage of our weakened position in the market, which in turn may

result in adverse consequences such as a loss of revenue and a disruption to our operations, in both the short and longer term.

GFG actively manages these risks by operating a global Anti-Bribery and Anti-Corruption program, which includes a combination of various policies and procedures, including a global Anti-Bribery and Anti-Corruption Policy, a Third Party Due Diligence Procedure, Gifts and Hospitality Policy, Sanctions Policy and Code of Conduct, combined with Governance Manuals, global training for all employees and other internal controls and prevention measures, which are routinely monitored and refreshed.

GFG's Anti-Bribery and Anti-Corruption Policy is based on international standards and aims to prevent acts of bribery, corruption and fraud. This policy applies to all employees, directors and officers of GFG along with any third parties acting on behalf of GFG, who must also adhere to similar standards and establish and maintain appropriate anti-bribery and anti-corruption policies. The policy prohibits the offer, acceptance, payment, or authorisation of any bribe or other form of corruption, be it with the private sector or with governments. Fraud, bribery and corruption are also strictly prohibited under our Code of Conduct, which is binding on all members of the Management and Supervisory Boards, as well as every director and employee (including contractors and temporary staff) worldwide. Anti-corruption training is compulsory for all employees, with online and in-class training delivered in various languages.

Many of our policies, including our Code of Conduct, which addresses issues of bribery and corruption, are accompanied by assessments that are mandatory for all employees as part of our Anti-Bribery and Anti-Corruption training program. Employees must achieve a minimum score of 75% in all assessments in order to be deemed to have successfully passed. This method ensures that all employees maintain a high level of understanding of each policy and its practical application and also identifies areas where further training and development may be required.

The quality and effectiveness of our robust training programs has resulted in an increased awareness of bribery and corruption matters and the internal control processes amongst employees. This outcome has been demonstrated by a recorded increase in the number and quality of questions raised by employees in respect of issues related to bribery and corruption, for example, on whether certain gifts could be accepted from third parties and increased utilisation of the tools made available to employees to assist with due diligence into third parties, such as World Check.

The prevention of bribery and corruption is further supported by GFG's Gifts & Hospitality Policy, which includes guidance on Charitable and Political Donations and applies to all employees, directors and officers of the Group which is implemented in all our countries with some local adaptations where appropriate and consistent with the GFG standard. Broadly, the Group's Gifts & Hospitality policies require approval to be obtained prior to providing or receiving gifts and hospitality that is not deemed to be of nominal value. In some circumstance, gifts and hospitality are never deemed to be appropriate, for example the giving or receipt of cash and its equivalents, gifts or hospitality during sensitive periods which could give rise to the suggestion of impropriety, such as, during commercial negotiations, or gifts or hospitality to or from a government official. Exceptions can be made with an approval from the GFG General Counsel & Company Secretary. In addition, according to our Gifts & Hospitality





WE ACTIVELY  
ENCOURAGE A SPEAKUP!  
CULTURE, WITH A  
NONRETALIATION  
POLICY FOR THOSE  
EMPLOYEES WHO  
REPORT ALLEGED  
VIOLATIONS  
IN GOOD FAITH

Policy, Charitable and Political Donations are regulated by our Reserved Matters & Authority Matrix Policy. Charitable and Political Donations are subject to the approval of the Regional Heads of Legal and/or Group General Counsel in the case of Charitable Donations, and the Management Board's approval for Political Donations.

Beyond our policies, we have implemented a third party due diligence process requiring adequate checks to be carried out for each high risk third party relationship we do business with. All countries where we operate have a Governance Manual which establishes the third party due diligence process that needs to take place for high risks vendors/contracts, with the exception of Argentina, Colombia and Chile, which are completing their Governance Manual and its implementation in 2021. World Check, a background check software, is also used throughout the Group for

Sanctions, anti-money laundering and KYC purposes. We require all third parties we contract with to adhere to the same high standards we establish in our policies. We also have Legal & Compliance and Finance departments globally who through their involvement in the day to day business complement the robust program.

