GDI Groupe Dynamite Inc.

Inaugural ESG Report 2024

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Message from Our Chair and CEO

Andrew Lutfy
Chair of the Board & Chief Executive Officer
Groupe Dynamite Inc.

Building a future where style and substance go hand-in-hand

As we commemorate five decades of empowering self-expression through style, we are proud to share our inaugural **Environmental, Social, and Governance (ESG) Report**, a meaningful step toward a more thoughtful and responsible future, one where fashion and purpose are intrinsically linked.

With the recent launch of our IPO, we've entered a new chapter. This report reflects our commitment to those who believe in our journey, offering a clear view into how our core values—**ownership, customer focus, curiosity, passion, and empathy**—continue to guide us.

"Empowering You to Be You, One Outfit at a Time" is more than a mission; it is a promise, a belief in confidence, authenticity, and the transformative power of personal style. This report shows how we are bringing that promise to life through responsible sourcing, environmental care, and ethical practices. Doing what's right doesn't have a finish line, it's an ongoing journey. But every journey starts with a single step, and we are proud to be moving forward with purpose.

Our path forward is focused on three pillars:

Reducing our impact: We are making intentional choices to lower our environmental footprint, from sourcing and production to thoughtful product design and a responsible supply chain. We recognize that real change begins with action.

Driving innovation: We are exploring new materials, technologies, and processes to help shape a more responsible future for fashion without compromising the creativity or quality we are known and loved for.

Creating with purpose: Inspired by our community of customers, employees, and partners, we are building a brand that reflects shared values and drives meaningful change.

This is only the beginning. With vision and determination, we are taking each step with care toward a world where style and sustainability move forward together.

Message from Our ESG Leaders

Elevating standards through a shared commitment to sustainability leadership

At Groupe Dynamite Inc., we've always believed that leadership is about more than ambition; it's about responsibility. In today's world, where every decision carries weight, how we show up matters. Our Environmental, Social, and Governance (ESG) journey is not just about doing better, it's about doing right, with humility, purpose, and a long-term view.

Today's customers and investors expect more than performance alone; they seek a brand that reflects their values. That is why our financial strategies are becoming increasingly aligned with our ESG priorities. By focusing on what matters most, we are not only mitigating risk, but creating a lasting connection and building deeper trust with those who share our vision.

As we move forward, we are setting clear targets and holding ourselves accountable by focusing on three key ESG priorities: protecting human rights, reducing packaging and waste, and enhancing responsible sourcing and traceability. To reinforce human rights in our supply chain, we're committed to auditing supplier facilities that account for 80% of our production by the end of fiscal 2026. We're also transitioning to FSC-certified paper packaging across all client-facing operations to minimize waste and reduce our environmental impact. To further strengthen responsible sourcing, we plan to implement a traceability tool by the end of fiscal 2027, providing greater visibility throughout our chain of custody.

Our Leadership team is working hand-in-hand with passionate individuals across our organization, getting deeply involved in our communities, and is dedicated to making meaningful progress, together.

As we move forward, we remain committed to the values that define us and to a future where our efforts, big and small, drive lasting impact. With confidence, we look forward to sharing our progress on our journey with you.

We're building a future where fashion reflects both personal style and substance, and we're grateful to walk this path with you.

Sincerely,

Donna Lutfy
Special Advisor, ESG
Groupe Dynamite Inc.

Jean-Philippe D. Lachance
Chief Financial Officer
Groupe Dynamite Inc.

About this Report

Our landmark 2024 ESG report marks an important milestone. This is the first time that we are publishing our ESG priorities and initial progress.

As a newly public entity following our IPO, we know that transparent, robust stakeholder engagement is a business imperative. In this report, we have articulated our commitment to embedding ESG considerations into our core business practices—fostering enduring value for our customers, employees, investors, and the communities we serve.

Scope

Unless otherwise specified, this 2024 ESG report, including all data and targets presented within, encompasses the entirety of fiscal 2024, concluding on February 1, 2025, and includes all entities and subsidiaries under GDI's operational control. All financial figures are presented in Canadian dollars.

Sustainability frameworks

This report has been prepared in alignment with the Sustainability Accounting Standards Board (SASB) framework, specifically adhering to the Apparel, Accessories & Footwear Standard (Version 2023-12). We remain committed to the ongoing evaluation and integration of relevant sustainability frameworks to enhance our reporting practices.

Feedback

We value your feedback. Please forward any comments on this report or requests for additional information to ESG@dynamite.ca.

About GDI

Groupe Dynamite Inc. (TSX: GRGD), herein referred to as GDI, is a growth-oriented company striving for excellence in the fashion industry. Operating retail stores and digital experiences under two complementary and spirited banners—GARAGE and DYNAMITE—we offer a wide range of women's fashion apparel, catering to the needs of Generation Z and Millennials.

With leading key operating metrics and a commitment to innovation and disciplined execution, we are proud to continue our ambitious growth plans. Guided by our mission, "*Empowering You to Be You, One Outfit at a Time*", we are a values-led, inclusive organization committed to inspiring confidence and self-expression.

Proudly rooted in Montréal, our culture, values, and distinct brands position us to shape the future of fashion while attracting and inspiring the next generation of leaders and creators. As one integrated GDI team, more than 6,500 people work every day to create memorable customer experiences within our 298 North American stores. We set ourselves, our brands, and our organization apart by leading with our values—always.

Our Values

Those same values guide how we engage with suppliers and stakeholders across our value chain.

Ownership

Do what you say
Boldly driving great work and celebrating our achievements.

Customer focus

Customer comes first
Know the customer anywhere and wow them everywhere.

Empathy

Prioritize understanding
A supportive and inclusive environment that builds stronger relationships and trust and enhances teamwork.

Curiosity

Grow through discovery
Curious minds unlock creativity, drive acceleration, and cultivate growth.

Passion

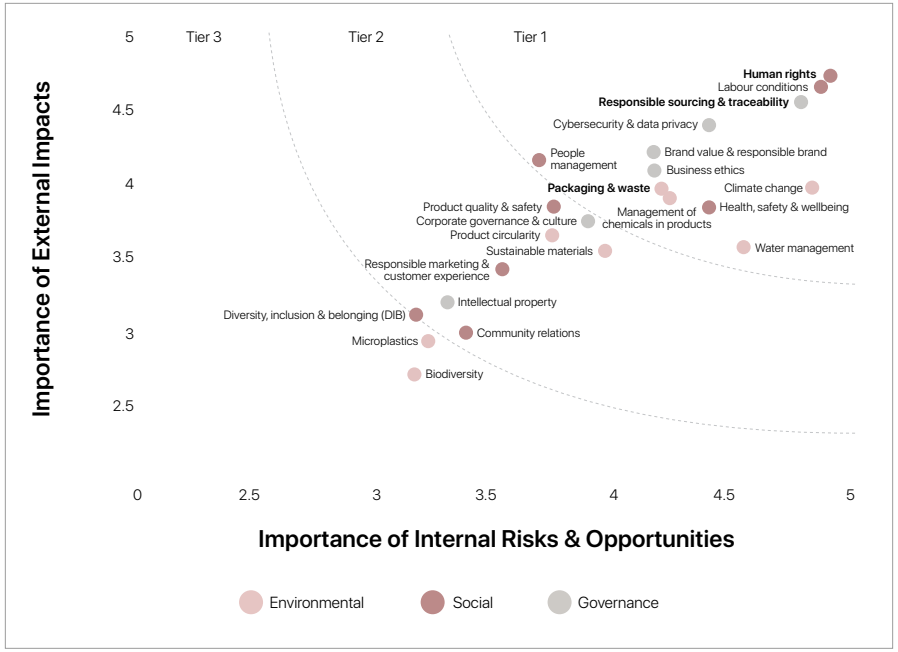
Love what you do
Passion and optimism can change the course of a day or a meeting, and even the future of the company.

Materiality Assessment

Expanding ESG Progress as We Grow

To know where we are headed, we must understand where we started. We carried out our first materiality assessment to explore how our operations and activities may potentially impact people and the planet. We also looked at related financial risks and opportunities that can arise around ESG because of our organizational dependencies on natural, human, and social resources. Together, we:

- **Carried out qualitative industry and peer research to understand the market's focus on ESG matters.** We assessed peer reporting as well as industry-specific ESG frameworks and rating agencies to surface more than 20 ESG topics for consideration.



