Social report

January -
December 2025

Member of
Fair Wear Foundation
since December 2011

STANLEY/STELLA

Table of content

1	Introduction	03
2	Organisational chart	04
3	2025 achievements & challenges	05
4	Sourcing strategy	09
5	Monitoring and remediation	17
6	Access to remedy	25
7	Training & capacity building	29
8	Information management	30
9	Transparency & communication	31
10	Stakeholder engagement	32

Introduction



Stanley/Stella, based in Belgium, began its commercial activities in 2012 and has been a pioneer in offering stylish, premium quality, responsibly produced garments, all designed for decoration.

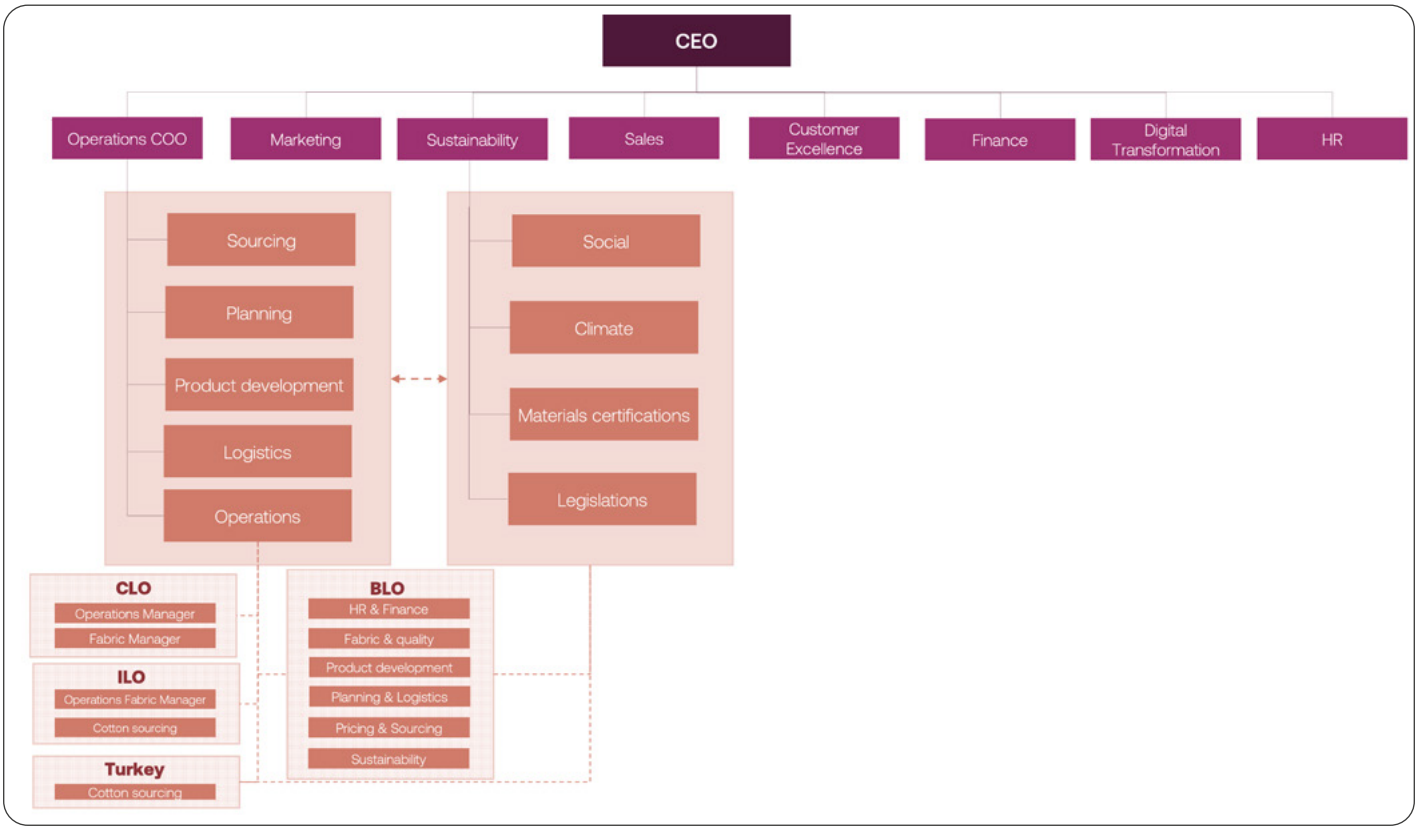
Since day one, our mission has been to create the highest quality garments possible, in the most sustainable way. We therefore strive to integrate sustainability into every aspect of our business, making deliberate, conscious decisions about who we work with, how we work, and the materials we use.
We believe that transparency is fundamental to any sustainability policy. This is why we openly share our working methods and publicly release the names and location details of the factories we work with. We also believe that the only way to achieve our sustainability goals is to engage in supportive and long-term relationships with our partner factories (i.e. our Tier 1 suppliers), other suppliers throughout our supply chain, and our partner network of decorators, resellers and Print-on-Demand suppliers.
To limit our environmental impact and contribute to the well-being of farmers and their communities, we use GOTS certified* organic cotton, as well as GRS certified* recycled materials. We maintain rigorous production standards, insisting on respect for our planet and its people across our supply chain. Ecological and ethical imperatives drive all our decisions on how we produce our garments, as our ultimate aim is to leave a positive impact on society, the environment, and our industry.
The primary purpose of this social report is to present an overview of our commitment to social sustainability during the year 2025, detailing our key achievements, challenges and outlining our objectives moving forward.

*(by Control Union CU 819434)

Organisational chart



Stanley/Stella's CEO oversees all activities and initiatives to achieve our sustainability goals.
The Sustainability team operates as an independent department, based in both our Brussels headquarters and our Bangladesh Liaison Office (BLO) in Dhaka.
We also have representatives in our China Liaison Office (CLO), as well as in India and Turkey to support our local operations, including on sustainability-related topics.
These teams regularly collaborate with other areas of the company, including Operations, Product development, Finance,... depending on specific projects and objectives.
By integrating sustainability considerations within other departments at multiple levels, we ensure its place in both strategic planning and practical initiatives. The organisational structure below highlights the key teams involved in the Human Rights Due Diligence (HRDD) process of our company.
For the year 2025, overall responsibility for overseeing the implementation of HRDD rested with Michel Hublet, Head of Sustainability, leading the sustainability team at our Brussels headquarters.



2025 achievements & challenges



In 2025 we finalised our new internal approach regarding supplier onboarding and monitoring,

with the introduction of a new partnership with the external 3rd party assessment company LRQA. “The aim is to shift our time and energy from risk identification, where third-party sources can play a key role; towards more remediation and prevention, where our direct engagement and investment can have the greatest impact.” Michel Hublet, Head of Sustainability.

This new internal approach has been shared with different stakeholders, both internally and externally, strengthening even more our collaboration with our Operations department and reinforcing the role of our Sustainability team to drive progress more effectively.
In our ongoing commitment to improve the livelihood of the workers of our partner factories and their communities, we continued to support the Mobile Hospital initiative in Bangladesh. During 2025, this project gave over 70,000 people from 39 villages access to free medical consultations and medication, prenatal care and basic screening tests. We also expanded our Water Well project through the financing and construction of 20 additional water wells, now serving 30 villages where factory workers and their families live. These projects contribute directly to healthier and more resilient communities.

We also maintained our support for the Direct-to-Farm program in Tanzania, which continues to help increase incomes and improve livelihoods of cotton farmers, reinforcing our impact further upstream in the supply chain.
In 2025, we reinforced this partnership thanks to the signature of a 3-year partnership agreement and increased the quantity of cotton directly sourced from the farmer community in Tanzania.
Our sustainability strategy has not changed since we began our commercial activities in 2012, and we remain committed to producing quality garments while building a transparent and sustainable ecosystem that respects our planet and its people.

Over the past financial year, we have consistently enforced and advanced the Fair Wear Foundation (FWF) Code of Labour Practices (CoLP) throughout our supply chain; from the basic requirement of having our partners sign their agreement to the CoLP before we start working with them, to regular follow-up, including meetings, trainings, and multiple daily interactions.

Our key long-term projects focus on carbon reduction, fair remuneration, and organic cotton traceability, among others. Also, our commitment to human rights due diligence in our supply chain is embedded in the Stanley/Stella Charter and in our Human Rights and Environmental Due Diligence policy (HREDD).

Social

FWF Leader status

2025 saw us proudly maintain our FWF Leader status for the sixth year in a row following our annual Brand Performance Check. FWF's Brand Performance Check is a tool to evaluate and publicly report on the human rights due diligence efforts of its member companies. This recognition reflects our strong due diligence processes and robust supply chain monitoring, among other aspects.

Every year, the Brand Performance Check helps us identify the areas in which we are excelling, as well as areas for improvement which guide our efforts for the following year. The 2025 results highlight the strength of our Human Rights and Environmental Due Diligence (HREDD) processes, our comprehensive risk assessments, and our robust working hours monitoring system, among other areas. However, the assessment also identified several areas for improvement. These include finalising and deploying key operational documents such as our supplier contracts, as well as continuing to strengthen internal frameworks like our sourcing policy. Additionally, we will continue to further align with the FWF "Enhanced Human Rights Due Diligence Policy for fire, structural, and electrical safety in Bangladesh". Other areas requiring continued focus include our approach to gender equality and the advancement of living wages within our supply chain.

Responsible onboarding

In 2025, we continued to implement the tools and processes developed in 2023 and 2024 to further integrate our HREDD approach across the company. In this context, we replaced our previous Sustainability Audit Reports (SAR) performed by our local teams by 3rd party audits conducted by LRQA. Two types of audits are now in place: the Critical Issue Assessment (CIA) and the Elevate Responsible Sourcing Assessment (ERSA). These have been tailored to Stanley/Stella's requirements, incorporating stricter standards. Both audit types are systematically applied during supplier onboarding and on an annual basis for all active suppliers, enabling us to assess performance consistently and monitor progress over time. In parallel, we continued to apply our operational tools, including the daily Overtime Tracker (OT), the Monthly Sustainability Observation Report (MSOR) and the Supplier Sustainability Scorecard (SSS), as part of our day-to-day activities.

We also further strengthened our collaboration with the Operations department. We finalised the development of a new general onboarding calendar and clear process aimed at streamlining internal processes and fostering stronger alignment between sustainability and operations. This ongoing collaboration supports more consistent practices across teams and lays the groundwork for improved internal coordination going forward.

Factory assessments

In 2025, LRQA conducted 14 audits at our active partner factories in Bangladesh and 3 in China. The main findings related to 'safe and healthy working conditions', 'reasonable hours of work', and 'wages'. In addition, LRQA carried out a further 13 audits in 2025 as part of our onboarding process, covering both Tier 1 and Tier 2 suppliers.

Education and training

While we know that regular audits contribute to improving factory conditions, we also recognise the need for employee education and training to drive meaningful and lasting change. Therefore, for several years we have involved our partner factories in the FWF workplace training modules in Bangladesh, facilitating and paying for this training ourselves.
In 2025, 5 FWF onboarding trainings happened in 5 different factories in Bangladesh. We are currently following up with these factories and consolidating key lessons learned from these training sessions.
Of course, there is still work to be done in terms of follow-up and broader implementation of this kind of education programme – training around 100 people in a factory of more than 5,000 is merely a start.

Complaints

In total, we monitored 5 complaints in 2025, all from Bangladesh. Reporting on these complaints is publicly available on the FWF website, and more details are provided later in this report, in chapter 6.