The strength of our pledge against corruption and bribery was formally recognised last year with Lamoda joining the Anti-Corruption Charter of Russian Business and in 2020, receiving the ISO 37001 Anti-Corruption Management System certificate, making Lamoda the fifth company in Russia to join an external pledge which confirms our zero tolerance attitude towards corruption.

## Capital Markets Compliance

Since listing on the Frankfurt Stock Exchange, capital markets compliance is paramount across our business. GFG's Insider Trading Compliance Policy and Corporate Communications and Media Policy ensures that GFG and its employees adhere to all applicable capital markets rules and regulations following the completion of GFG's IPO in July 2019. The Insider Trading Compliance Policy applies to all GFG employees worldwide and training on this policy is provided on a regular basis. The General Counsel & Company Secretary of the Group and the legal department in each region communicate open and closed trading windows to employees on a quarterly basis.

Further, at IPO the Company established an Ad Hoc Committee formed of the members of the Management Board and the Group General Counsel. The Committee is responsible for assessing the existence of inside information and, when it exists, resolving how to manage such information in line with the Market Abuse Regulation ("MAR"). The Committee members and key stakeholders received targeted training on compliance with MAR. The Group General Counsel manages the insider list when required in accordance with applicable laws.

## Whistleblowing

We actively encourage a SpeakUp! culture, with a non-retaliation policy for those employees who report alleged violations in good faith. Any alleged violations can be reported internally to line managers, People & Culture or the Legal and Compliance Department, to the ethics committee in those countries that do operate one, or can be reported anonymously online or via telephone, using a reporting platform administered by an independent third-party provider. For the purposes of increasing accessibility for our global employees, local telephone numbers are

provided for reports to be made. Third parties may also report possible alleged violations using our Speak Up! Reporting platform.

All referrals received through the Speak Up! reporting platform are reviewed by the Group General Counsel. The persons responsible for conducting investigations following the receipt of a referral is dictated by GFG's Internal Investigation Policy and will depend on the nature of the referral. For example, a referral relating to insider trading compliance would be allocated to the Group General Counsel and a referral relating to network security would be referred to the Group Chief Technology Officer.

Appropriate and timely response to alleged violations is essential. GFG's Internal Investigations Policy sets out how referrals must be handled and internal investigations conducted in accordance with local and international laws and best practices. Reports are made by the Group General Counsel to the Audit Committee on a quarterly basis, and where appropriate, reports will be immediately escalated to the Management Board and/or Supervisory Board, as appropriate.

As part of our continuous efforts to foster a Speak Up! culture, we have recently established an independent grievance helpline set up in Bangladesh to support workers within our supply chains. This highlights our commitment to transparency and the encouragement of a Speak Up! Culture, with a non-retaliation policy. More information on this process is available in the chapter entitled Our Supply Chain of this report. We have also conducted training on the Internal Investigation Policy with the key stakeholders, defined as investigators pursuant to the policy. GFG also intends to update its current whistleblowing policy in order to reflect the latest regulatory requirements flowing from EU Directive 2019/1937.

**MAINTAINING A  
CULTURE OF DOING  
BUSINESS ETHICALLY  
IS PARAMOUNT  
ACROSS ALL LEVELS  
OF OUR BUSINESS**



## Data Protection

At GFG, we apply the highest standards of data protection and data security and endeavour to meet the most stringent requirements in all of the regions we operate. The growing competitiveness in the markets where GFG has operations requires an increasing focus on the customer, especially on the continuous improvement of their experience. Our Code of Conduct requires personal information to be collected only for legitimate business purposes, shared only with those who are required to review such information for the purposes of carrying out their duties, protected in accordance with GFG's information security policies and procedures, and retained only for as long as necessary. GFG also ensures that third parties with access to personal information are contractually obligated to protect it. We inform our customers and other stakeholders about the data collected when visiting our website and explain how this data is used. All customer care agents have been trained to deal appropriately with data

subject requests. Personal data is information from which we can directly or indirectly relate to a person, such as first and last name, location data or e-mail address. Our customers can exercise their data subject rights at any time by sending their requests to the e-mail addresses specified in the privacy policies of GFG and the regions. These will then be answered after the verification of identity within the legal deadline.