- **Held stakeholder discussions across GDI.** These conversations further included members of our Board of Directors with vast experience developing and implementing ESG strategies for retail fashion organizations. We explored ESG priorities through a variety of lenses and scored them using a residual risk approach to develop our first materiality matrix. Our topics were classified in three tiers, with priority being given to Tier 1 topics (11 ESG topics most pertinent to our ESG strategy).

- **Identified three strategic priorities within Tier 1:**
  - **Human Rights** – Chosen to protect workers in high-risk apparel supply chains and build trust by addressing child labour, forced labour, and unsafe conditions.
  - **Packaging & Waste** – Prioritized to cut environmental impact, meet consumer expectations, and support a shift toward circular, responsible fashion.
  - **Responsible Sourcing & Traceability** – Selected to embed ethical sourcing, ensure transparency, and meet rising stakeholder and regulatory demands.

This materiality assessment will guide our ESG strategy development and shape our focus in the future. We will seek to better understand and assess the magnitude of our ESG impacts, risks, and opportunities going forward—and continue to evolve for the better.

Key 2024 Highlights

People

- **Rolled out a third-party human rights and working conditions audit program** for Tier 1 facilities, with top 10 priority facilities audited as level 2 due diligence.
- **Rolled out a diversity and inclusion (D&I) survey** across our Head Office (HO), Distribution Centre (DC), and stores.
- Launched a **corporate volunteer program** at our HO in support of MultiCaf, a Montréal-based organization focused on food security.
- Named one of **Montréal's Top Employers** in 2025.

Environment

- Joined Cascale[1] and **used the Higg FEM tool to evaluate the environmental impact of product manufacturing at facilities**, including water use, waste management, and energy consumption.
- **Completed our 2024 Scope 1, 2, and 3** greenhouse gas emissions inventory with **Carbometrix**.
- Achieved 48% of **products using at least 15% preferred materials**[2], exceeding our 36% target for 2024.
- **Converted E-commerce packaging to 79% recycled polyethylene material.**

Governance

- Carried out a first **ESG materiality assessment** and identified strategic priorities.
- **Rolled out training modules on anti-corruption and bribery** policies and procedures, as well as our **Business Code of Conduct**.
- **Implemented the GDI Whistleblowing Policy and reporting hotline** to make it easier for people to flag any concerns as they arise.
- Reached **50% female representation on the Board of Directors. Among independent members, 67% are women.**

[1] Cascale (formerly Sustainable Apparel Coalition, or SAC) is the global nonprofit alliance empowering collaboration across the consumer goods industry to Combat Climate Change and Support Decent Work for All.

[2] At GDI, we rely on the Textile Exchange's definition of Preferred Materials: "one that results in improved environmental and/or social sustainability outcomes and impacts compared to conventional production."

Future Targets

People	Target Fiscal	Target	Status Fiscal 2024
% of interns hired	2026	55%	53%
% of offshore and Head Office Sourcing employees having received human rights training	2026	95%	Not started
Employee volunteer (hrs) to support our communities	2026	1,800	1,300
Environment			
% of client-facing packaging made from FSC-certified paper or recycled materials	2026	95%	79%
% of products containing at least 15% preferred materials	2026	75%	48%
% of total fabrics produced in Zero Discharge of Hazardous Chemicals (ZDHC)-compliant facilities	2026	60%	26%
Governance			
Implement an end-to-end supply chain traceability tool	2027	Implement	Not started
% of Tier 1 and Tier 2 facilities registered in the traceability tool	2027	75%	Not started
% of participation of full-time employees in annual training on business ethics, anti-corruption and bribery, cybersecurity, and data privacy	2026	95%	88%
% of female Board Directors	2026	min 50%	50%

People

In this section, discover GDI's ESG commitments to our employees, as well as the suppliers and communities we collaborate with.

At GDI, people are the core of our strength and success

This deeply held belief isn't just a statement—it's a guiding principle woven through everything we do. Shaped by our shared GDI values, this philosophy is evident in the:

- Visionary creative minds shaping our designs and brands
- Spirited leaders bringing our vibrant retail experiences to life
- Dedicated supply chain partners, integral to realizing our vision
- Loyal customers, whose enthusiasm fuels our path forward
- Community groups we collaborate with to amplify our impact

Cultivating thriving environments for our employees

Ownership and passion are part of our DNA. As core values, these principles move us to do what we say, boldly driving great work and celebrating our achievements. They also reflect the fact that we love what we do. As per our values, passion can change the course of a day or a meeting, and even the future of the company. At GDI, we meticulously design workplaces where teams can excel—fostering a sense of ownership and building on their passion.

We are proud to see our values and culture resonate with our people. Our annual employee engagement survey[3] shows that 91% of our employees feel engaged at work. Our absenteeism rates over the last year were below 1% in our Head Office and Distribution Centre. These metrics are proof that we are on the right track.

For the sixth year, GDI was also named one of Montréal's Top Employers in 2025. We were recognized for our values-led culture, comprehensive wellness programs, industry-leading benefits, and professional development opportunities as well as our commitment to engaging, recognizing, and celebrating our people.

"Groupe Dynamite is a real work playground for talent looking for opportunities for growth and development! A place of creativity, innovation, and cross-functional collaboration, bringing ideas and disruption to contribute to the success of the organization."

Sarah Paula Brami
Senior Vice President,
Talent & Culture

[3] Included in the Diversity & Inclusion survey, which closed on March 31, 2025.

People

Nurturing the diversity that sets us apart

We want our people to see the rich diversity of our workforce reflected at every level of our organization, where 15%[4] of our leaders[5] identify as ethnically diverse and 69%[6] as female. We are committed to maintaining and expanding these benchmarks because this diversity is essential to our business and the customer experience we seek to deliver. The products and experiences we bring to market are based on the distinctive ideas, contributions, and voices of all our people. By operating as a workplace where people feel confident contributing and being themselves, we can deliver on our core values.

Strengthening people management

At GDI, curiosity isn't just a value; it's a mindset that fuels everything we do. Recognizing the depth of talent and imagination within our people, we've intentionally cultivated a workplace culture that is both inclusive and empowering. Through open dialogue, collaboration, and shared ambition, we create space for ideas to flourish and individuals to thrive.

Our leadership approach prioritizes development and mentorship, creating opportunities for growth at every level. We partner with our people to understand their goals, support their career advancement, and promote from within. This starts at the very earliest stages of a GDI career. Our internship program represents a source of thriving talent for our Product and Design teams. Last year, we hired 53% of our 34 interns as full-time or contractual employees. Looking forward, we are aiming to increase the number to 55% by the end of fiscal 2026, which is our actual target.

To support people at every career stage in evolving within GDI, we've built processes to identify high-potential, growth-minded individuals and connect them with the resources and guidance needed to advance. Currently, 12% of Head Office (HO) positions are filled through internal promotions, a reflection of our commitment to nurturing internal talent. We intend to maintain that number, as we continue to foster a culture of development and opportunity.

Participation rate in the Diversity & Inclusion Survey

65% Participation Rate

Directors & up

69% Gender Split Female

12% Sexual Diversity

15% Ethnic Diversity

All others

53% Gender Split Female

25% Sexual Diversity

52% Ethnic Diversity

"At GDI, we don't just celebrate International Women's Day. We champion the brilliance and potential of female talent every day, fostering an environment where women rise, lead, and inspire with confidence and creativity."

Mélanie Chartier
Senior Director,
People & Culture

[4] Included in the Diversity & Inclusion survey, which closed on March 31, 2025.

[5] Director level and up.

[6] Information provided by our Workforce Management platform (UKG).

People

Investing in employee wellbeing

We strive to attract and cultivate exceptional talent, enabling their long-term success within our organization.

At GDI, all full-time employees have access to our holistic wellbeing program. Benefits include access to a telemedicine provider and online counselling services, allowing them to receive virtual care whenever and wherever they need it. We also pride ourselves on offering a benefits program with enhanced, short-term coverage for absences due to illness or injury.

To support financial wellbeing, we've enhanced both our insurance benefits and long-term savings programs. Within our insurance offering, we've lowered rates and expanded coverage options for greater accessibility and flexibility for employees at every stage of life. Employees can also access personalized financial advice and planning resources to make informed decisions. These initiatives reflect our commitment to helping our people feel secure today and into the future.