Safety in factories

In Bangladesh, all but one of our partner factories are members of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). Aus Bangla, which produces accessories, is the only exception; it is not a BGMEA member due to the different nature of the products it manufactures. This means that, with the exception of Aus Bangla, all our partner factories are audited and monitored through the RMG Sustainability Council (RSC), which conducts structural, electrical and fire safety audits in most of the apparel manufacturing factories in Bangladesh.

For Aus Bangla, we therefore initiated a separate compliance process through a structural, electrical and fire safety audit at the end of 2021. As this factory underwent expansion, including the construction of new shed buildings, we commissioned an additional audit in the third quarter of 2024, conducted by the independent third-party firm LRQA. While some non-conformities have since been addressed, others require more time to resolve. We continue to follow up closely with the factory on these points.

Supplier portfolio evolution

In 2025, we initiated collaborations with four new suppliers in Bangladesh and one in China to support our continued growth. Specifically, this included four knitwear suppliers in Bangladesh, and one outerwear supplier in China.

We are also following up on the integration of a potential new production country: India. In November 2024, our Sustainability, Operations, and Product Development teams travelled to India, to conduct internal audits as part of our rigorous onboarding process. In parallel, LRQA audits were conducted at the end of 2025. As this process takes time, our first collaboration with the new Indian supplier is now expected in 2026.

In 2025, collaboration was discontinued with three factories due to persistent performance challenges. These included a prolonged lack of production capacity for one supplier, as well as limitations in meeting required product quality within acceptable wastage levels, combined with pricing constraints, for the two other suppliers. Given our limited leverage with these suppliers, production was progressively phased out in close coordination with them, ensuring no adverse impact on their operations or workforce.

Community engagement

Drip by Drip partnership

In 2025, we expanded the project launched in 2023 in partnership with the NGO Drip by Drip, which provides access to clean water and health support for textile workers and their communities, together with its local implementation partner in Bangladesh, Agroho. This expansion included continuing the Mobile Hospital operations in existing villages and extending services to additional communities located near our partner factories. As a result, the project grew to cover 39 villages and benefited more than 70,000 people, significantly increasing its overall impact.
During this phase, we also identified a critical issue: many of the health problems detected by the Mobile Hospital were linked to poor water quality. In response, we launched a complementary project focused on ensuring access to safe and clean water for the same communities.
In 2024 we funded the installation of 16 deep tube wells equipped with elevated storage tanks, tap stands, and, where needed, specific water filters based on water quality tests. We continued to expand this project by financing 20 new water wells in additional villages in 2025. This clean water initiative now serves 30 villages, benefiting more than 30,000 people.
Looking ahead to 2026, we are committed to continuing and enhancing both the Mobile Hospital and the Water Wells projects to further support the communities we work with.

Charity partnerships

Over the course of 2025, we strengthened our partnerships with local organisations close to our Brussels headquarters and close to our warehouse in Germany, demonstrating our commitment to supporting communities in the locations where we operate. We donated over 45,000 garments to BXL Refugees, Fedasil, Solidarité Grands Froids, Convivial and Gutenachtbus supporting migrants, homeless individuals, and political refugees.

Materials

Our commitment to a more sustainable garment industry is shown through our material sourcing. For the knitwear, we have used only “Global Organic Textile Standard” (GOTS) certified* organic cotton from day one. GOTS certifies not only the organic origin of the material but also the socially and environmentally responsible processing of the products and is one of the most stringent certifications for organic cotton. In 2025, we conducted successfully our GOTS audit covering our Brussels headquarters and our partner warehouses. As outlined in the Stanley/Stella Charter, we aim to inspire the entire Stanley/Stella community to care about our planet and its people, which is why we actively encourage our partner network of decorators and resellers to also become GOTS certified.

Consequently, in 2025, 68 partners of our network have achieved the GOTS certification.

Ensuring the integrity of the organic cotton we use is one of our top priorities, and we recognise the challenges involved. To address those challenges, we strengthened our organic cotton testing programme in 2025, conducting over 75 genetically modified organisms (GMO) and chemical pesticide tests on cotton lint and yarn.
When it comes to synthetic materials, we are committed to using only recycled materials.

Regarding chemicals management, we conducted successfully our OEKOTEX audit.

Decarbonisation & product environmental footprint

After two years of intensive work to measure and understand our carbon footprint across our full supply chain, we launched our decarbonisation strategy in April 2024, targeting a 30% reduction in relative emissions by 2030 compared to a 2022 baseline. In 2025, we accelerated implementation, with eight cross-functional working groups and 15 supplier factories developing their own action plans, keeping us on track. We also strengthened transparency by introducing product-level impact data. Through Life Cycle Assessments (LCA) and primary data collection across our supply chain, we were able to disclose the environmental footprint (carbon and water) for our entire EU knitwear range.

↓ Mobile hospital
↘ Water wells





However, despite our continued efforts to strengthen our monitoring and remediation processes, several challenges remain. These include improving the availability and reliability of data to support traceability, certification, and product compliance; further reinforcing our monitoring activities and human rights and environmental due diligence (HREDD) processes in China; and extending these improvements to the lower tiers of our supply chain. Additional priorities include increasing the effectiveness of training programs to better raise awareness of workers’ rights at factory level, strengthening our gender-responsive due diligence approach, and last but not least, advancing the implementation of living wages.

In terms of environmental performance, our carbon footprint remained relatively stable, with a slight increase driven by several factors. These include the introduction of TENCEL™ Modal in our collection, lower performance among certain key fabric mills, and the discontinuation of two lower-carbon suppliers.

*(by Control Union CU 819434)

Sourcing strategy



Our strategy has always focused on working with a limited number of partner factories that align with our core values and philosophy. We prioritise long-term relationships with these partner factories with the ultimate goal of making socially responsible procurement a reality.

Sourcing strategy & pricing

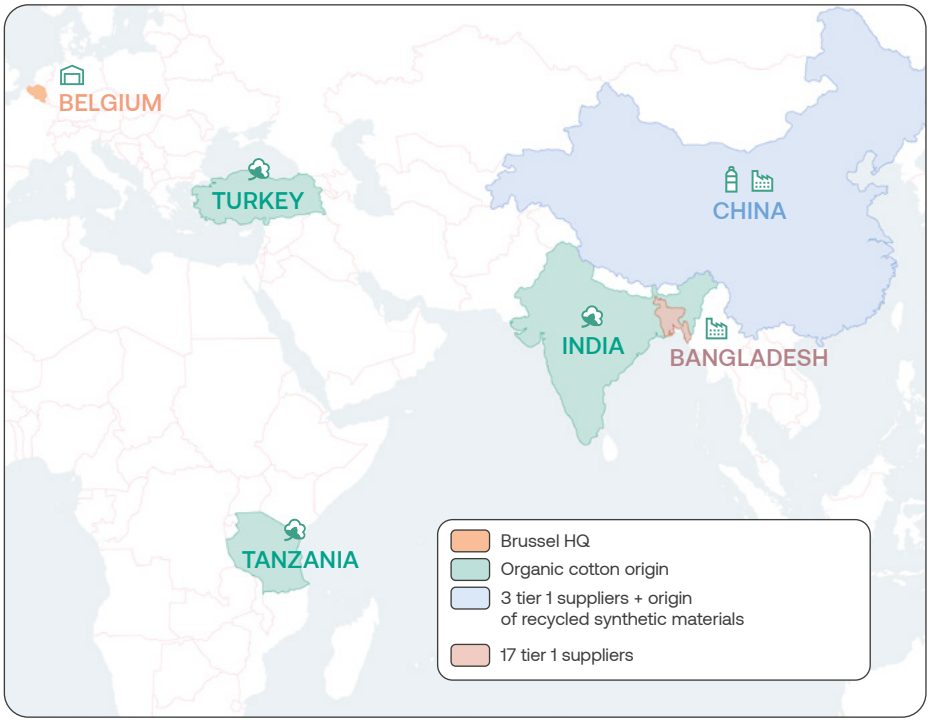
Stanley/Stella operates in the B2B sector, primarily focusing on garments for promotional and corporate wear, which differs significantly from the traditional retail market. In this industry, products and colours are designed to be long-lasting, staying in our collection for multiple years. Consistency and durability are therefore key. Our product range has remained relatively stable over the years, mainly featuring knitted items such as t-shirts, sweatshirts, polos, and jogging pants, as well as some woven pieces such as shirts, jackets and accessories. As is typical in our industry, we do not operate our own production facilities, but rather rely on manufacturing partners.

Given this context, our strategy has always focused on working with a limited number of partner factories that align with our core values and philosophy. We prioritise long-term relationships with these partner factories with the ultimate goal of making socially responsible procurement a reality. In 2025, our products were manufactured in two countries: Bangladesh, which accounted for the majority of our production volume, and China. This long-term approach is essential for both us and our manufacturers. It enables our suppliers to rely on consistent and reliable orders, and in return, we benefit from their deep understanding of our requirements and our environmental, social and ethical standards. We also keep the number of production locations at a manageable level so we can effectively implement responsible business practices.

In terms of raw materials, Stanley/Stella sources its organic cotton exclusively from India, Tanzania, and Turkey, while recycled cotton comes from suppliers in Bangladesh, and recycled polyester and recycled nylon come from suppliers in China.

In 2025, we worked with a total of 20 Tier 1 suppliers, 17 in Bangladesh and 3 in China. In the coming years, we may start to do business in new countries and/or with new suppliers due to:

- → our organic growth;
- → strategic decisions to diversify our product portfolio, including where manufacturing may be more suited to a different country or supplier due to knowledge or skills, or to move production closer to the raw material origin to minimise the carbon footprint.



Factory Name	Address	Country	Female employees	Male employees	Proportion female / male (in %)	Total employee
Ahsan Composite Ltd	Chandra Pollibidyut Road, Kaliakoir, Gazipur	Bangladesh	875	2516	26 / 74	3391
Aus Bangla Jutex Ltd	Lengurdi, Fausha Bazar, Arai Hazar, Narayangan	Bangladesh	833	461	64 / 36	1294
Croydon Kowloon Designs Ltd	Ganakbari, Ashulia, Savar, 1349, Dhaka	Bangladesh	3816	2186	64 / 36	6002
Dekko Knitwear Ltd	Mirpur Industrial Area, Mirpur, Dhaka	Bangladesh	443	597	43 / 57	1040
Epyllion Knitwear Ltd	Mirpur Industrial Area, Mirpur, Dhaka	Bangladesh	450	641	41 / 59	1091
Epyllion Style Ltd. (Nayapara)	Nayapara, Bhawal Mirzapur, 1703, Gazipur, Dhaka	Bangladesh	763	1462	34 / 66	2225
Executive Hi-Fashions Ltd	Shirirchala, Bhabanipur, Gazipur Sadar, Gazipur	Bangladesh	764	819	48 / 52	1583
Executive Greentex Ltd	Mulaid, Sreepur, Gazipur	Bangladesh	1991	2318	46 / 54	4309
GMS Textiles Ltd	Tansutrapur, Kaliakoir, Gazipur	Bangladesh	2502	5928	30 / 70	8430
Interstoff Apparels Ltd	Chandra, Kaliakoir, Gazipur	Bangladesh	1909	4509	30 / 70	6418
South East Textile Pvt	Gorai, Mirzapur, Tangail	Bangladesh	1636	2994	35 / 65	4630
Knit Asia Ltd (Ratanpur)	Shafipur, Kaliakoir, Gazipur, Dhaka	Bangladesh	2293	1880	55 / 45	4173
Knit Asia Ltd (Savar)	Buripara, Yearpur, Savar, 1341, Dhaka	Bangladesh	1140	780	59 / 41	1920
Renaissance Barind Ltd	Baghail, Paksey, Ishwardi, Pabna	Bangladesh	3050	1334	70 / 30	4384
Target Fine-Wear Industries Ltd	Outpara, Chandona, Chawrasta, Alauddin Tower, Gazipur	Bangladesh	314	666	32 / 68	980
Comfit Composite Ltd	Gorai, Mirzapur, Tangail, 1940, Tangail	Bangladesh	4694	7689	38 / 62	12383
Victoria Intimate Ltd	Dakkhin Vangnahati, Sreepur, 1740, Gazipur, Dhaka	Bangladesh	1069	1450	42 / 58	2519
Shuangxi Garment Co. Ltd	Luoyang Industrial Area, Quanzhou, Fujian province	China	220	126	64 / 36	346
Sam Fashion Co. Ltd	Longxiang Industrial Zone, Tongxiang, Zhejiang province	China	459	373	55 / 45	832
Nanjing Catch-Luck Garments Co. Ltd	Jiangning Development Zone, Nanjing, Jiangsu province	China	129	27	83 / 17	156