All of our regions are regulated under national data protection regulations and we closely monitor the changing legal requirements to ensure continued compliance. A number of data protection initiatives across our regions ensure we are up-to-date with legal developments and reach a level of maturity with respect to our handling of personal data. In 2019, SEA introduced their Data Council and ANZ introduced their Data Governance Committee, a pioneering initiative which adds an additional layer of

management and oversight which is additional to the oversight of the Regional GRC Committee. LATAM is due to launch their GDPR Committee in 2021.

## Sanctions

GFG has implemented a Sanctions Policy to ensure compliance with applicable sanctions regimes and export laws that apply to GFG. Further, our third party due diligence process is designed to ensure that we detect any sanctions applicable to third parties such that we can ensure that our business relationships are consistent with our Sanctions Policy.

## Relationships with Governments and Government Officials

Whilst GFG's business is generally carried out with individuals and businesses, it is possible that we may have some interaction with government entities or officials from time to time. Any interaction with government entities, officials or politically exposed persons require greater scrutiny and diligence. GFG's Anti-Bribery & Anti-Corruption Policy introduces greater requirements on dealing with such entities and individuals. Additionally, political activities and political donations must be expressly pre-approved by the GFG General Counsel & Company Secretary and the GFG Management Board in accordance with our Code of Conduct and Reserved Matters and Authority Matrix Policy.

## Conflicts of Interest

In line with the Code of Conduct, all employees, directors and officers are required to act in the best interests of GFG and are required to avoid actual or potential conflicts of interest. GFG advocates an "abstain and disclose" rule in relation to actual or potential conflicts of interest. Where an employee is in a situation that presents an actual or potential conflict of interest, they are required to abstain from participating in the decision or act that may raise the appearance of a conflict and promptly disclose the potential conflict. Following a review of the facts and circumstances regarding the potential conflict, guidance as to whether corrective or mitigating action is appropriate will be provided to the relevant employee, director or officer.

## Antitrust Matters

We believe that free and fair competition allows us to deliver true value to our customers. GFG is committed to ensuring that we compete in a fair market, whilst complying with the spirit and the letter of all applicable antitrust rules and regulations. In line with our Code of Conduct, which all employees receive training on, all anti-competitive practices are strictly prohibited including, without limitation, price fixing, allocating customers or territories and sharing competitively sensitive information. Our Code of Conduct also requires all employees across all regions to engage in fair dealing practices.

## Anti-Money Laundering

The risk of money laundering within our operations is low as we are a direct to consumer business. The value of transactions involving fashion and lifestyle products are generally low to moderate in value, and we make sales directly to private individuals. The Group has control processes in place in order to detect any money laundering activities, for example, any unusually large transactions are flagged by customer service and then reviewed before being processed. Whilst we do make sales on a cash on delivery basis in certain jurisdictions where it is more customary for such cash transactions to take place, we consider the risk of money laundering to be low due to mitigating factors such as the relatively small transaction sizes and the direct sales to private individuals and the presence of anti-money laundering officers in jurisdictions where it is required under applicable laws.

## Continuous Improvement and Training

Maintaining a culture of doing business ethically is paramount across all levels of our business. Key to this is our commitment to training and continuous improvement. All regions conduct regular compliance training and refreshers on our policies in a variety of formats, including face-to-face or "live stream", e-learning videos, virtual engagement, quizzes and awareness campaigns, with materials available on our [#ONECOMPLIANCE](#) intranet and local intranets in all regions. Tailored training sessions are also delivered to specific functions or stakeholder groups, in line with their duties and their risk profiles. This facilitates direct engagement with and the support of the Legal and Compliance teams across the Group.