We consider psychological safety part of wellbeing and have a long-standing, zero-tolerance policy for harassment, 'Code 0'. This guideline provides best practices for how to escalate situations discreetly and safely to management when employees are faced with a lack of respect, inadequate social support, harassment, stress, or any other situation that could directly impact mental health. Training and clear guidelines help our people understand the steps to take if an issue arises, so they can easily access internal and external resources for support.

As part of wellbeing, we also focus on making sure our workplaces are safe. We maintain high standards for health and safety across our facilities, and in every aspect of our operations. Our GDI Health and Safety Committee oversees this priority. They steer policies, lead our Health and Safety Ambassador program, develop internal, twice-annual awareness campaigns, and guide learning initiatives. This learning includes comprehensive training programs, as well as monthly store and Distribution Centre inspections to address safety issues. To that end, over 75% of our store employees have completed occupational health and safety training across North America.

Over the last several years, we've launched action plans to continuously improve our processes and practices, promoting safety within our Distribution Centre. Our focus on keeping people safe included modifying mobile equipment, enhancing machine safety, and implementing additional procedures for forklift operators and those working around pallet racking.

To further support this commitment, we have 2 infirmaries on our corporate campus, ensuring a prompt response to any potential workplace incidents. We also have 23 dedicated first-aid certified employees ready to respond in both our adjoining Head Office and Distribution Centre.

As a testament to our commitment to these safety measures, our total recordable incident rate[7] (TRIR) for 2024 stands at 0.92, aligning with industry standards and reflecting our dedication to maintaining a safe working environment.

[7] TRIR = (number of incidents × 200,000) / total number of hours worked by all employees in the year reported.

People

Reinforcing human rights and improving labour conditions

We recognize that the apparel industry faces elevated risks related to human rights. In 2023, we updated our Supplier Code of Conduct and published our Modern Slavery Policy to reflect industry realities. As a responsible business, we remain committed to driving transparency and upholding the highest ethical standards across our supply chain.

To proactively enhance human rights, we require our business partners to comply with specified working conditions and employment practices. Our workplace guidelines offer factory workers an at-a-glance view of our Supplier Code of Conduct, which has been translated into 4 local languages and is displayed across factories for greater visibility. These guidelines also detail the process for reporting any concerns or issues to us promptly as they arise.

In 2024, we embarked on 'ethical audits' to broaden our lens and assess supplier protocols around human rights and working conditions, adding a second level of due diligence in our supply chain. We expanded our partnership with Quality & Compliance Experts (QIMA) to audit the 10 highest-volume Tier 1 factories. These ethical audits included on-site inspections conducted in accordance with international standards as well as meetings, factory tours, document reviews, and more. Out of these 10 factories, 2 required a follow-up audit for minor findings that were corrected during the required period.

We are committed to enhancing human rights and labour conditions from the outset of our supplier screening and selection process. By weaving ethical sourcing practices into our value chain from the beginning, we are reducing the potential for incidents across our supply chain. For more information on our responsible procurement practices, see the Responsible sourcing and Traceability sections in the Governance chapter of this ESG report.

While our commitment to human rights is foundational to how we support our people, it is also deeply embedded in our governance practices.

Upholding high standards for product inclusivity and quality

We work hard to earn and maintain trust by delivering inspirational and accessible garments that are stylish, meant to last, free from harmful substances, and designed with our customers in mind.

Starting at the earliest stages of product design, our brand personas inform all our decision-making processes. You

see this in our sizing, which spans XXS to XL, and the adaptability of our styles, including extended length options to adjustable straps. From inclusive fabrics that flatter any body type to thoughtful marketing campaigns that reflect our customers, we are focused on creating increasingly inclusive products.

This philosophy extends to the quality of our products. At GDI, we assess fabric quality before ever placing an order for materials. When working with core fabrics, we carry out lab-based testing, in addition to wear and wash assessments. Any new materials we introduce go through rigorous performance and durability testing to ensure that they will meet our customers' expectations. This is part of a broader process for assessing all fabrics we work with, which includes standard quality and colour reviews and commercial approval before fabric cutting. When ordered garments reach our minimum requirements, we also carry out Intertek Testing Services (ITS) by commodity.

Our products are inspected at production points of origin before shipment. Within our Distribution Centre, we follow a risk-based assessment of orders audited upon receipt. This helps us put customers first and reinforces our commitment to product quality and safety. In all, less than 3% of audited orders received at our Canadian Distribution Centre[8] were found to have issues that resulted in a rejection of units, repairs, or negative store feedback.

[8] In 2024, 64% of orders received at our Canadian Distribution Centre were audited.

People

Investing boldly to build communities up

When we lead with empathy as a core value, we can build stronger relationships and communities.

In 2024, we achieved our community giving goal of $500,000[9]. This included donations to fashion- and women-focused post-secondary education programs supporting the next generation of industry and business leaders. Proud supporters of United Way Centraide, 61% of our people at GDI contributed to our annual giving campaign in support of Canada's unifying force for social change in local communities.

We are proud of these milestone numbers and the meaningful impact our fundraising efforts will have. However, when it comes to community building, we believe in contributing beyond financial support. This past year, our Head Office team volunteered 1,300 hours across various causes, teaming up with community partners to make a positive difference. For instance, through Dress for Success Montréal, we aimed to bridge our love of fashion with our commitment to female empowerment. At GDI, we facilitated clothing donations through dedicated Dress for Success drop-off points on our corporate campus and leveraged our expertise to host styling sessions for Dress for Success clients, helping women pursue their career aspirations and achieve economic independence.

As part of our ongoing commitment to community support, we launched a corporate volunteer program at our Head Office in January, in partnership with MultiCaf, a Montréal-based organization dedicated to food security. This initiative is designed to make giving back both meaningful and accessible for our teams. With company-paid time and fully organized activities, employees know exactly when and where to be—all they need to do is show up. The experience leaves a lasting impression, as participants feel the direct impact of their actions in the community. It is also a powerful team-building opportunity, bringing together colleagues who share a common purpose.

As we align our community-building efforts with our understanding of our customers, we are evolving outreach to support initiatives that resonate with our Generation Z and Millennial shoppers. For example, we've initiated a point-of-sale donation matching program through Adyen Giving and will continue to explore new opportunities to strengthen our connection and impact in the future.

Looking forward, what's next in our ESG journey to support People?

At GDI, people are the pulse of our brands. As one of our three ESG priorities, human rights will figure prominently in our plans for the future. We are committed to investing in relationships and long-term partnerships with suppliers who uphold the highest standards in human rights.

Currently, we work with over 45 suppliers across more than 100 facilities, providing us with the flexibility to source high-quality materials and products at competitive costs. By the end of fiscal 2026, we aim to train 95% of our offshore employees, as well as our Head Office Sourcing teams, on human rights priorities. We are also looking to partner with targeted suppliers to develop corrective action plans for any areas that do not meet our standards and to implement factory-level reporting mechanisms. To further strengthen our commitment, we are exploring the possibility of aligning with the United Nations Guiding Principles on Business and Human Rights.

More broadly, we remain focused on recruiting top talent and nurturing the culture that makes GDI a place where talent thrives and ideas flourish. Through targeted initiatives in diversity and inclusion, we are creating space for deeper understanding and more meaningful connections. By the end of fiscal 2026, our goal is for 95% of our team to complete mandatory diversity and inclusion training, reinforcing our shared responsibility to live our values. Our dedicated Acquisition Specialist is developing relationships with schools across North America and creating impactful new integration programs that bring people into our teams and empower them to succeed. We look forward to launching a Stitch Lab upskilling program in partnership with technical institutions to help existing employees expand their capabilities and spark new ideas.

As we advance our ESG priorities, our customers and communities will remain top of mind. We are deepening our connection with the dynamic Generation Z and Millennial communities who inspire us and prioritize environmental care. We are focusing on the priorities that matter most to them and enhancing our communication of our environmental footprint by reimagining product development with a more inclusive approach.

[9] Including both GDI and Andrew J. Lutfy Foundation donations.

Environment

In this section, discover GDI's ESG commitments to energy management, emissions mitigation, biodiversity, material selection, waste, and chemical management across our value chain.