Regarding intermediaries, our policy has always been the same: we generally do not work through agents. We prioritise direct relationships with our partner factories as we believe this is the best way to achieve transparency. However, under certain circumstances and conditions, we may consider working with agents. For example, to develop new products with limited forecast quantities, we might initially engage an agent, provided they offer full traceability on the upstream part of the supply chain. Since 2016, we have only worked with an agent for one supplier, representing one specific product category with medium and very seasonal demand.
At Stanley/Stella, our guiding principle is that all partners along the supply chain should make a fair profit. This means it is crucial to foster business relationships that are commercially viable for everyone involved.
We follow an open cost sheet whenever possible, calculating labour costs separately and clearly identifying price elements of product costing, including salaries. The nature and high quality of the materials used for our garments, like organic cotton, combined with sustainable production methods impact the price level of our products.

Teams involved in sourcing

Planning, sourcing, purchasing activities, and product development are conducted independently by different teams, all under the supervision of the Chief Operating Officer (COO) based in our headquarters in Brussels. In their respective activities, all teams integrate due diligence and social compliance with at least all Tier 1 suppliers. In cooperation with the Sustainability team, the Operations department is regularly briefed on topics such as local living costs, potential hazards and risks, actual working conditions, complaints, and audit findings, so that together as a company, we can make informed decisions.

The Stanley/Stella Operations department is divided into different teams:

Brussels headquarters team

Based in the Brussels headquarters, this team is responsible for defining Stanley/Stella's sourcing and purchasing strategy together with the Product development team.
The Head of Operations and the Product development team jointly decide which manufacturer will produce each new product based on feedback from the local offices' teams (BLO, CLO). The Product development team evaluates suppliers' strengths and weaknesses in terms of quality, while the Sourcing Manager assesses price, capacity, and timelines, among other factors. They often visit factories in Bangladesh to collaborate on new products and materials. In situations where a new manufacturer is being selected, the Human Rights and Environmental Due Diligence process (HREDD process, explained in detail later in this chapter) is an integral part of the overall decision-making process, and the Sustainability team has weekly touchpoints and meetings with the Operations department.

Bangladesh Liaison Office (BLO)

In addition to the Brussels-based team, Stanley/Stella has invested in building a solid team in Bangladesh, our Bangladesh Liaison Office (BLO). This team of 41 people includes 13 Quality Assurance Officers who are based daily on factory premises. They are responsible for overseeing and monitoring all Stanley/Stella production runs within partner factories, ensuring not only product quality but also compliance with social and environmental standards on the ground.

China Liaison Office (CLO)

Although we do not have physical offices in China as we have in Bangladesh, we have a full-time China Operations Manager based in Beijing who is responsible for identifying potential new partners and ensuring their compliance with our quality standards and sustainability policies and practices. We are working towards achieving the same level of compliance in China as we have in Bangladesh. Additionally, we also have a China Fabric Manager to delve deeper into the lower tiers of our supply chain, enhancing our knowledge and HREDD efforts at these levels.

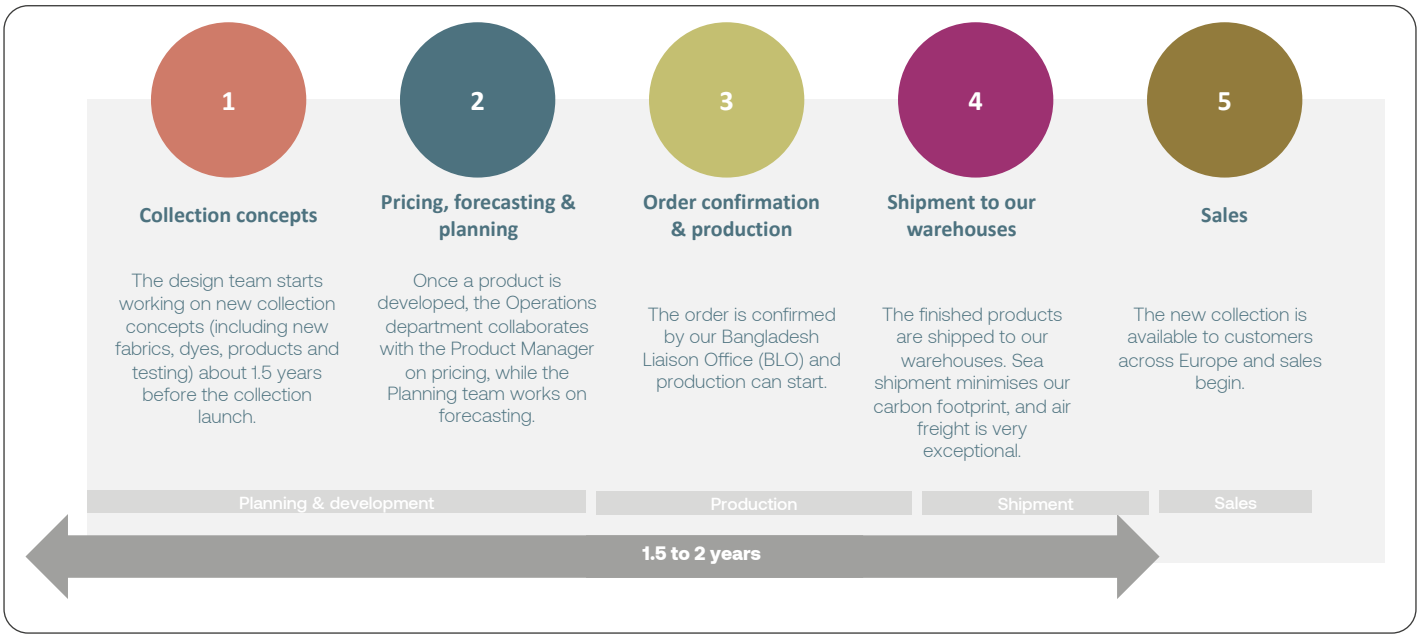
India

We have a dedicated individual based in India who is responsible for organic cotton sourcing within the country. Additionally, as we plan to start producing in India soon, we will enlarge our teams there too in order to ensure the same level of quality and compliance as the one we have in Bangladesh. To date, we have two team members dedicated to product development who also support sustainability.

Turkey

We have a dedicated individual based in Turkey who is responsible for organic cotton sourcing within the country. This person oversees all of Stanley/Stella's organic cotton sourcing, which also includes India and Tanzania.

Long-term production planning



We collaborate with our suppliers to support good working conditions and reasonable working hours by managing production cycles both in theory and in practice. We plan new collections well in advance, typically confirming orders seven months before sales start, with product development beginning 1.5 to 2 years ahead of time. This minimises pressure from late product development.

The lead-time calculated at the moment of order confirmation combines a theoretical approach with the raw material stock availability at the supplier.

We initially apply fixed lead times as agreed in the contracts outlining our production requests. Any factory closures for public holidays are added to these lead times. Only in exceptional circumstances will we ask suppliers to offer reduced lead times due to stock availability issues in our warehouse. In any case, our Operations department will always discuss lead times with the supplier to account for any potential constraints on production capacity.

For specific raw materials, we keep a buffer stock at the factory. As these raw materials are immediately available, we can reduce overall lead times without putting additional pressure on the dyeing and Cutting, Making, Trimming (CMT) processes.

Every month, we hold ‘Sales and Operations’ meetings where we review our sales forecasts and translate them into product needs. We share the global output with each supplier concerned every month. Additionally, every month we share a six-month outlook with our suppliers, detailing both unit and raw material requirements, to help them anticipate our needs. In cases where we increase our order volumes and our suppliers are unable to meet the standard lead times, we relieve the pressure by delaying shipments. Regular communication with our suppliers ensures we always know when they have excess or insufficient capacity.

Supplier relations

We have developed a strict onboarding process for any new supplier joining the Stanley/Stella pool of suppliers, including on-site visits by teams from the Brussels HQ and local teams. Beyond these formal steps, a factory’s general attitude towards social responsibility is also of great importance to us. The willingness of new factories to invest in Corporate Social Responsibility (CSR) in the long term is critical. Examples include offering Fair-priced Grocery Shops, showing a positive attitude towards the establishment of anti-harassment committees, and transparent monitoring of overtime. With regard to sustainability, we also focus on factories that propose innovative solutions, such as more efficient Effluent Treatment Plants (ETPs), LEED-certified factories, Reverse Osmosis (RO) installations, etc.

In 2025, we initiated 5 new collaborations. Additionally, other factories began the process of becoming part of Stanley/Stella's pool of suppliers, and this will be completed in 2026.

Human rights and environmental due diligence

The only way we can deliver our promise of quality garments that respect our planet and its people is by ensuring that social and environmental rights are upheld throughout our chain of activities. Human Rights and Environmental Due Diligence (HREDD) is a process that involves identifying and assessing actual or potential human rights impacts across our supply chain, integrating those findings into decision-making processes, and taking action to prevent or mitigate those impacts. Selecting and maintaining supplier partnerships is crucial for Stanley/Stella operations and is deeply integrated into our HREDD cycle. Given the timeless and durable nature of our products, along with the need for consistency, we strive to maintain stable and long-term supplier relationships. When assessing new partner factories, we conduct a comprehensive due diligence process that includes several key aspects:

- **Sustainability considerations:** risk management, monitoring, and improvement on social, environmental and ethical policies and practices of the partner factories, which are explained further in this section
- **Strategic considerations**: country risk, Stanley/Stella's sourcing strategy
- **Quality assurance:** internal audits, tolerances, quality controls
- **Technical aspects:** technical specifications, patterns, master samples, expertise and know-how, factory set-up
- **Innovation:** willingness to develop new products and new techniques
- **Commercial aspects:** supplier's customer portfolio management, long-term relationship, commitments vs track performance, development and communication responsiveness, delay penalties and quality compensations
- **Financials:** purchasing prices, payment terms and conditions, financial stability
- **Logistics and planning:** pproduction lead time, shipment lead time, flexibility, Minimum Order Quantities (MOQs)
- **Legal aspects:** general purchase conditions, contracts, GSP scheme, quotas, trade and tariff regulations, anti-dumping, certifications, etc.