In our mission towards continuous improvement, we have leveraged technology to offer e-learning courses allowing employees to access training modules via the intranet. SEA's Compliance Academy offers a suite of eight training videos on key policies, including our Code of Conduct and Anti-Bribery and Anti-Corruption Policy. The Code of Conduct module is available in five different languages to SEA employees. Similarly, CIS also makes recordings of various training sessions they run available on their intranet, including a training session on data protection delivered to 100 employees during the reporting period. The Group Shared Functions have access to a third party compliance platform, the Privacy Compliance Hub, which offers video training modules and guides on data privacy and GDPR. These video training modules are a mandatory requirement of the Group Shared Functions' onboarding process and the Group Legal and Compliance function also has the capability to roll out refresher training through this platform.

To supplement these recordings, interactive learning on a variety of topics is facilitated by all regions through their local intranets, including quizzes and compliance campaigns. At LATAM and SEA, training is available in different languages as necessary, and at ANZ, a culture of continuous learning is fostered through the online learning platform, EdCast.

In 2021, we aim to achieve several targets within the GRC sphere in order to solidify our foundation as we continue to grow and mature as a business.



## MORE INFORMATION

Further information including corporate news, reports and publications can be found in the Investor Relations section of our website at <https://ir.global-fashion-group.com>

### Investor Relations

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<https://global-fashion-group.com/sustainability/>

### Concept/Consulting/Design

Silvester Group

[www.silvestergroup.com](http://www.silvestergroup.com)



## SUMMARY OF GFG'S PRIMARY STAKEHOLDERS & ENGAGEMENT METHODS 2020

Stakeholder	How We Engage	Key Expectations	How We Address
Employee	<ul style="list-style-type: none"> <li>Virtual town hall / all hands / live streams on workplace</li> <li>Employee pulse surveys</li> <li>Sustainability engagement survey</li> <li>Internal communications / newsletters</li> <li>Social media (Workplace, Employee Portals, Google teams)</li> <li>Learning and development opportunities and engagement workshops</li> <li>Continuous conversations and feedback loops</li> <li>Virtual team summits</li> <li>Social activities</li> <li>Employment-related policies</li> <li>Employee Allyship Groups</li> </ul>	<ul style="list-style-type: none"> <li>Career and growth development</li> <li>Learning and development opportunities</li> <li>Involvement in GFG sustainability initiatives</li> <li>Ability to align personal values with organisational purpose</li> <li>GFG as a employer committed to ethics and sustainable values</li> <li>Occupational health and safety</li> </ul>	Our Approach to People & Planet Positive Agenda (Page 9) Our People (Page 14) Our Community (Page 40)
Customers	<ul style="list-style-type: none"> <li>GFG and Regions' websites</li> <li>Customer service (Email, chat, phone)</li> <li>Social media (Facebook, Instagram, LinkedIn)</li> <li>Brand survey</li> <li>Sustainability behaviour survey</li> <li>Press releases</li> <li>Marketing campaigns</li> <li>Pop up shops</li> </ul>	<ul style="list-style-type: none"> <li>Product quality</li> <li>Product end of life</li> <li>Products align with environmental and social expectations</li> <li>Environmental impacts of packaging</li> <li>Transparency of product information (e.g. factory origin, materials)</li> </ul>	Our Supply Chain (Page 25) Our Operations (Page 32)
Supervisory Board	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Board and Committees meetings</li> <li>Annual report</li> <li>Financial audit process</li> <li>Press releases and external publications</li> <li>Ad hoc announcements</li> <li>GFG and Regions' websites</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with relevant laws and regulations</li> <li>Business strategic direction and purpose alignment</li> <li>Corporate governance</li> <li>Transparency</li> <li>Financial and sustainability performance</li> </ul>	About GFG (Page 7) Governance, Risk and Compliance (Page 44) Annual Report (Page 66)
Shareholders and future investors	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual and Interim reports</li> <li>Press releases and external publications</li> <li>Ad hoc announcements</li> <li>GFG and Regions' websites</li> <li>Capital markets days</li> <li>Investor briefings and ad hoc meetings</li> <li>Sell-side meetings</li> <li>ESG ratings</li> </ul>	<ul style="list-style-type: none"> <li>Long term value creation</li> <li>Sustainable business model and supply chain</li> <li>Workforce diversity</li> <li>Business succession planning</li> <li>Commitment to climate action</li> <li>Risk management</li> <li>Corporate governance and board effectiveness</li> </ul>	Our Approach to People & Planet Positive Agenda (Page 9) Our People (Page 14) Our Operations (Page 32) Governance, Risk and Compliance (Page 44) Annual Report (Page 22)