Value Chain

Upstream Operations

Raw Material Sourcing
Manufacturing/Production

↓

Own Operations

Corporate Operations
Retail Operations

↓

Downstream

Distribution
Post-Customer

At GDI, we are addressing environmental impacts

Across the apparel industry, we see significant opportunities to reduce environmental impact. As an organization, we are inspired to help make positive changes by reducing our greenhouse gas (GHG) emissions, and addressing key priorities like water and chemical use, waste, and more.

Improving energy management

At GDI, we adopt a strategic approach to our operations by leasing all our stores and offices, allowing us to focus on our core competencies. While we do not directly own the buildings we operate in, we are committed to collaborating closely with our partners to optimize energy management and enhance sustainability across our operations.

In 2024, we consumed a total of 89,617 gigajoules (GJ) of energy across the business, reflecting an absolute increase in electricity consumption compared to the previous year and underscoring the need for continuous improvement. In response, we are implementing changes to enhance energy efficiency within our facilities, stores, and infrastructure.

This includes adopting best practices in energy management. For example, when opening new stores, we comply with green energy building codes in the regions and states where we operate (such as California's Title 24 Energy Code and British Columbia's Energy Step Code). We also adopt leading energy operating systems when renovating or opening stores. This includes systematically opting for LED lighting and advanced temperature controls at all new locations to reduce our Scope 2 emissions.

We approached the Head Office renovation projects similarly. For instance, when replacing the roof of our Montréal office building, we upgraded insulation by 50%, not only improving thermal comfort for our people, but also contributing to our overall energy efficiency goals. Additionally, we retrofitted the remaining portion of our office lighting with LED replacements, reducing the power draw from bulbs from 54W to 25W. Our Head Office and Distribution Centre (DC) are also equipped with occupancy sensors, which detect motion and automatically switch off lights after a set period of inactivity, further enhancing our energy savings.

"We want to lead in emissions and energy management. We are continually reviewing and learning from green energy building codes as they come online in the regions where we operate. We are working hard to establish best-in-class standards for our renovation and infrastructure projects."

Marie-Pierre Bossé
Senior Director,
Store Design and Special Projects

Environment

Mitigating emissions

We pay close attention to our Scope 1, 2, and 3 GHG emissions[10]. Using Carbometrix[11] to track our impact helps us monitor our progress and set goals for the future. Today, 98% of our emissions fall into the indirect, Scope 3 category.

As compared to 2023, our absolute GHG emissions grew by 10% in 2024, but our emissions intensity—or emissions per dollar value—dropped by 8%. With our GHG emissions intensity now sitting at 394 tCO_2e / $M revenue, we are encouraged by this progress.

This improvement reflects a deliberate shift in our business strategy, with a focus on higher value products and continued progress in the use of preferred materials. These choices support our sustainability goals and show that responsible design and sourcing can work hand in hand with strong commercial performance.

Looking ahead, we'll continue to focus on addressing emissions overall. We've seen positive results in Scope 3 emissions over the last three years, observing a 6% year-over-year reduction in the average intensity of fibres used to 6.7 $kgCO_2e$/kg fibre in 2024. We will draw on that learning to continue to take steps in driving down our Scope 3 emissions.

Considering biodiversity

We are actively doing our part to better manage and replenish natural ecosystems. For instance, most of our paper-based packaging is Forest Stewardship Council (FSC) certified, guaranteeing that they were produced from forests managed in an environmentally and socially responsible manner (refer to Material Selection and Waste for more information). Furthermore, in 2024, GDI planted 179,000 trees, bringing our total to 806,930 since 2019 across North America. We will continue to assess our supplier's textile production, chemical use, finishing processes, and other operational aspects and how they may impact biodiversity, and seek to take action accordingly.

GDI emissions breakdown

(tCO_2e) in 2024*

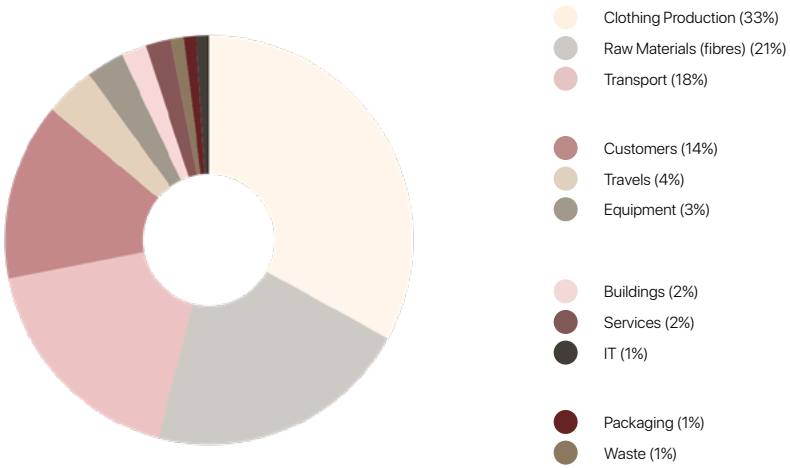
1,582 tCO_2e	**Scope 1**
3,140 tCO_2e	**Scope 2**
267,586 tCO_2e	**Scope 3**

GHG emissions by intensity

Breakdown in 2024

394	**tCO_2e/$M**
6.7	**$kgCO_2e$/kg fibre**

Emissions by category



[10] We follow the operational control approach for quantifying emissions.

[11] Calculations completed according to the GHG Protocol Corporate Accounting and Reporting Standard, using most recent data available.

*Calculated using a location-based approach.

Environment

Choosing materials selectively

Raw materials

We want people to feel good about choosing our garments and this goal moves us to be deliberate in our selection of materials. In 2024, we purchased 8,375 metric tons of raw material. This included natural fibre such as cotton, linen and wool; synthetic fibre such as polyester, nylon, elastane, acrylic, polybutylene terephthalate, and polyamide; and man-made cellulose fibres such as viscose, Lyocell, Modal, and multiple Eco cellulosic fibres.

Recognizing that different raw materials have different environmental and social impacts guides our decision-making. For instance, while cotton is a natural fibre derived from plants that does not *shed* microplastics, its production requires significant water and may yield inconsistent results due to climate change. Additionally, the cotton industry faces challenges related to labour practices and concerns exist regarding sourcing materials from conflict regions. In contrast, viscose, a man-made fibre, is less biodegradable, contributing to more waste. Polyester presents its own challenges. It is energy-intensive to produce, resulting in a substantial carbon footprint, and may be impacted by future regulatory changes regarding plastic use. We are working on introducing preferred materials in our raw material mix. We define these as materials that result in improved environmental and/or social sustainability outcomes and impacts compared to conventional production. This includes organic cotton, recycled cotton, recycled polyester, recycled polyamide, and multiple Eco cellulosic fibres such as Lenzing Ecovero™ Viscose, Birla Livaeco™ Viscose, Sateri EcoCosy® Viscose, Lenzing Modal®, and Lenzing Tencel™ Lyocell.

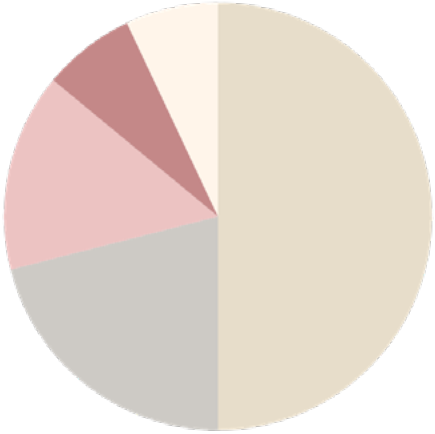
In 2024, 19% of the overall raw materials we purchased came from preferred materials and 48% of the products we produced included a minimum 15% of preferred materials.

Packaging materials

Our customers expect lower-impact, recyclable packaging. We are making progress on this front. Across our stores, all our nominated price tickets and paper tag programs comply with FSC certification requirements. At Garage, all our shopping bags are FSC-certified and made from 100% recycled materials—and we are sourcing additional bags to close the gap at Dynamite to ensure all our bags are produced in line with FSC standards.

In addition, we are actively exploring new ways to improve packaging overall, including the shipping materials used in our warehouses and distribution centres. Currently, we incorporate low-density polyethylene (LDPE) #4—a widely recognized recyclable plastic—in our packaging and polybags solutions. Our E-commerce bags are also made of 100% recycled pre-consumer polyethylene.