We have always worked towards achieving transparency in our supply chain and long-term business relationships with our suppliers. From the outset, we established robust policies outlining our commitments to environmental and human rights due diligence. Over the years, we have developed several internal tools and mapped and collected site-specific data, laying the groundwork for our ongoing due diligence processes.

The figure below illustrates the comprehensive HREDD framework we adhere to:



❶ HREDD policy

Our HREDD policy, is a cornerstone document that outlines our commitments and serves as a framework to guide Stanley/Stella business operations towards responsible practices. It aims to identify and mitigate potential negative impacts on human rights and the environment arising from our activities, as well as those of our suppliers. The policy was developed in collaboration with our Operations department, which oversees sourcing at Stanley/Stella.

Integrating the HREDD policy with the sourcing process is critical. This allows the Sustainability team to inform and influence business and sourcing decisions, while the Operations department provides valuable insights into both objectives and the direction to take. As a result, due diligence can be refined and actions prioritised more effectively.

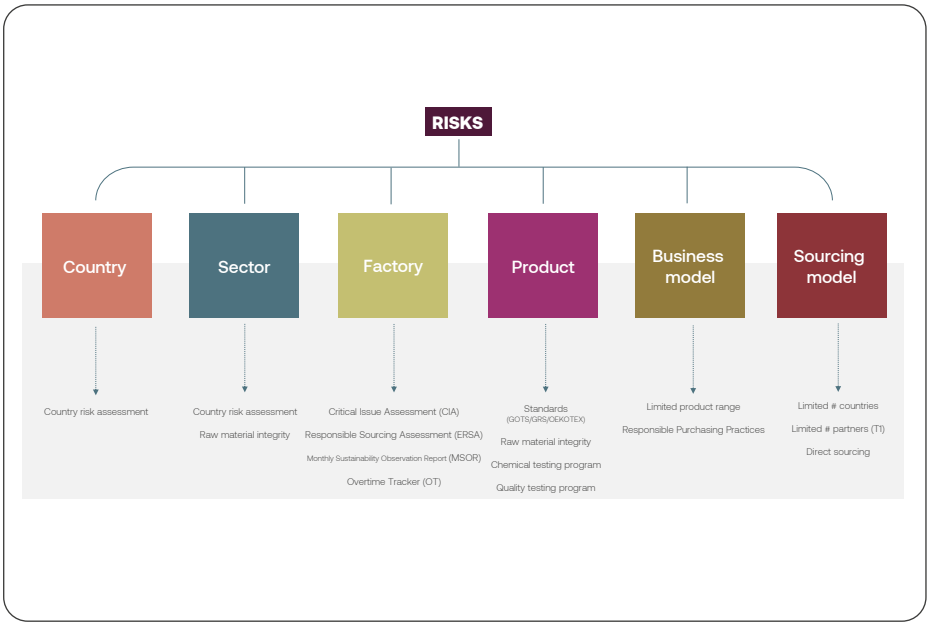
Our Code of Conduct (CoC) is an essential component of our HREDD policy. Built on the main Conventions of the International Labour Organisation (ILO), and aligned with the FWF Code of Labour Practices (CoLP – see further in this section), our CoC establishes the guiding principles of all our business relationships.

Our HREDD policy is formally approved and signed by our CEO, reflecting commitment at the highest executive level. The overall responsibility for overseeing the implementation of HREDD lies with our Head of Sustainability. He reports regularly to senior management on key sustainability and human rights issues. He coordinates cross-functional collaboration across departments such as sourcing and operations to ensure due diligence is embedded into business processes.

❷ Identify actual and potential harm

Before being able to identify risks within our supply chain, we need in-depth knowledge about all of our suppliers. We continuously map our supply chain from Tier 1 to Tier 4, updating and deepening our knowledge on a regular basis. We identify actual and potential harm at multiple levels, including country, sector, factory, product, business model, and sourcing model.

The figure below illustrates the tools we currently use (or plan to use in the near future, in the case of Responsible Purchasing Practices) at each level for this purpose.



As part of step 2 of our HREDD process, we carry out various monitoring activities that help us identify actual or potential risks when onboarding new suppliers, during ongoing relationships with our suppliers, and when ending a relationship with a supplier.

→ Identification of risks when onboarding new suppliers

→ Country risk assessment

Before establishing a relationship with any new partner factory, we conduct a thorough country risk assessment in the case of a new sourcing country, as well as desk research, factory visits, and social dialogue to physically validate a potential new factory.

The country risk assessment is a comprehensive document that covers the actual situation of the countries where Stanley/Stella operates or plans to operate. It includes country governance as well as social and environmental risks at the country level, raw material level, and sector level (i.e. garment manufacturing).

The assessment is used by Stanley/Stella's top management to make informed business decisions, and is reviewed yearly. It is compiled using various sources, including FWF country studies, CSR Risk Check by MVO, specific studies depending on the topic (e.g. CNV, GIZ, UNICEF, Ecotextile), on-site assessments from local offices, and international indices such as the Human Development Insights, Global Rights Index, and the World Economic Forum's Gender Gap Index.

The most significant human rights risk identified in our supply chain are detailed later in the Chapter 5 of this Social Report.

→ Factory risk evaluation

When onboarding a new supplier, identifying any actual or potential harm at the factory level is critically important. We do this through various means. In 2025, we introduced new risk evaluation tools in collaboration with the third-party organisation LRQA. These tools were designed to replace our existing internal assessments (namely the Factory Risk Assessment and Sustainability Audit Report). This transition enables us to dedicate more time to implementing corrective and preventive actions with suppliers, while providing a more structured and comprehensive overview of risks and impacts at the supplier level. The insights generated are shared externally with our suppliers but also internally, particularly with our Operations department, to support informed business decision.

• **Sourcing dialogues:** Sourcing decisions are based on various criteria, taking into account financial, human rights, environmental, and ethical considerations. Clear discussions about Stanley/Stella policies and potential HREDD risks are conducted during prospective business meetings.

• **Critical Issue Assessment (CIA):** This tool was introduced to replace our former Factory Risk Assessment (FRA). The CIA is a short, third-party audit conducted by LRQA, covering 83 indicators across key areas including social, ethical, occupational health and safety, and environmental risks. It enables the early identification of critical issues at the factory level and supports our due diligence process

by determining whether a supplier meets the minimum requirements to be considered as a potential future partner. It is used for the pre-selection of our Tier 1 (T1) suppliers, as well as during the selection process for our Tier 2 (T2) suppliers.

• Elevate Responsible Sourcing Assessment (ERSA):
This tool was introduced to replace our former Sustainability Audit Report (SAR). Risks initially identified through the Critical Issue Assessment (CIA) are further evaluated through the ERSA audit. The ERSA provides a comprehensive assessment based on 366 criteria, covering key social, ethical, environmental, and occupational health and safety aspects. Each criterion is scored according to the severity of the potential or actual harm, in alignment with OECD due diligence guidelines. This provides a precise view of where the main risks lie and helps us prioritise our actions. A Corrective Action Plan (CAP) is then developed in collaboration with the supplier to ensure compliance with HREDD standards, including a timeline and a responsible person. This action plan is, of course, a dynamic document that is regularly updated through an iterative process.

• Stanley/Stella Code of Conduct (CoC):
The CoC sets minimum standards aligned with national and international laws. Compliance is mandatory for the onboarding of a new supplier, with non-compliance leading to reassessment.

• FWF Code of Labour Practices (CoLP):
As an FWF member, Stanley/Stella adheres to the eight labour standards derived from ILO Conventions and the UN's Declaration on Human Rights. Supplier compliance is assessed during onboarding and is monitored periodically. Below is a representation of these eight labour standards:



• FWF Code of Labour Practices (CoLP) questionnaire:
In addition to the ERSA, risks identified during sourcing dialogues are assessed through the CoLP questionnaire, which potential suppliers complete to ensure they meet FWF standards.

Once the partner factory has gone through all these different steps, and in addition to considerations handled by other departments (e.g. planning, quality, finance, etc.), it can then officially be integrated into Stanley/Stella's supply chain, and confirmed by Stanley/Stella management, including the CEO.

→ Identification of risks during our relationship with our suppliers

Over the course of our relationship with our suppliers, we use the following specific tools to identify actual or potential harm:

• Elevate Responsible Sourcing Assessment Report (ERSA):
Initially used during the supplier onboarding process, an ERSA is then conducted at each supplier location on an annual basis. Throughout our business relationship, the ERSA is followed up quarterly to ensure continuous monitoring and improvement.

• Quarterly Suppliers' Sustainability Scorecard (SSS):
This tool evaluates suppliers' sustainability and HREDD performance on a quarterly basis. It includes specific scoring criteria that are intended to support business decisions and order allocation based on a supplier's adherence to labour standards, with incentives for improvements in working conditions. The scorecard provides a comprehensive overview of our supplier network's metrics, including some KPIs related to our FWF membership, and is shared with suppliers and our Operations department every quarter to foster collaboration and enhance sustainability performance. In 2025, we enhanced this tool to incorporate LRQA audit results, ensuring a more accurate and integrated view of supplier performance.

• Monthly Sustainability Observation Report (MSOR):
Prepared by Quality Assurance Officers (QAOs), the MSOR provides monthly assessments of sustainability and HREDD compliance. This systematic approach includes social, environmental, and safety checks during production runs to assess working conditions at in-scoped factories on a monthly basis. The aggregated results of the MSOR are reviewed and integrated into our SSS on a quarterly basis, supporting ongoing risk monitoring.

• Daily OT Tracker:
An online monitoring tool updated daily by QAOs stationed at factories in Bangladesh, that tracks daily working hours in Stanley/Stella sewing lines. It identifies excessive overtime for immediate remediation by factory management, and is monitored by the Sustainability team based in Bangladesh. The aggregated results of the OT Tracker are reviewed and integrated into our SSS on a quarterly basis, supporting ongoing risk monitoring.

• FWF complaints helpline:
This initiative ensures that grievance mechanisms are accessible to factory workers, with our Sustainability team coordinating with suppliers to address issues raised. As part of this initiative, factories must display the FWF Worker Information Sheet (WIS) in different places on their premises, this document shows the eight FWF labour standards in the local language as well as a hotline number where workers can contact FWF directly to raise grievance which they deem they cannot solve in the factory. Grievances raised through the FWF helpline provide valuable insights into risks and adverse impacts that may not be fully captured through traditional factory assessments, thereby strengthening our overall due diligence process. Aggregated grievance data is reviewed and integrated into our SSS on a quarterly basis, supporting ongoing risk monitoring.

Below is an example of the WIS used by our Bangladesh-based suppliers:



• FWF onboarding trainings :
These trainings aim to raise awareness among factory workers and management of their rights and responsibilities. They consist of two modules: an introduction to labour rights and grievance mechanisms (including the FWF helpline),

and a module on social dialogue at factory level. While applicable across different stages of our HREDD process, training sessions and related reports also provide valuable insights into working conditions, helping to inform and refine the factory risk profile.

→Our monitoring activities if/when ending a relationship with a supplier

Our goal will always be to have a consolidated supply chain with long-term business relationships. Nonetheless, we acknowledge that, for a variety of reasons, it may become necessary for a business relationship to end. Whatever the reason, Stanley/Stella remains committed to identifying and minimising any adverse effects of exiting a business relationship by following the FWF Responsible Exit Strategy Guidelines.

❸ Cease, prevent, mitigate

Once the risks have been identified, we develop a CAP in collaboration with our partner factories and follow up until final remediation. CAPs include a root cause analysis and both preventive and corrective actions with clear timelines for follow-up, ranging from short-term measures to long-term commitments.