Stakeholder	How We Engage	Key Expectations	How We Address
Private Label Suppliers	<ul style="list-style-type: none"> <li>• Training programmes</li> <li>• Supply chain audit</li> <li>• Supplier conferences</li> <li>• Factory visits</li> <li>• Supplier questionnaires</li> <li>• Policy and manual distribution</li> <li>• Contract negotiations</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with GFG requirements</li> <li>• Corruption free and transparent supply chain</li> <li>• Occupational health and safety</li> <li>• Long term relationships</li> <li>• Commercial terms and planning</li> <li>• Responsible purchasing practices</li> </ul>	Our Supply Chain (Page 25)
Brands	<ul style="list-style-type: none"> <li>• Quarterly Business Reviews</li> <li>• Ad hoc meetings</li> <li>• Engagement surveys and questionnaires</li> <li>• Brand summit</li> <li>• Contract negotiations</li> <li>• Press releases</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• Long term relationships</li> <li>• Compliance with GFG requirements</li> <li>• Brand promotion</li> <li>• Commercial terms and planning</li> </ul>	Our Supply Chain (Page 25)
Supply chain employees	<ul style="list-style-type: none"> <li>• Supply chain audits</li> <li>• Independent grievance mechanism</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational health and safety</li> <li>• Working hours</li> <li>• Wages and benefits</li> </ul>	Our Supply Chain (Page 25)
Third Party Logistic Partners and Other Business Partners (i.e worker agencies, server providers, packaging suppliers)	<ul style="list-style-type: none"> <li>• Engagement surveys and questionnaires</li> <li>• Ad hoc meetings</li> <li>• Due diligence and audit</li> <li>• Contract negotiations</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term relationships</li> <li>• Compliance with GFG requirements</li> <li>• Commercial terms and planning</li> </ul>	Our People (Page 14)
Local Communities	<ul style="list-style-type: none"> <li>• Charity partnerships and joint initiatives</li> <li>• Donations of money or goods</li> <li>• E-donation via GFG platforms</li> <li>• Employee volunteering</li> <li>• Public support of critical issues in GFG social media and marketing campaigns</li> <li>• Access to expertise, skills and knowledge to support community programs</li> </ul>	<ul style="list-style-type: none"> <li>• Align business with community issues</li> <li>• Expand reach and education on community issues</li> <li>• Provide access to resources for communities represented</li> <li>• Social protection</li> </ul>	Our Approach to People & Planet Positive Agenda (Page 9) Our Community (Page 40)
NGOs, Civil Organisations and Campaigners	<ul style="list-style-type: none"> <li>• Multi-stakeholder groups</li> <li>• Ad hoc meetings</li> <li>• Questionnaire completion e.g. Baptist World Aid Australia, Fashion Revolution Brazil</li> <li>• Memberships</li> </ul>	<ul style="list-style-type: none"> <li>• Long term relationships</li> <li>• Social impacts including supply chain working conditions</li> <li>• Traceability</li> <li>• Transparency</li> <li>• Purchasing practices</li> <li>• Environmental impacts including climate change</li> </ul>	Our Supply Chain (Page 25) Our Operations (Page 32)
Government/Regulatory Bodies	<ul style="list-style-type: none"> <li>• Initiatives that support small &amp; medium enterprise in ecommerce</li> <li>• Multi-stakeholder working group participation</li> <li>• Reporting</li> <li>• Direct dialogue and meeting</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with relevant laws and regulations</li> <li>• Transparency</li> <li>• Workers rights protection</li> <li>• Customer rights protection</li> </ul>	Governance, Risk and Compliance (Page 44) Our Supply Chain (Page 25)