Priority raw materials used by GDI in 2024*



Raw material	Total	Preferred materials
Cotton	50%	6%
Polyester	21%	9%
Viscose	15%	3%
Nylon	7%	1%
Other	7%	0%
	100%	19%

*Fibres used in our products by weight (KG).

Environment

Capitalizing on our low-inventory model to reduce waste

We obsess about taking time out of the supply chain, which increases our focus on speed, flexibility, and data to de-risk the business of fashion. By maintaining this agile, quick-to-market business model—and very low inventory model—we also limit waste produced.

More than half of our buys are made in-season and respond to trends in real time. Our extensive product development leaves us with many options to quickly adapt to different trends. This powers our business model, allowing us to adapt and respond to changes and trends quickly.

We reinforce these strategies through our unique and proprietary inventory algorithm, "The Brain", which determines the optimal shipping location for each order. This has allowed us to achieve an inventory turnover ratio of 8.5x in 2024[12] and to sell 99.5% of our inventory within 12 months, which is significantly above industry standards.

We are also reducing the number of physical samples we produce. Opting for 3D visualization helps us prototype samples internally without contributing to unnecessary textile and freight waste. From 2022 to 2024, our sample-to-production ratio (products produced compared to products developed) increased from 21% to 33%.

Across the board, we are upgrading fabric quality to extend the lifespan of our garments and strategically considering product longevity, allowing our customers to enjoy their clothing for longer. By broadening the lifespan of our products, we can incorporate more circularity into our business. This integrated approach enables us to assess needs and take action before production, minimizing textile waste from the very earliest stages of product development.

[12] This ratio means we sold and replaced inventory 8.5 times over the course of the year.

Environment

Reducing and managing chemicals

Chemicals continue to play an important part in fabric production and finishing processes. To protect vital water resources in communities, we've joined the Higg Facility Environmental Module (FEM). This partnership is helping us explore best practices for water usage, as we work to improve water resource management in our value chain.

We follow mandatory reporting requirements. This includes, for example, the new Canadian Environmental Protection Act launched in 2024, requiring companies to report on the manufacturing, importing and use of 312 per- and polyfluoroalkyl substances (PFAS) by the end of fiscal 2026.

As part of our reporting due diligence, we currently assess at-risk product categories—such as those that typically use water- or stain-resistant coatings. We are now updating these products to meet the latest Canadian regulatory requirements. Currently, 26% of our Tier 2 supplier facilities are aligned with the Zero Discharge of Hazardous Chemicals (ZDHC) program. These suppliers have implemented key ZDHC standards, including the Manufacturing Restricted Substances List (MRSL), which restricts the use of hazardous substances in production—such as certain per- and polyfluoroalkyl substances (PFAS). ZDHC-aligned suppliers may also follow the ZDHC Wastewater Guidelines and Chemical Management System (CMS) Framework, supporting safer chemical use and responsible wastewater treatment across our supply chain.

As part of GDI's ongoing commitment to responsible chemical management, we will publish our Restricted Substances List (RSL) policy by the end of fiscal 2026. This policy will be implemented across our garment and fabric suppliers to ensure safer chemical use throughout our supply chain. It builds on our participation in the Higg FEM, reinforcing best practices in environmental performance and transparency.

Looking forward, what's next in our ESG journey for the environment?

Improving packaging and waste management is a top ESG priority for us. To address this, we will seek to design recyclable packaging and transition to FSC-certified, paper-based bags by end of fiscal 2026 for customer packaging, thereby reducing waste generated from bags and mailers. Additionally, we will leverage Higg FEM to improve waste tracking among suppliers and continue educating our store employees on waste reduction initiatives.

As we move forward, we are committed to exploring opportunities that enhance product circularity and incorporate end-of-life considerations in our garment design (including repair, resale, and recycling). This approach will enable us to adapt ahead of evolving regulations (including the Extended Producer Responsibility policy for textiles), ensuring we uphold our values while continuing to deliver on customer expectations.

We also aim to curb our GHG emissions by exploring opportunities to set company-wide science-based targets, aligned with our corporate objectives. This commitment will steer our efforts to reduce our overall carbon footprint, energy efficiency enhancements and logistics optimization, all contributing to a more sustainable fashion ecosystem.

Finally, we are strengthening our Higg FEM alliance to encourage finished-goods and fabric suppliers to adopt more sustainable practices while assessing and improving our water use. This data will inform the development of a sustainable water management strategy and help us set targets for reducing our freshwater intensity in the future. At the same time, we are advancing our commitment to responsible sourcing by prioritizing preferred materials across our products and establishing ambitious goals to track our progress.

Progress on HIGG FEM 2024 of suppliers and facilities

Tier	Suppliers	Facilities	Facilities having completed HIGG FEM 2024
1	41	96	22
2	32	122	42

Governance

In this section, discover GDI's ESG commitments to corporate governance, business ethics, responsible sourcing, traceability, data privacy and cybersecurity.

Our governance framework helps us manage enterprise risk

At GDI, our strong organizational culture is deeply rooted in our purpose and values. Guided by a comprehensive governance framework, we continue to nurture this culture while proactively identifying, assessing, and managing enterprise risks. This includes environmental, social, and governance (ESG) considerations, which have been evaluated through a materiality assessment.

Our framework goes beyond traditional risk oversight by addressing a wide range of strategic and operational factors, as outlined in our Annual Information Form and Management Proxy Circular. In a constantly evolving landscape, we have embedded proactive risk management into our governance practices. This allows us to anticipate and respond to emerging risks with agility and resilience.

ESG Structure

Governance

Maintaining strong frameworks for corporate governance

Our Board of Directors, the majority of which is independent, is responsible for the stewardship of GDI, and our business. These duties are outlined in the Charter of the Board of Directors, which is reviewed annually as part of a broader performance and effectiveness assessment. The Board's Nominating and Governance Committee also helps to oversee corporate governance matters, ensuring that our practices consistently uphold high standards. With that in mind, our board composition aligns with our broader GDI principles on diversity and inclusion: 50% of our Board members are women.

Within our corporate governance framework, our ESG Team reports to the Chief Financial Officer (CFO) on emerging ESG trends and evolving risks. ESG topics are a standing agenda item for the Audit Committee, where the CFO regularly provides updates throughout the year. It is the responsibility of the board to approve GDI's ESG report, ensuring alignment with our strategic objectives and commitment to transparency.

Sustaining high standards in business ethics

Operating transparently, ethically, and with integrity is fundamental to our business, and crucial to building lasting trust with our stakeholders. Dedicating ourselves to ethical business operations and responsible decision-making has always set our organization apart. This is part of how we help build a sustainable and successful apparel industry in Canada and beyond.

At GDI, our Business Code of Conduct applies to all our officers, directors, employees, contractors, and agents working on behalf of the company. This sets the tone from the top, reinforcing a culture rooted in honesty and integrity, along with our dedication to upholding the highest ethical standards in all GDI activities.

Senior executives at the Vice President level and above, as well as key finance employees, must also complete a disclosure control procedure questionnaire, which now includes a question addressing bribery and corruption.

Governance

Across Canada and the United States, 100% of GDI employees at the Director Level and up have received communications and training modules on our anti-corruption and bribery policies and procedures, as well as the Business Code of Conduct. We've also seen 88% of all other employees complete our business ethics training.

Our GDI whistleblower policy and reporting hotline also make it easy for people to flag any concerns as they arise. In fiscal 2024, we received 25 reports, of which only one was confirmed as a misuse of a corporate credit card, leading to immediate dismissal.

Sourcing responsibly

Global supply chains can challenge efforts in upholding ESG standards at every stage of production.

Over time, we've defined clear criteria for evaluating how closely the suppliers we seek to partner with align to our own sustainability values and practices. By implementing an ESG questionnaire in our supplier selection process, and asking suppliers to adhere to our supplier agreement, we aim to partner with those who are already committed to ethical practices and responsible operations, ensuring a shared commitment to long-term, meaningful sustainability. To better understand our supply chain and the factories involved in our production processes, we've created a procedure that enables potential suppliers to provide more information on the facilities they manage:

- In the first phase, we ask potential suppliers to review their supply chain and provide information on factories actively involved in production (e.g., general factory presentation, ESG questionnaire completion, sharing of factory certifications).