The effectiveness of our HREDD processes relies heavily on social dialogues, which are integrated into our monitoring and evaluation tools. These dialogues facilitate improved worker conditions, quick and effective risk prevention and remediation, and collaborative efforts with other brands for comprehensive risk management.

Additionally, when necessary, we will organise specific training for factory management and workers with the support of FWF as part of our preventive measures.

❹ Track

We monitor and validate the progress of any preventive and corrective actions on a daily, monthly, quarterly and yearly basis, depending on the assessment needs.

Daily monitoring: Includes overtime tracking tool as described in step ❷.

Monthly monitoring: Includes an on-the-ground observation report of the factory as described in step ❷.

Quarterly monitoring: Involves follow-up on the ERSA audit CAPs, and the Supplier Sustainability Scorecard (SSS), as described in step ❷.

Yearly ERSA follow-up: Conducted annually, the ERSA review includes tracking action plans identified in the initial audit to ensure ongoing supplier compliance. See step ❷ for more details.

Additional ad hoc monitoring includes the resolution of grievances and the follow-up of training outcomes.

❺ Communicate

We communicate on a daily basis with our different stakeholders, both internally and externally, sharing information about what we are doing, our progress, and also the challenges we encounter along the way. Transparent and open communication with our suppliers is key to achieving our common objectives.

❺ Remediate (provide or cooperate in remediation)

As highlighted throughout this description of our HREDD process, one of the core purposes of conducting due diligence is to avoid harm. In the event that we cause or are involved in any cases of human rights harm, we are, of course, committed to remediation through the appropriate processes.

Remediation can take various forms, such as measures to prevent recurrence, financial compensation, or stopping a particular activity, with social dialogues being key in the process. The goal is always to restore affected persons to the original situation before the harm occurred. We will always strive to involve those affected in determining the best remediation, and assess the satisfaction of those who raised complaints with the outcomes. This can be done directly between our partner factory, Stanley/Stella and the complainant or through collaboration with FWF and other FWF member brands involved in the same issue.



Integration of monitoring activities & sourcing decisions

To strengthen our sourcing strategy's focus on social and environmental compliance among our suppliers, we have developed the Supplier Sustainability Scorecard (SSS). This tool provides an overview of our supplier pool based on various sustainability criteria (social, environmental and ethics), including KPIs related to our FWF membership, LRQA audit results and other relevant sources. The result is a comprehensive grading of our suppliers.
The SSS is shared quarterly both with our suppliers and within the Operations department in both our Brussels headquarters and local offices. Its purpose is to communicate suppliers' sustainability performance, foster discussions within the Sourcing team, and ultimately guide Stanley/Stella's sourcing decisions and practices. While we have not implemented a reward system based on the grade and ranking of each supplier, we continually strive to make improvements by leveraging the trust-based relationship we have with our suppliers.

Monitoring & remediation



Performing internal or third-party audits is an in-depth process that needs to be handled with care and integrity. We audit our suppliers to get a better understanding of their conditions and processes, which we can then improve on together, step by step.

Stanley/Stella's monitoring process has been significantly enhanced over the years. This section of the report outlines the details of our monitoring and remediation system, covering audits and training at our partner factories, among other activities.
In 2025, we performed 14 LRQA audits in Bangladesh and 3 in China across our active partner factories. These were monitoring audits to verify progress made at existing suppliers. In addition, we carried out due diligence audits for potential new partners; some of which were ultimately not integrated into Stanley/Stella's supplier base, while others are planned for onboarding in 2026; as well as audits of selected lower-tier suppliers to strengthen visibility across the supply chain.

Audit findings are addressed through Corrective Action Plans (CAPs). Findings are categorised as 'Zero Tolerance', 'Critical', 'Major', 'Moderate', 'Minor' risk to guide us in prioritising follow-up actions together with our suppliers. The Senior Sustainability Officer at Stanley/Stella's Bangladesh Liaison Office (BLO) is responsible for overseeing these monitoring activities for Bangladesh, and maintains regular contact with factories through daily phone calls, emails, Teams meetings or physical visits. During every visit, whether by our Quality Assurance Officers (QAOs) or our Sustainability team, we meticulously monitor even minor deviations from social and environmental standards. However, despite our concerted efforts to strengthen our monitoring and remediation processes, challenges persist, including:

- enhancing our monitoring activities and HREDD processes in China;
- improving our monitoring activities and HREDD processes at lower tiers of our supply chain;
- increasing the effectiveness of training to raise awareness about workers' rights in factories;
- implementing a living wage in our partner factories.

Bangladesh

In 2025, 17 of our suppliers were located in Bangladesh, where we have a dedicated local team that ensures ongoing monitoring. According to our country risk assessment, the labour standards that are at an increased risk in Bangladesh are:

- wages below the living wage
- excessive overtime
- lack of occupational health & safety as well as lack of building, fire, electrical and boiler safety
- gender-based violence
- ineffective freedom of association and social dialogue

In terms of environmental and governance factors, the main risks we have identified include water use and pollution, soil contamination, biodiversity, the country's energy mix (in terms of CO2 emissions), political stability, corruption, and transportation infrastructure.

Specifically in 2025, Bangladesh experienced a series of major disruptions that significantly affected its textile industry. The country faced a severe energy crisis, marked by gas and electricity shortages that constrained factory operations. At the same time, political instability persisted following the post-2024 regime change, contributing to ongoing uncertainty and episodes of labour unrest. In parallel, geopolitical pressures increased, notably with the announcement of new U.S. tariffs on Bangladeshi exports, adding cost pressure and uncertainty for textile manufacturers. The sector was also impacted by climate-related events and environmental stress, including floods and extreme heat, with potential impact on production and logistics. Additionally, a moderate earthquake in November 2025, located roughly 40 km from Dhaka, caused short-term disruptions in some industrial areas. These factors increased the risk of excessive overtime, delayed wage payments, and concerns for worker safety, both in the workplace and during commutes, given the chaotic conditions across the country.

Throughout this time, we maintained close communication with our partner factories to support worker well-being and ensure the continued payment of wages at all production sites.

In addition to this high-level overview of country-specific risks, the most significant findings from our internal monitoring tools and external assessments, such as LRQA audit reports, are presented below, on a factory-by-factory basis.

Key risks are identified based on suppliers' overall performance in the last quarter of 2025 within our internal SSS rating system, incorporating the most recent LRQA audit results conducted end of 2025. Our SSS supplier rating ranges from A to D, where "A" represents a "very good" supplier with strong sustainability performance and "D" indicates the lowest performance level.

Factory #1

Internal SSS monitoring score : D

Factory #1 is one of our longest-standing suppliers, with whom we have maintained a relationship since the beginning of our activities. The factory is regularly visited by both our local teams in Bangladesh and our EU Operations team. Additionally, a Quality Assurance Officer is stationed on-site daily, working within the factory premises. An external audit was conducted by LRQA at the end of 2025. The resulting corrective action plan, aimed at addressing identified and potential human rights risks, is currently in progress and has been shared with the factory including its top management and worker representative. The main risk areas identified at this factory relate to wages, working hours, and health and safety.

The supplier complies with the legal minimum wage as defined by national regulations. However the audit revealed several non-compliances, including major issue related to delays in the payment of benefits to some workers due to insufficient monitoring. We immediately requested the factory to remediate this issue by ensuring that all outstanding payments are settled without delay, and by reviewing and updating its policies and standard operating procedures (SOPs) to ensure full alignment with labour law requirements.

The audit also identified excessive overtime practices primarily driven by inefficient production planning, as well as external factors such as the ongoing energy crisis, gas shortages, delays in yarn and fabric supply. The factory has adopted a root cause-based action plan to address excessive overtime, including improvements in long-term production planning and the recruitment of additional workers to better balance workloads and capacity.

Although the supplier is enrolled in the RSC program through the International Accord, the level of verified remediation is still low. Specific concerns were raised regarding fire safety measures, which require improvement. We are closely monitoring remediation efforts with the factory as well as with other FWF sourcing member brands, including signatories and non-signatories of the International Accord.

Factory #2

Internal SSS monitoring score : C

Factory B is considered one of our long-standing and most reliable partners.

Despite the supplier's historically overall strong performance, our internal Overtime (OT) Tracker flagged an increased risk of excessive overtime in 2025. This risk was further confirmed during the LRQA audit conducted at the end of 2025, which resulted in a decrease in the overall score. Immediate actions were taken: the supplier was requested to cease this practice, and we are closely following up on the LRQA audit findings. A more comprehensive, long-term action plan will be developed with the supplier, with a particular focus on managing overtime. Another key finding relates to occupational health and safety, which we will also monitor and address closely with the supplier.

Factory #3

Internal SSS monitoring score : D

Factory #3 is one of our long-standing supplier. An external audit was conducted by LRQA at the end of 2025. The resulting corrective action plan is currently work in progress with the supplier. The main risk areas identified at this supplier relate to wages, working hours, management systems and health and safety.

The audit confirmed that some wage-related processes continue to require strengthening, particularly regarding the availability and completeness of supporting documentation for certain benefits which could not be fully verified.

Thanks to the introduction of our daily monitoring of working hours, no excessive overtime was identified in 2025 for workers involved in Stanley/Stella production, meaning they operated within legal limits. However, LRQA audit reports indicate instances of excessive working hours at factory level, suggesting that workers supporting other customers may still be exposed to overtime beyond legal thresholds. We will follow up with the supplier to address this issue and to encourage improvements across the entire factory. Our objective is to support full compliance with legal working hour limits for all workers, not only those involved in Stanley/Stella production.

The audit highlighted several areas for improvement in occupational health and safety management, including fire protection measures, emergency procedures, machine safety and personal protective equipment (PPE) usage.

Factory #4

Internal SSS monitoring score : D

An external audit was conducted by LRQA at the end of 2025, and the resulting corrective action plan is currently being developed in collaboration with the supplier. The main risk areas identified relate to management systems and occupational health and safety. In this area, the assessment highlighted several aspects requiring further strengthening, particularly regarding fire protection systems, hazardous material storage, emergency preparedness, and equipment safety. The assessment also highlighted opportunities to strengthen environmental management practices, particularly regarding permitting, material storage, and waste management, with improvements currently underway in collaboration with the supplier.

Factory #5

Internal SSS monitoring score : D

Factory #5, part of the same group as Factory #4, presents opportunities to further strengthen its practices across several areas. The assessment highlighted improvements in occupational health and safety management, particularly in emergency preparedness, use of protective equipment, machine safety, and regulatory alignment. Additional opportunities were identified in environmental management (particularly in regulatory documentation, waste segregation, and storage) as well as in wage and compensation systems, including role classification and the consistent application of benefits and pay processes. We will maintain close engagement with factory to support the implementation of remediation actions moving forward.

Factory #6

Internal SSS monitoring score : B

We integrated this factory into our supply chain at a later stage, and overall it has consistently shown good commitment to sustainability practices. The recent LRQA assessment highlighted opportunities to strengthen occupational health and safety management, including emergency preparedness, chemical handling and labelling, use of protective equipment, machine safeguards, and worker health monitoring. Half of the non-conformities have already been addressed and closed, with the remaining actions currently in progress.