- Once a factory is evaluated, we move into the second phase, considering their ESG policies, relationship to our supplier, and impact of our production on the factory's daily operations. This helps us determine whether working together would be a good fit.

Since 2022, GDI has screened 100% of new suppliers against environmental and social criteria, creating positive ripple effects across our value chain as suppliers start to develop processes for approving new factory relationships. We are also improving lines of communication and transparency with existing suppliers by proactively sharing ESG documents and human rights and working conditions audit reports such as BSCI, SMETA and FSLM among others. Building and maintaining strong relationships helps us create a more resilient value chain overall and navigate the evolving risk landscape together.

Human rights & working conditions audits

Tier 1 facilities

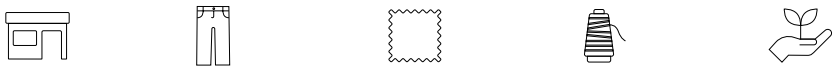
Total facilities	Level 1 Due diligence	Level 2 Due diligence
	(BCSI, SEDEX, WRAL, FSLM)	(GDI w/ QIMA)
96	82	10
100%	86%	54%

Expanding traceability

When we can track a product at any point in its lifecycle, we reveal insights about a garment's journey—from raw material to customer purchase. As part of this process, we are working to capture the chain of custody for Tier 1 and Tier 2 suppliers. Emphasizing traceability in this way allows us to foster transparency and accountability, helping our stakeholders to understand the entire sourcing and production process.

We are working on solidifying our traceability processes to improve communication, awareness, registration—and transparency overall. This builds on existing momentum as we synchronize our systems to create greater data consistency between sourcing and inspections.

Traceable tiers



Retailer	Garment	Fabric	Yarn	Fibre
Tier 0	**Tier 1**	**Tier 2**	**Tier 3**	**Tier 4**

Governance

Strengthening data privacy and cybersecurity

When customers trust us with their personal information, we take this responsibility to heart. By putting in place robust security measures to protect personal data and provide a safe, secure shopping experience in our stores, online or by mobile app, we can reinforce customer confidence and trust in our brand. We must continue to deliver on these fronts to nurture long-term customer loyalty in a competitive market where cybersecurity and data privacy represent real risks.

We use leading technologies and clear procedures to safeguard our customers' debit, credit, and personal information. This same extensive security ecosystem protects our employees' personal information and any other private data under our control.

Internally, we manage employee privacy using a framework that follows the privacy laws relevant to our locations. This includes privacy impact assessments, a procedure for handling data breaches, privacy notices for data collection, our Employee Privacy Policy, and NAVEX privacy training, which 98% of our Head Office employees have completed. Our employees are also encouraged to report any data breach through our whistleblowing hotline.

Across our organization and platforms, we govern cybersecurity through key policies, such as information classification and management, removable media, security awareness program, and user access management policies and cybersecurity training. We prepare for any potential cybersecurity breaches by devoting significant resources to network security, back-up, and disaster recovery, as well as broader security measures. In 2024, we did not experience any material data breaches or incidences where user information was used for secondary purposes.

Looking forward, what's next in our ESG journey in governance?

Responsible sourcing and traceability are among our top three ESG priorities at GDI.

As we expand our sourcing footprint, our goal is to prioritize and partner with best-in-class, accredited facilities to ensure responsible and ethical practices. We will engage supply chain partners on this ESG journey, conducting training and engagement efforts to help us move forward together.

To achieve better traceability in our supply chain, we will implement a foundation-level traceability tool and include traceability requirements in our Code of Conduct. As we establish these foundational elements, we will develop an action plan outlining key next steps to guide our team. Our goal is to register 75% of Tier 1 and Tier 2 facilities across this tool by the end of fiscal 2027. This structured approach will also help enhance the chain of custody of materials across our supply chain.

In terms of strengthening governance overall, we remain focused on cybersecurity. We've set a goal of training 95% of employees on cybersecurity and data privacy topics by the end of fiscal 2026. As we work to maintain our record of zero material breaches, we will build out an IT incident response plan to inform our actions, should an incident take place. As cybersecurity threats are evolving quickly, we will continue monitoring new foreign, federal, provincial, and state laws and legislative procedures addressing data privacy (as well as increased data protection obligations imposed by credit card issuers on merchants) to ensure we are always adapting strategically and in timely ways.

Sustainability Accounting Standards Board (SASB) Index

The Sustainability Accounting Standards Board (SASB) provides a framework for companies to disclose material sustainability information to investors in a standardized manner. The SASB Index serves as a valuable tool for our organization, aligning our sustainability efforts with industry-specific metrics that reflect the ESG factors most relevant to our stakeholders. By using the SASB standards, we can enhance transparency and accountability in our reporting, ensuring that our investors and stakeholders have access to meaningful data to inform their decision-making.

For the purposes of this ESG report, we are aligning with the Apparel, Accessories and Footwear Standard (Version 2023-12).

Management of Chemicals in Products

Accounting metric	Category	Unit of measure	Disclosure code	Data and response	Report coverage	Report location
Discussion of processes to maintain compliance with restricted substances regulations	Discussion and Analysis	N/A	CG-AA-250a.1	See report section for full details. As part of GDI's ongoing commitment to responsible chemical management, we will publish our Restricted Substances List (RSL) policy in 2025. This policy will be implemented across our garment and fabric suppliers to ensure safer chemical use throughout our supply chain. It builds on our participation in the Higg FEM, reinforcing best practices in environmental performance and transparency.	◐	**Environment** Reducing and managing chemicals
Discussion of processes to assess and manage risks or hazards associated with chemicals in products	Discussion and Analysis	N/A	CG-AA-250a.2	As part of our due diligence, we have assessed product categories at risk which typically provide a water- or stain-resistant coating. As we continue to develop our products, we are actively working to update any "at risk" product to comply with regulatory requirements.	◐	**People** Upholding high standards for product inclusivity and quality **Environment** Reducing and managing chemicals

Legend

- ● Fully Disclosed
- ◐ Partially Disclosed
- ○ Not Disclosed

Environmental Impacts in the Supply Chain

Accounting metric	Category	Unit of measure	Disclosure code	Data and response	Report coverage	Report location
Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement. Includes discussion of entity's supply chain risks associated with discharge of water from supplier facilities and describes how it manages these risks	Quantitative	Percentage (%)	CG-AA-430a.1	Metrics not disclosed. We are starting to monitor this using the industry standard Higg FEM's industry environmental monitoring tool.	○	N/A
Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	Quantitative	Percentage (%)	CG-AA-430a.2	(1) 23% (22 out of 96) of our Tier 1 supplier facilities have completed the Higg Facility Environmental Module (Higg FEM) assessment. This includes cut and sew facilities that roll up to our 41 Tier 1 suppliers. (2) 34% (42 out of 122) of our Tier 2 supplier facilities have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment. This includes printing facilities that roll up to our 32 Tier 2 suppliers.	●	**Environment** Reducing and managing chemicals

Legend

- ● Fully Disclosed
- ◐ Partially Disclosed
- ○ Not Disclosed

Labour Conditions in the Supply Chain

Accounting metric	Category	Unit of measure	Disclosure code	Data and response	Report coverage	Report location
Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor	Quantitative	Percentage (%)	CG-AA-430b.1	(1) 86% of our Tier 1 supplier facilities (cut and sew) have been audited to a labour code of conduct. (2) 17% of our Tier 2 supplier facilities have been audited to a labour code of conduct. (3) Metric not disclosed. As part of our Supplier Code of Conduct, we consider industry standards and frameworks including: SMETA, Amfori BSCI, Social and Labor Convergence Program (SLCP) and the Initiative for Compliance and Sustainability (ICS).	◐	**Governance** Sourcing responsibly
(1) Priority non-conformance rate and (2) associated corrective action rate for suppliers' labour code of conduct audits. Includes discussion on additional context around supply chain auditing, such as audit methodologies and supply chain transparency.	Quantitative	Rate	CG-AA-430b.2	(1) and (2) Metrics not disclosed. In 2024, we expanded our partnership with QIMA to audit the 10 highest-volume Tier 1 factories in our value chain. This ethical audit includes a comprehensive, on-site inspection in keeping with international standards (SMETA, BSCI, FSLM, WRAP and other relevant guidelines). The inspection reviews protocols for: Hygiene, Health & safety, Waste management, Labour practices, Worker representation, Disciplinary practices, Discrimination, Working hours and wages. It also assesses on-site process through: Opening meetings, Factory tours, Document reviews, Worker interviews, Closing meetings, Corrective Action Plan reviews and Optional supplier workshops.	◐	**People** Reinforcing human rights and improving labour conditions **Governance** Sourcing responsibly

Legend

- ● Fully Disclosed
- ◐ Partially Disclosed
- ○ Not Disclosed

Labour Conditions in the Supply Chain Cont.