Factory #7

Internal SSS monitoring score : C

This factory accounts for less than 1% of our total production volume, as it manufactures a specific product type. The 2025 LRQA assessment highlighted opportunities to improve occupational health and safety, as well as overall compliance. Key areas include building integrity, fire safety systems, regulatory approvals, and infrastructure management. Improvements are underway regarding emergency preparedness, equipment installation, and the alignment of facilities and documentation with applicable requirements. Regarding building integrity, the identified issue has already been addressed by the factory. While RSC external verification is still pending, an additional independent technical assessment was conducted by another third party, confirming that the structure meets the required standards.

Factory #8

Internal SSS monitoring score : C

We integrated this factory into our supply chain at a later stage, and overall, it has consistently demonstrated a strong commitment to sustainability practices. The LRQA assessment identified opportunities to further strengthen occupational health and safety practices, particularly in relation to effective communication of safety procedures, use of protective equipment, equipment safeguards, and compliance documentation. Additional improvements were noted in emergency preparedness processes and regulatory alignment; with most remediation actions already completed to date.

Factory #9

Internal SSS monitoring score : C

We began working with this factory in 2024. It belongs to the same supplier group as Factory #2 and was added to expand sourcing capacity within this historically strong supplier. The LRQA assessment identified opportunities to further strengthen occupational health and safety and compliance regulatory alignment. In addition, both our overtime (OT) monitoring tool and the LRQA assessment highlighted risks of excessive overtime towards the end of 2025. These topics are being actively addressed through our ongoing engagement with Factory #2.

Factory #10

Internal SSS monitoring score : B

We began working with this factory in 2024. It is part of the same supplier group as Factory #8 and was added to help expand sourcing capacity at this historically high-performing supplier. The only risk identified so far relates to safety.

By the end of 2025, of the six findings under RSC oversight, five had already been remediated by the factory and are pending verification. The remaining finding is in progress, along with three additional findings identified in 2026.

Factory #11

Internal SSS monitoring score : B

We began working with this factory in 2024 to produce a specific product range. Overall, the supplier demonstrates a strong level of sustainability performance. The only identified risk for now relates to safety.

Two findings have been addressed and are pending verification by RSC, while two others remain in progress. In addition, three new findings were identified in 2026 and we will follow up closely on these.

Factory #12

Internal SSS monitoring score : C

We began working with this factory at the end of 2025 to support our growth and production needs. The LRQA assessment highlighted improvements needed in health and safety (including safety communication, emergency preparedness, chemical management, protective equipment, machine safeguards), and working hours compliance. It is important to note that, following the introduction of our daily working hours monitoring, no excessive overtime was identified in 2025 for workers involved in Stanley/ Stella production, indicating compliance with legal limits. However, LRQA audit reports highlighted instances of excessive working hours at factory level, suggesting that workers supporting other customers may still be exposed to overtime beyond legal thresholds. We continue to engage closely with the supplier to address this issue and promote full compliance with legal working hour limits across the entire workforce. Key actions include strengthening production planning and the recent recruitment of additional supply chain resources to improve oversight and reduce the risk of excessive overtime.

Factory #13

Internal SSS monitoring score : C

We began working with this supplier in 2025. The LRQA assessment identified opportunities to further strengthen workplace safety and emergency preparedness practices. Key areas include maintaining clear evacuation routes and effective safety communication, as well as enhancing the documentation of emergency drills. Improvements were also noted in ensuring consistent use of personal protective equipment, reinforcing firefighter training and awareness, and maintaining equipment safeguards to support a safe working environment.

Factory #14

Internal SSS monitoring score : B

We began working with this supplier in 2025. The LRQA assessment identified opportunities to further strengthen occupational health and safety and compliance practices, particularly in relation to alignment with approved layouts, maintaining clear access routes, use of protective equipment, and machine safeguards. Additional areas for improvement include emergency preparedness, workforce training, and the enhancement of incident management and reporting processes. Overall, the supplier demonstrates a strong level of sustainability performance.



China

In 2025, three of our suppliers were located in China, where we have two local representatives to ensure ongoing monitoring.

According to our country risk assessment, the labour standards that are at an increased risk in China are:

- Freedom of association: China does not permit independent trade unions. The only legally recognized union is the state-controlled All-China Federation of Trade Unions (ACFTU), to which all unions are subordinate.
- Excessive overtime: This often results from tight production schedules and deadlines. The widespread use of piece-rate payment systems, rather than time-based wages, further incentivizes employees to work extended hours.
- Wages below living wage levels and social security contributions.
- Forced labour : this remains a high risk and sensitive issue, particularly in the cotton farming.

In terms of environmental and governance factors, the main risks we have identified include water use and pollution, the country's energy mix (in terms of CO2 emissions), and the country's political system.

At a factory level, risks are assessed mainly through the LRQA 3rd party assessment . Below, we outline the most significant human rights risks identified at our three Chinese production locations, along with the corresponding action plans implemented to prevent or mitigate actual or potential impacts. In addition to these assessments, our Operations Manager conducts regular monitoring visits to support continuous improvement. While our level of on-site presence and leverage is more limited compared to our other production country, we maintain ongoing engagement with our partners and focus on driving progressive, targeted improvements over time.

Factory #15

Internal SSS monitoring score : C

We have maintained a long-term partnership with this factory for several years. The factory has been regularly monitored, including visits by our China Operations Manager. However, progress remains limited, and the main risks identified during the LRQA assessment conducted at the end of 2025 are outlined below.

The assessment identified opportunities to strengthen working hours management, particularly in relation to alignment with legal overtime limits and improved monitoring practices. The factory acknowledged these areas for improvement and has committed to enhancing production planning, while also noting that worker demand for overtime remains a contributing factor.

Further opportunities were identified in occupational health and safety, including machine safeguards, safety signage, and overall risk prevention. The factory is taking steps to strengthen preventive measures, enhance monitoring, and reinforce the role and capabilities of safety staff.

Finally, the assessment highlighted gaps in the enrolment of eligible workers in the statutory social security scheme. While this remains a common challenge in the local context, it has become a mandatory requirement for all employers since October 2025, regardless of workers' preference for alternative rural schemes.

We will continue to engage with the factory to address this topic, including exploring awareness and training initiatives to support compliance while taking into account local workforce dynamics. In particular, some workers may be reluctant to transition due to potential impacts on their net income, which could affect retention in a context where attracting and retaining workers in the textile sector is becoming increasingly challenging.



Factory #16

Internal SSS monitoring score : B

The latest LRQA assessment, conducted in November 2025, identified two main areas for improvement. These include working hours management, particularly in ensuring alignment with legal overtime limits, and the consistent use of personal protective equipment and adherence to safety procedures. We will continue to engage with the factory to address these points moving forward.

Factory #17

Internal SSS monitoring score : B

We began working with this factory in 2025. The latest LRQA assessment, conducted in November 2025, identified some areas for improvement in working hours, occupational health and safety, and social security coverage.

Regarding working hours, challenges are primarily linked to ongoing workforce shortages and increasing difficulties in recruitment, as well as workers' preference for higher income through overtime. The factory is taking steps to address these challenges by strengthening recruitment efforts, improving production planning, and enhancing working hours monitoring. In addition, investments in automated sewing technologies are being implemented to improve efficiency and reduce reliance on overtime.

In terms of occupational health and safety, the factory has taken immediate corrective actions to reinforce the proper use of protective equipment. This includes targeted communication to workers, reinforced supervision, systematic inspection of machinery safeguards, timely repair or replacement of defective equipment, and additional training to ensure consistent compliance.

The assessment also highlighted opportunities to further align social security enrolment practices with legal requirements, although coverage is already very high. This remains a sensitive topic in the local context, as some workers may be reluctant to enroll due to potential impacts on their net income. We will continue to engage with the factory to address this matter carefully, including through awareness and training initiatives, while taking into account workforce retention considerations.



Product specific risks

Product-related risks are embedded within our broader country risk assessment tool, which evaluates risks at three levels: national (country-level), operational (production sites), and material (raw inputs). As such, risks inherent to the raw materials used in our products are indirectly addressed through this multi-layer assessment.

The main risks identified at the raw material level through our assessment and field visits in sourcing countries include:

- child labor, particularly in cotton production in India where vulnerabilities in rural agricultural communities remain a concern.

- risks related to recycled materials across several countries, as this sector remains largely informal, poorly regulated, and lacks robust organizational structures—factors that increase the likelihood of non-compliance and deviations.

- wages and working hours, which are areas of high concern for both natural and synthetic material supply chains.

- freedom of association and legally binding employment relationships, which are often absent or insufficiently enforced in many contexts.

To minimize risks in this part of the supply chain; particularly at the raw material stage; we exclusively use certified* materials in our collections, including GOTS (Global Organic Textile Standard) and GRS (Global Recycled Standard). These certifications help ensure that the materials are sourced and processed according to environmentally and socially responsible practices.

In addition, our product range consists mainly of simple, timeless basics such as solid-color T-shirts intended for further decoration. By designing minimalist products without embroidery or prints, we limit the number of processing steps and components involved. This approach helps mitigate several potential risks, such as:

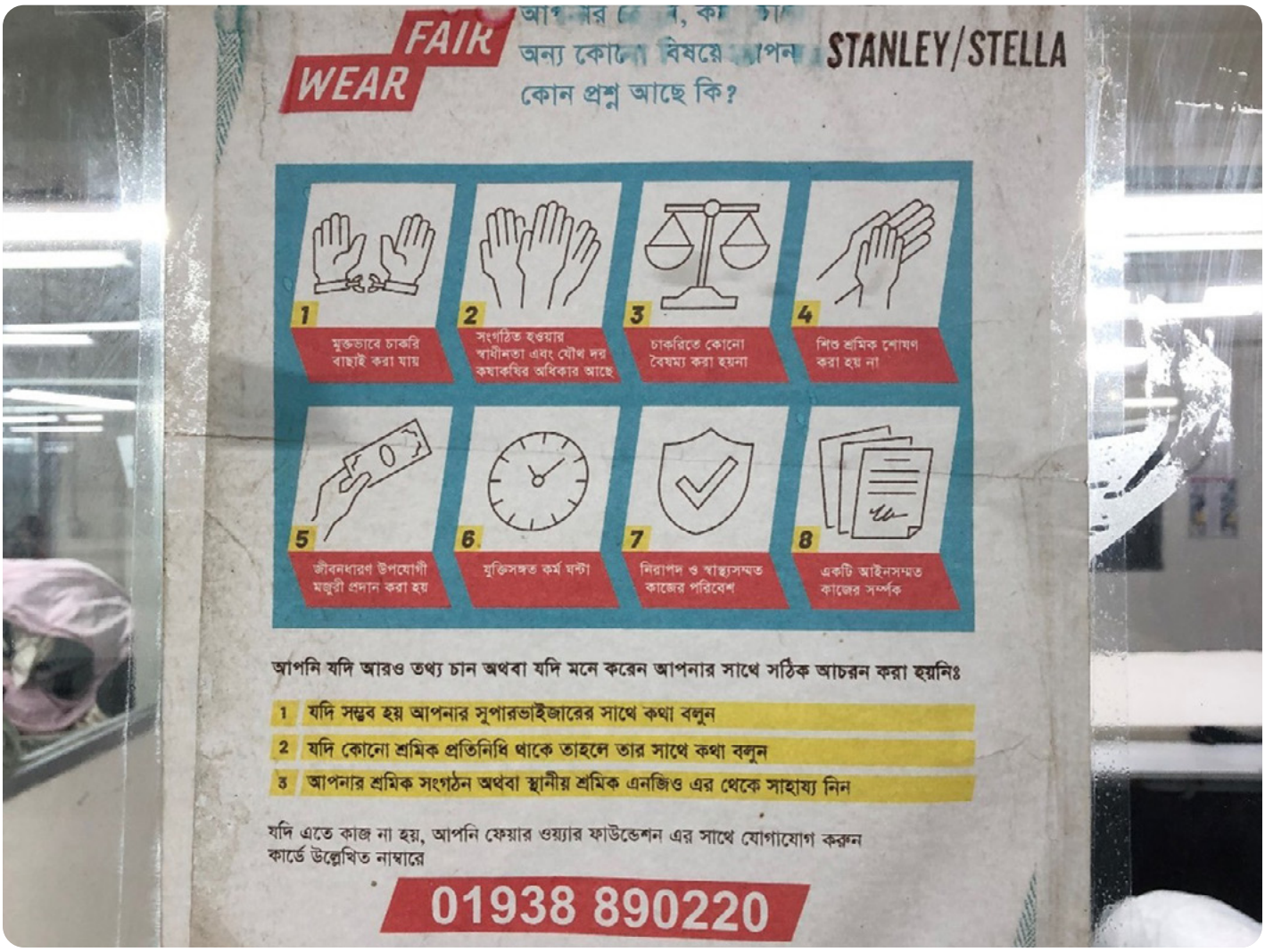
- chemical risks associated with special finishes or treatments,

- social risks, like the involvement of informal or home-based workers, especially in embroidery work.



*(by Control Union CU 819434)

Access to remedy



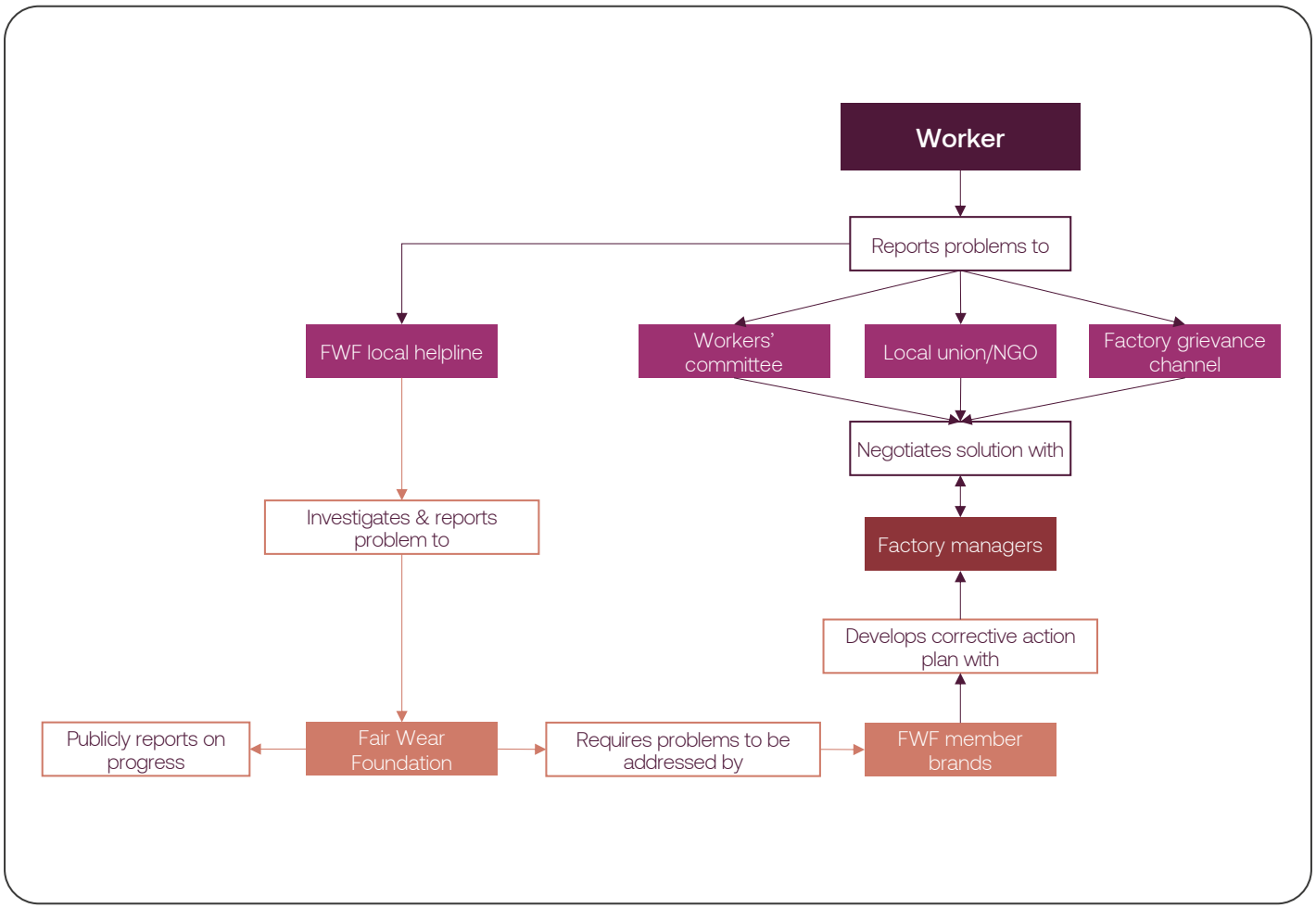
A robust internal grievance system is crucially important in factories as it gives workers a platform to voice their concerns while offering factory management clear feedback on workforce issues and an opportunity to respond effectively.

Ideally, any labour dispute should be resolved at the factory level. To support this, all partner factories have established confidential grievance mechanisms, including on-site complaint boxes, hotline, open door policy and digital channels, allowing workers to submit concerns in a safe and secure manner.These boxes are regularly checked by management and worker representatives. Additionally, workers can directly voice their grievance to the welfare officer, participation committee, worker representative, or management.

However, in practice, this type of internal system can face challenges and may not always function as intended. Fair Wear Foundation's complaints helpline therefore serves as a safety net, ensuring that all grievances are heard and appropriately addressed if the internal grievance handling mechanism falls short. Both Bangladesh and China, the two countries in which we operate, are covered by FWF local teams. Until now, 100% of our factories have implemented the FWF grievance mechanism.

Grievance handling procedure

The chart below illustrates the different ways in which a grievance can be raised and addressed: preferably through the factory's internal grievance procedure or through the local FWF grievance helpline.



For grievance handling to be effective, appropriate communication about the grievance procedures needs to be in place:

- Workers from our partner factories are informed about the grievance procedure through the FWF's Worker Information Sheet (WIS), which is prominently displayed in various locations throughout the factories.
- Additionally, factories are required to provide training and communicate details about the grievance helpline to all workers.

When a grievance is raised through FWF, it is handled as follows:

- The grievance is received via the FWF helpline.
- FWF assesses whether or not the grievance is grounded.
- Stanley/Stella is notified, and our Bangladesh Liaison Office (BLO) or China Liaison Office (CLO) reach out to factory management to initiate dialogue.
- The case is investigated.
- A Corrective Action Plan (CAP) is agreed upon with all parties involved.
- Stanley/Stella monitors and follows up on the CAP until final remediation.
- Actions taken are verified and FWF reports publicly.

When necessary and feasible, we will collaborate with other FWF member brands to address and remediate the grievance.

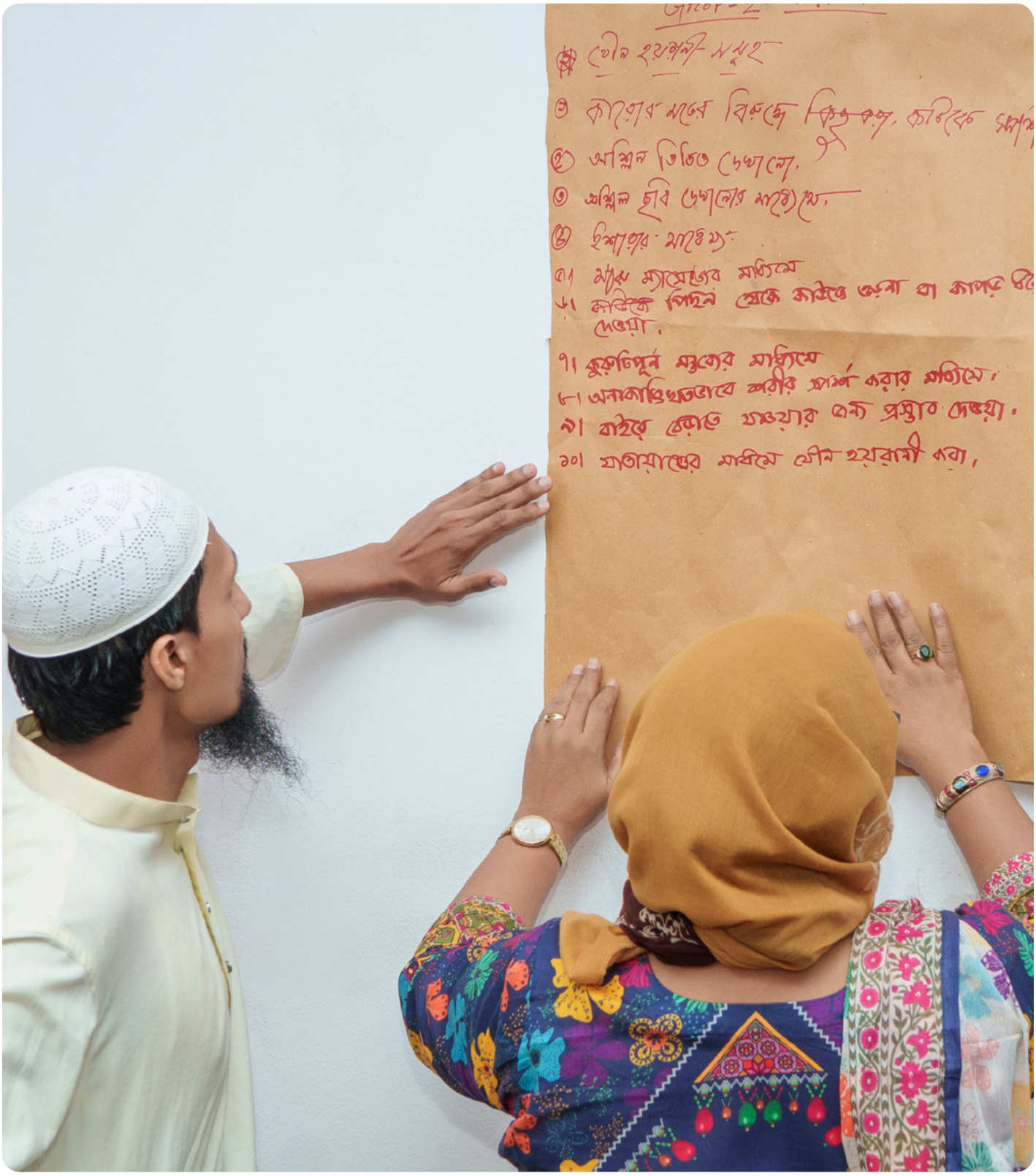
In Bangladesh, our Dhaka-based BLO Sustainability Manager handles grievance and discusses them with the suppliers involved, in collaboration with the BLO Country Manager. In China, our Beijing-based CLO Operations Manager plays this role.