Accounting metric	Category	Unit of measure	Disclosure code	Data and response	Report coverage	Report location
Description of the greatest (1) labour and (2) environmental, health and safety risks in the supply chain	Discussion and Analysis	N/A	CG-AA-430b.3	As part of our comprehensive analysis, we have conducted a materiality assessment to identify and prioritize the most significant risks within our supply chain. (1) The greatest labour risks primarily revolve around human rights violations, particularly affecting workers in developing countries, many of whom are women. These individuals often endure low wages and long working hours. Furthermore, a significant number of workers lack access to fundamental rights, such as freedom of association, which restricts their ability to organize and advocate for better conditions. (2) Regarding environmental health and safety risks in the supply chain, one key concern is the use of hazardous chemicals in dyeing and finishing processes, which may expose workers to harmful substances. Additionally, improper disposal of these chemicals can lead to contamination of local water sources, affecting human health. Furthermore, the presence of inadequate safety measures in garment factories can result in workplace accidents and injuries.	●	**Materiality assessment** **People** Reinforcing human rights and improving labour conditions

Legend

- ● Fully Disclosed
- ◐ Partially Disclosed
- ○ Not Disclosed

Raw Materials Sourcing

Accounting metric	Category	Unit of measure	Disclosure code	Data and response	Report coverage	Report location
(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities	Discussion and Analysis	N/A	CG-AA-440a.3	1. Cotton (50%) - this includes cotton fibre (44%), organic cotton fibre (4%) and recycled cotton fibre (2%) Cotton sourcing can be threatened by environmental factors such as water scarcity, as cotton farming is highly water-intensive and can lead to depletion of local water resources. Additionally, climate change may affect cotton yields due to unpredictable weather patterns. Socially, the industry faces challenges related to labour practices, including child labour and poor working conditions in certain regions, which can impact the stability of the supply chain. There are also concerns about sourcing materials from regions of conflict, which can complicate supply chains. The risks associated with cotton sourcing highlight the importance of sustainable practices. Water shortages and labor issues can disrupt supply chains and lead to reputational damage. The ability to trace the source of cotton is crucial for ensuring ethical practices. Price volatility in the cotton market can also affect production costs. However, there are significant opportunities in investing in organic and recycled cotton, which can enhance brand reputation and appeal to eco-conscious consumers (respectively 4% and 2% of total raw material sourced by GDI in 2024). By aligning with growing market demand for sustainable products, we can strengthen our position in the industry.	◐	**Environment** Choosing materials selectively

Legend

- ● Fully Disclosed
- ◐ Partially Disclosed
- ○ Not Disclosed

Raw Materials Sourcing Cont.

Accounting metric	Category	Unit of measure	Disclosure code	Data and response	Report coverage	Report location
(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities	Discussion and Analysis	N/A	CG-AA-440a.3	2. Polyester (21%) - this includes polyester fibre (12%) and recycled polyester fibre (9%) The reliance on fossil fuels for polyester manufacturing poses risks related to resource availability. Socially, labour rights issues in manufacturing facilities can impact sourcing stability. The potential for regulatory changes regarding plastic use presents a risk to polyester sourcing. However, this also creates opportunities for our company to embrace recycled polyester (9% of total raw material sourced by GDI in 2024), which can reduce environmental impact and resonate with consumers who prioritize sustainability.	◐	**Environment** Choosing materials selectively

Legend

- ● Fully Disclosed
- ◐ Partially Disclosed
- ○ Not Disclosed

Raw Materials Sourcing Cont.

Accounting metric	Category	Unit of measure	Disclosure code	Data and response	Report coverage	Report location
(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities	Discussion and Analysis	N/A	CG-AA-440a.3	3. Viscose (15%) - this includes traditional viscose (9%), Livaeco / Ecovero viscose (3%) and Lyocell/ Modal/ Tencel (3%) Viscose sourcing is influenced by environmental factors such as deforestation, which can result from the demand for raw materials, leading to habitat loss and biodiversity decline. Additionally, the production process often involves the use of chemicals that can contribute to water pollution, raising concerns about environmental sustainability. On the social side, issues related to land rights can emerge, as local communities may be affected by land use changes associated with viscose production. The environmental risks associated with viscose highlight the need for transparency and responsible sourcing practices. By prioritizing sustainably sourced viscose, we can mitigate risks and enhance our brand reputation. Educating consumers about our commitment to sustainability can further strengthen their loyalty and support for our brand. In 2024, 3% of our total raw material consisted of Livaeco / Ecovero viscose fibre.	◐	**Environment** Choosing materials selectively

Legend

- ● Fully Disclosed
- ◐ Partially Disclosed
- ○ Not Disclosed

Raw Materials Sourcing Cont.

Accounting metric	Category	Unit of measure	Disclosure code	Data and response	Report coverage	Report location
(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard, by standard	Quantitative	Metric tonnes (t)	CG-AA-440a.4	(1) Cotton: 4,156 t including: 3,677 t of cotton fibre, 370 t of organic cotton fibre, and 109 t of recycled cotton fibre. Polyester: 1,746 t including: 978 t of polyester fibre and 768 t of recycled polyester fibre. Viscose: 1,243 t including: 971 t of traditional viscose fibre and 272 t of Livaeco/Ecovero viscose.	◐	**Environment** Choosing materials selectively

Legend

- ● Fully Disclosed
- ◐ Partially Disclosed
- ○ Not Disclosed

Activity Metrics

Accounting metric	Category	Unit of measure	Disclosure code	Data and response	Report coverage	Report location
Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Quantitative	Number	CG-AA-000.A	(1) 41 Tier 1 suppliers. Tier 1 suppliers are trading companies or direct finished goods manufacturers to whom we issue the purchase order. (2) 32 suppliers beyond Tier 1 (Tier 2 only). Tier 2 suppliers are trading companies or direct fabric manufacturers.	●	**Environment** Reducing and managing chemicals

Legend

- ● Fully Disclosed
- ◐ Partially Disclosed
- ○ Not Disclosed

Glossary

Absenteeism rate
The percentage of work time that employees are absent due to unplanned reasons such as sickness or other causes.

Business Social Compliance Initiative (BSCI)
A business-driven initiative aimed at improving working conditions in global supply chains. It provides a common framework for companies to assess and monitor social compliance in their supply chains, focusing on labour rights, workplace safety, and environmental sustainability.

Cascale
Formerly Sustainable Apparel Coalition, SAC is the global nonprofit alliance empowering collaboration across the consumer goods industry to Combat Climate Change and Support Decent Work for All.

Carbometrix
A company that specializes in calculating greenhouse gas (GHG) emissions, helping businesses measure and manage their carbon footprint.

Circularity
The concept of designing products and processes to minimize waste and maximize the reuse, recycling, and regeneration of materials.

Customer personas
Archetypal representations of subsets of our customer base who share similar goals, needs, expectations, behaviours, and motivations. They are used to design marketing strategies and customer experiences.

Cybersecurity and data privacy
Measures and policies to protect personal and sensitive information from unauthorized access and breaches.

Diversity
In our metrics, we consider the inclusion and representation of different genders, sexual orientations, and ethnicities.

Due diligence
The reasonable steps taken to satisfy legal requirements, especially in buying or selling something.

Ecovero viscose
A sustainable viscose fibre, known for its lower environmental impact compared to conventional viscose.

Emissions intensity
The amount of greenhouse gas emissions produced per unit of economic output.

Ethical audits
Inspections and assessments of suppliers to ensure compliance with ethical standards, including labour practices and environmental impact.

Facility
Site or location where manufacturing activities take place. This applies to both, Tier 1 (garments) and Tier 2 (raw materials).

Forest Stewardship Council® (FSC®)
A global, not-for-profit organization dedicated to the promotion of responsible forest management worldwide. The FSC defines standards based on agreed principles for responsible forest stewardship that are supported by environmental, social, and economic stakeholders.