Grievance overview 2025

In 2025, we received 5 grievances through the FWF helpline.
While the term 'grievance' can have a negative connotation, we feel that, overall, it reflects a proactive and progressive approach to improving working conditions. Companies that are open to addressing employee concerns demonstrate commitment and willingness to improve their operations, which not only benefits workers but enhances company prosperity.
The next table shows an overview of the grievance received in 2025 per factory and their status as of June 2026. In almost all cases, open dialogue about specific issues was the key to resolving the conflict, especially when all parties involved were receptive to each other's perspectives. All of the grievances are publicly available on FWF website.

FWF Grievance ID	Factory	Date	Complaint description	Status	Final remediation	Collaboration with other FWF member brand
GR-2578	#5	Jun-25	A grievance was raised regarding the dismissal of several workers following a disciplinary process. While procedures were later aligned with legal requirements, concerns remain regarding the full provision of legally required payments	Closed	The factory management paid all legal dues to the workers.	No
GR-2651	#1	Oct-25	A grievance was raised regarding the timely provision of final entitlements following an employee's voluntary resignation and completion of the required notice period. Despite repeated requests from the worker, concerns were raised that the legally required payments had not yet been settled at the time of reporting.	Closed	The factory management paid the grievant its legal entitlements and final settlement amount.	Yes
GR-2567	#1	May-25	A grievance was raised following a fire incident that resulted in a fatality. Concerns were expressed regarding accountability, the provision of appropriate compensation, and the need to strengthen safety measures, with support from relevant stakeholders.	Open (in progress)	Under investigation. We are still in discussion with factory, FWF and other member brands.	Yes
GR-2702	#12	Dec-25	A grievance was raised regarding attendance bonus practices, whereby workers reported that the full monthly bonus was deducted in cases of minor delays in clocking in. Workers expressed concerns about the proportionality of this approach and indicated that the issue had been raised with management without resolution.	Open (in progress)	Under investigation. We are still in discussion with factory, FWF and another member brand.	Yes
GR-2638						
GR-2638-01	#13	Sep-25	A grievance was raised regarding working hours and rest periods, with workers reporting limited access to weekly rest days and extended working hours. Concerns were also expressed about the potential impacts on worker well-being and recovery, and the need to ensure alignment with legal requirements.	Open (in progress)	Under investigation. We are still in discussion with factory and FWF.	No
GR-2638-02	#13	Sep-25	A grievance was raised regarding workplace ergonomics, with workers reporting limited access to appropriate seating and supportive equipment for prolonged standing tasks. Concerns were also expressed about the potential impact of these conditions on worker health and well-being.	Open (in progress)	Under investigation. We are still in discussion with factory and FWF.	No

FWF Grievance ID	Factory	Date	Complaint description	Status	Final remediation	Collaboration with other FWF member brand
GR-2638-03	#13	Sep-25	A grievance was raised regarding working hours, with workers reporting expectations to work overtime beyond legal limits.	Open (in progress)	Under investigation. We are still in discussion with factory and FWF.	No
GR-2638-04	#13	Sep-25	A grievance was raised regarding access to basic facilities, with workers reporting restrictions on the use of washroom breaks during working hours.	Open (in progress)	Under investigation. We are still in discussion with factory and FWF.	No



Training & capacity building



Engaging all stakeholders, both within and outside Stanley/Stella, through training and capacity building is highly important if we are to support social standards effectively.

Activities to inform Stanley/Stella employees

There are various key activities and events through which internal staff are informed and trained on sustainability-related topics:

- All new employees undergo CSR training upon joining Stanley/Stella to help them understand key sustainability concepts, Stanley/Stella's journey, and our sustainability strategy.

- On regular basis, we have sales meetings and full team meetings at our Brussels headquarters, providing employees with updates on upcoming projects and achievements. These events include plenary sessions and dedicated workshops, with sustainability always integrated in the agenda.

- Documentation on Fair Wear Foundation (FWF) and sustainability in general is available to Stanley/Stella employees in our Sustainability Corner at our Brussels headquarters. Employees can contact the Sustainability team with any questions, and we also use our monthly internal newsletters to share our activities with employees.

- Lastly, we continued to promote sustainability knowledge by offering our Brussels-based employees access to over 30 books on the topic in our Sustainability Corner. These resources are freely available for employees to explore and borrow, and are regularly updated.

Externally, we communicate on sustainability-related topics to our partner network of dealers and resellers and third parties via visits, meetings, emails, our Lookbook, our Sustainability Report, and our website, as well as through training sessions at our headquarters.

Activities to inform manufacturers and workers

All our partner factories are aware of our business practices and commitments towards social, environmental, and ethical standards, as well as FWF principles, as these are embedded in our supplier onboarding process.

However, the level of knowledge about FWF and its Code of Labour Practices (CoLP) still varies across our pool of suppliers. Some suppliers, who have been working with the CoLP for years and have already implemented it, actively maintain our social and environmental standards, and have participated in FWF audits and trainings and carried out the necessary follow-up work. Recently integrated suppliers are introduced to the CoLP as soon as the first contact is established, and receive special training and attention during their integration phase. The CoLP is communicated prior to the first bulk order placement for adoption and explained to the staff during dedicated training sessions.

Training also plays an important role in terms of raising awareness of workers' rights, encouraging social dialogue and conflict resolution through open communication, and assisting factories in enhancing worker well-being. FWF provides onboarding training modules for this purpose. It consists of two main modules. The first is an introduction to labour rights and grievance mechanisms, including the FWF helpline, designed as a basic awareness-raising session. The second module focuses on social dialogue at the factory level. It is specifically designed for worker representatives and includes a joint session with both workers and management to promote constructive communication and collaboration.

In 2025, we launched five FWF onboarding training modules across factories in Bangladesh. All trainings have been completed except one, which is scheduled to be finalised in 2026. Training reports have been shared with the respective factories, and follow-up is ongoing to ensure the effective implementation of identified actions and, where relevant, their integration into our factory risk assessments.

Activities to inform agents

Agents receive the same training on Stanley/Stella's sustainability policy as manufacturers.

Information management



To track progress on the implementation of the Fair Wear Foundation Code of Labour Practices (CoLP), we monitor Corrective Action Plans (CAPs) with our suppliers continuously, and on a quarterly basis at a minimum. This information is typically shared between factories and our BLO, CLO or Brussels-based Sustainability teams.

As mentioned previously, to monitor our production locations, we have established strong relationships with our suppliers and maintain daily contact with them to ensure trust and transparency. Our Bangladesh Liaison Office (BLO) team plays a crucial role in this process.

We know all our Tier 1 suppliers, most of our Tier 2 suppliers, and we are now working on mapping our Tier 3 and Tier 4 suppliers as extensively as possible. Our tracking system encompasses the following activities: gathering essential compliance certifications, maintaining all information in our database, collecting data prior to production, reviewing and storing all audit reports, performing risk assessments, and stationing Quality Assurance Officers in factories to mitigate the risks of off-site production.

Given the extensive data management required from various stakeholders, we aim to adopt a unified tool to help us efficiently manage, record, and track the overall sustainability performance of our suppliers.

Transparency & communication



Transparency is key to the successful and effective implementation of long-term sustainable practices. This is why we disclose the names and addresses of our manufacturing partners, along with additional information

In addition, since joining Fair Wear Foundation in 2011, we have communicated extensively about our FWF member status through the following channels:

- Online tools: We use the Stanley/Stella website, our social media channels (Instagram, Facebook, and LinkedIn) and our newsletters to keep our employees, partners and customers informed about our latest CSR news and activities.
- Offline tools: We communicate about our FWF membership through our bi-annual Lookbook, our annual Sustainability Report, internal presentations and trainings held annually.

We also communicate about our FWF membership via the labels on our garments.

Stakeholder engagement



We support and actively participate in various projects, initiatives or organisations that align with our values.

We foster open dialogue with customers and stakeholders at trade fairs, conferences, panel discussions, and other platforms—valuing these exchanges as opportunities for mutual learning and inspiration. We believe systemic change is only possible through collaboration at every level. That's why stakeholder engagement is central to our approach. An overview of our key stakeholders and our approach to engaging with them is provided below.

Stakeholders group	Topic	Engagement mechanism	Purpose - scope of action
Fair Wear Foundation	Working conditions in garment factories	Meetings, emails, audits, conferences	As an affiliated member since 2011, we have integrated FWF standards across our operations. FWF provides training for both workers and management, alongside access to a grievance mechanism. Our brand performance is also assessed annually through the FWF Brand Performance Check, which evaluates our human rights due diligence practices.
LRQA	Working conditions in garment factories	Meetings, emails, audits	In 2025, we began our collaboration with LRQA as our trusted partner for conducting factory risk assessments.
Policy Hub	EU policy advocacy for a sustainable and circular apparel and footwear industry	Meetings, emails, conferences	In 2024, we joined Policy Hub to engage in key EU policy discussions on sustainability, circularity, and responsible practices in the apparel and footwear sector.
GOTS	Organic cotton	Meetings, emails, audits, conferences	Since day one, we have exclusively used GOTS certified organic cotton in our products. As GOTS is the leading standard for textiles made from organic fibres, it is important for us to closely follow the standard and be able to raise our concerns during open consultation on standards reviews, for instance.
Textile Exchange	Recycled materials (GRS)	Emails, conferences	As a member of Textile Exchange, we attend their annual conference, which gathers thousands of companies from the apparel and footwear sectors. This event provides us with numerous opportunities for collaboration and improvements, focusing on raw material challenges.
Centexbel	Chemicals in textile OEKO-TEX Standard 100	Emails, meetings	All our products are certified OEKO-TEX Standard 100, and we regularly engage with the laboratory Centexbel, based in Belgium, to maintain our certification. or finished products and pledging never to do so.
Factories / partners	Procurement practices, working conditions, environmental impact, product quality, safety	Emails, meetings, site visits, audits, surveys	We are committed to supporting our partners' sustainability efforts through long-term collaboration, training, and open dialogue.
Supply chain workers	Working conditions in garment factories	Direct dialogue during on site-visits or through representative groups	We engage with supply chain workers during on-site factory visits, through open discussions and dialogue. In addition, factory worker representatives provide valuable input on workers' concerns, helping us better understand their needs and priorities.
Communities	Support to local communities	Direct dialogue, interviews	We listen to feedback from affected communities and their representatives through our collaboration with the NGO Drip by Drip NGO. Insights from our joint projects help inform and guide our decisions.
Customers	Market feedback & needs Education	Emails, meetings, fairs, surveys, social media engagement	We produce durable garments and promote transparency to support informed, responsible purchasing. Through ongoing dialogue, we educate our customers on our approach to sustainability while also gaining insight into their expectations and needs.
Employees	Education	Emails, meetings, surveys	We support our employees' growth by helping them expand their knowledge of sustainability in the textile industry, including its challenges and Stanley/Stella's approach.
Other brands	Collaboration Information sharing	Meetings, emails, conferences	Working together and leveraging our respective strengths at shared suppliers, we aim to contribute with a bigger impact.

*(by Control Union CU 819434)

STANLEY/STELLA

We believe that the textile and garment industry can act in a responsible way and care about people, the planet, and society.

We don’t need to tell you more about the reasons why we’re fully committed to sourcing organic cotton, reducing our carbon footprint or urging our suppliers to pay a living wage to their workers because we believe these points are important to you too. We thank you for joining us on our journey, and for sharing your support, enthusiasm and ideas. If you’d like to find out more about our path to sustainability or get involved:

Please contact us

stanleystella.com

wearestanleystella

sustainability@stanleytella.com