Higg Facility Environmental Module (FEM)
A tool used to measure and improve environmental performance in the apparel and footwear industry.

HIGG Facility Social & Labour Module (FSLM)
A tool designed to help companies assess and improve social and labour conditions in their supply chains.

Intertek Testing Services (ITS)
A company that provides testing, inspection, and certification services to ensure product quality and safety.

LDPE #4 recyclable plastic
Low-density polyethylene, a type of plastic commonly used in packaging, which can be recycled into various products.

Livaeco
An eco-friendly viscose fibre, known for its sustainable production process and reduced environmental footprint.

Materiality assessment
The process of identifying and prioritizing ESG topics that are most relevant to the company's operations and stakeholders.

Modern slavery
Refers to situations where individuals are exploited, controlled, and deprived of their freedom for personal or commercial gain. This includes forced labour and child labour.

NAVEX privacy training
Training programs provided by NAVEX to educate employees on data privacy laws and best practices for handling sensitive information.

Glossary

Omni-channel
A multi-channel approach to sales that seeks to provide customers with a seamless shopping experience, whether they are shopping online, by phone, or in a physical store.

Preferred materials
Defined by the Textile Exchange as materials that result in improved environmental and/or social sustainability outcomes compared to conventional production.

Responsible Sourcing and Traceability
Practices that ensure ethical and sustainable procurement of materials and transparency in the supply chain.

Restricted Substances List (RSL)
A list of chemicals restricted in consumer products, aimed at reducing the use of hazardous substances.

Sample-to-production ratio
The ratio of sample units to production units, used to ensure quality and consistency in manufacturing processes.

Scope 1, 2, and 3 GHG emissions
Categories of greenhouse gas emissions defined by the GHG Protocol.

Scope 1 includes direct emissions from owned or controlled sources.

Scope 2 includes indirect emissions from the generation of purchased electricity.

Scope 3 includes all other indirect emissions that occur in the value chain.

Sedex Members Ethical Trade Audit (SMETA)
A widely recognized ethical audit methodology that assesses a company's supply chain practices concerning labour rights, health and safety, the environment, and business integrity.

Sustainability Accounting Standards Board (SASB)
An organization that provides sustainability accounting standards for various industries, including the Apparel, Accessories & Footwear framework.

Tier 1 suppliers
Trading companies or direct finished goods manufacturers to whom we issue the purchase order.

Tier 1 topics
ESG topics identified as most pertinent to the company's ESG strategy following the materiality assessment. These topics present the most significant impacts, risks, and/or opportunities.

Tier 2 suppliers
Trading companies or direct fabric manufacturers.

Total Recordable Incident Rate (TRIR)
A safety metric, defined by OSHA, that measures the number of recordable incidents per 200,000 hours worked.

UKG
Human Resources Information System managing employee personal information, payroll, time management, performance, and employee documentation.

Wordly Facility Social & Labour Module (FSLM)
A framework designed to evaluate and improve social and labour practices within facilities, focusing on compliance with labour standards, workers' rights, and overall workplace conditions to promote ethical and responsible business operations.

WRAP
Independent global organization that advances safe, lawful and ethical practices in production facilities through certification.

Zero Discharge of Hazardous Chemicals (ZDHC)
A program aimed at eliminating hazardous chemicals from the textile and footwear value chain.

Forward-Looking Statements

Certain statements made in this report may constitute forward-looking information under applicable Canadian securities legislation. Particularly, information regarding our expectations of future results, intentions (including our ESG targets, plans, and strategy), goals, performance, achievements, prospects or opportunities, or the markets in which we operate is forward-looking information. In some cases, forward-looking information can be identified by the use of forward-looking terminology, such as "leading," "increase," "grow," "expand," "optimize," "aim," "continue," "capitalize," "establish," "expect," "strategy," "intends," "anticipates," and "believes," or variations of such words and phrases, or terminology which states that certain actions, events, or results "may," "could," "would," "might," "will," "will be taken," "occur," or "be achieved." In addition, any statements that refer to expectations, intentions, projections, or other characterizations of future events or circumstances contain forward-looking information.

Forward-looking information in this report includes, among other things, statements regarding: evolving environmental and social regulations; industry trends in sustainability; overall market growth rates and our growth rates and strategies (including in eco-friendly products); our ability to continue creating accessible fashion, delivering on-trend products that align with our environmental and social value, and driving customer lifetime value; our ability to minimize waste, reduce environmental impact, and enhance energy efficiency, including in production, shipping, and packaging (including our objective to transition to FSC-certified paper packaging by the end of fiscal 2026); plans to curb our GHG emissions by setting company-wide targets; our business plans and operating model; our brand positioning, brand awareness, brand expansion, and the consumer focus on our brands' stories and purpose; strengthening our community connection and impact; our emissions and energy management for the expansion and optimization of our store footprint and the remodel and relocation of existing stores; our ability to source preferred materials and screen suppliers; supplier adherence to our policies, along with regular audits and traceability monitoring to ensure compliance (including our objective to audit supplier facilities that account for 80% of our production by the end of fiscal 2026 and to implement a traceability tool by the end of fiscal 2027); our commitment to uphold and advance human rights and high ethical standards across our operations, supply chain, and the communities in which we operate and to assess and correct deficiencies; the publication of our Restricted Substances List by the end of fiscal 2026; our ability to attract, promote, and retain top talent and to maintain and expand our diversity benchmarks; our plans to introduce or expand training and upskilling programs for employees, including business ethics, human rights priorities, diversity and inclusion, anti-corruption and bribery, cybersecurity, and data privacy training; our plans to enhance data breach and incident response plans; and our objectives, goals, ESG targets, and other expectations for fiscal 2025 and beyond, as well as the strategies to achieve these objectives, goals, ESG targets, and expectations.

Forward-looking information is based on management's beliefs, estimates, and

Forward-Looking Statements

assumptions considering our experience and perception of historical trends, current conditions, and expected future developments, as well as on information currently available to management. Our assumptions underpinning these forward-looking statements include, but are not limited to, the following: expected short-, medium-, and long-term discretionary spending and overall economic trends; successfully maintaining and enhancing our brands; marketing efforts; maintaining our supplier relationships and a steady, cost-effective supply of inventories; the absence of material disruptions in international trade; the ability to work with suppliers to enhance the traceability of our products and to develop data collection tools; our adoption of disclosure and reporting standards and our ability to align with incoming regulatory requirements and sustainability reporting standards; the ability to effectively communicate our progress to our customers; and the absence of any other factors that could cause actions, events, or results to differ from those anticipated, estimated, intended, or implied. It is worth noting that the forward-looking statements contained in this report for periods beyond 2026 involve longer-term assumptions and estimates than the forward-looking statements for 2026 and are consequently subject to greater uncertainty.

Many of the standards and metrics utilized in compiling this report, along with the underlying data informing such metrics, are subject to ongoing development. They are established on expectations and assumptions deemed reasonable at the time of preparation, yet should not be interpreted as guarantees. These standards, metrics, expectations, and assumptions have not always undergone third-party verification, and their disclosure may fluctuate due to revisions or updates in framework requirements, data availability, alterations in our business landscape, governmental policy shifts, or other factors, some of which may lie beyond our direct control.

In evaluating these forward-looking statements, investors should specifically consider various risk factors which, if realized, could cause the Company's actual results or events to differ materially from those expressed or implied in forward-looking statements. These risks and uncertainties include, but are not limited to, the risks and uncertainties discussed in the Company's filings with the Canadian securities' regulatory authorities, which are available under the Company's profile on SEDAR+ (www.sedarplus.ca), including the risk factors described in the "Risk Factors" section of our Annual Information Form dated April 14, 2025, and in the "Risk Factors" section of our Management's Discussion and Analysis for the period ended February 1, 2025, which are incorporated by reference into this document.

Actual results and events may be significantly different from what we currently expect because of the risks associated with our business, industry, and global economy and the assumptions made in relation to these risks. As such, there can be no assurance that actual results will be consistent with forward-looking statements. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained in this presentation is provided as of the date of this presentation, and the Company does not undertake to update or amend such forward-looking information whether as a result of new information, future events, or otherwise, except as may be required by applicable law.

The forward-looking statements contained in this report are expressly qualified in their entirety by this cautionary statement. Readers should not place undue reliance on forward-looking statements.