



WE CARE.



**CSR
REPORT
2010**

**WE CAN
MAKE A
DIFFERENCE.**





This is WE Fashion's CSR Report. This report lists what activities we undertook in 2010 and outlines our Corporate Social Responsibility (CSR) plans for the coming years. Just like last year, we have focussed on three pillars: Fashion & Responsibility, Fashion & Learning and Fashion & Future.

We want to deal responsibly with people and the environment. That is why in 2009 WE Fashion developed a CSR strategy at management level for the coming five years. Raising awareness among employees, customers, suppliers and other stakeholders plays an important part in our strategy. With our WE Care programme, we continued to add substance to our CSR efforts in 2010.

We believe in building a better future together. That is why we say: WE can make a difference.

Wouter Kolk
CEO, WE Fashion

WE WANT TO DEAL RESPONSIBLY WITH PEOPLE AND THE ENVIRONMENT.

WE CARE.



WE FASHION

WE Fashion is an international fashion company. With approximately 240 stores and 3,000 employees, WE Fashion is represented in the Netherlands, Belgium, Germany, France, Luxembourg, Austria and Switzerland. The company's international distribution centre and head office are based in Utrecht, the Netherlands. In 2010, WE Fashion formed a partnership with the Chinese company Uniquepai. The first Chinese WE Stores have opened their doors in Shanghai, Chongqing and Ningbo.

WE Fashion is part of LOGO International, a fashion group that owns a number of wholesale and retail fashion companies, including O'Neill, Van Gils Fashion B V, Waalwear Kids and Setpoint.

NEW STORE CONCEPT

WE Fashion combines fashion and lifestyle in a new Store Concept designed to boost the brand's personality: WE Fashion LIFE + STYLE. The concept has been developed by well-known Japanese design studio Wonderwall. Moooi has added the finishing touch with a selection of design furniture and accessories. The new Store Concept is all about creating a 'third place', an inviting place for people to meet and spend their time separate from their home and work. WE Fashion opened 15 stores with this concept in Europe in 2010, all of which perform above budget. And WE Fashion LIFE+STYLE has continued its success into 2011.



WE CAN MAKE A DIFFERENCE.

WEBSHOP

At the end of December 2009, WE Fashion launched a web shop in the Netherlands, offering a complete range of WE Fashion products. A German web shop is scheduled to open in the spring of 2011.

OUR DNA

WE Fashion develops contemporary collections with a Northern European touch. Collections that can easily be combined, not just with other WE Fashion styles, but also with other items in your wardrobe.

MISSION

WE inspires people to express and appreciate their personal style.

BRAND PROMISE

Creating your personal style should be effortless.

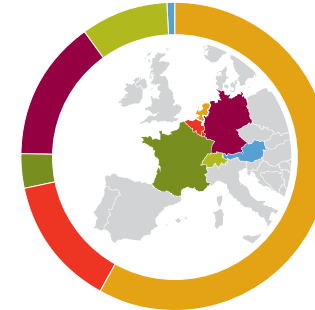
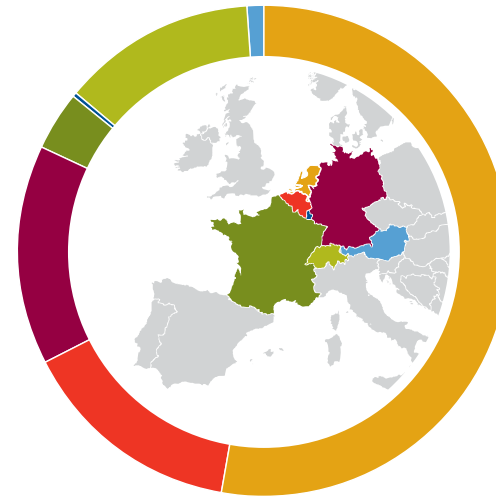
Style is all about self-expression, about understanding that although you are not what you wear, wearing the right clothes makes it that much easier to truly be yourself. WE Fashion devotes itself to excellent design rather than the latest fashion trends, making it easier for everyone to create their very own personal style.

BRAND VALUES

PURE
We are open, clear and have a no-nonsense approach to fashion.

INSPIRING
We encourage people to develop and express their own personal style.

SURPRISING
We dare to be both fun and different.



NUMBER OF STORES

NL:124 + WEBSHOP
B:34
DE:34
F:9
L:1
CH:30
AU:2

NUMBER OF EMPLOYEES

NL:1525 FTE:1081
B/L:359 FTE:250
F:91 FTE:61
DE:388 FTE:234
CH:241 FTE:135
AU:19 FTE:15

FEMALE/MALE RATIO

NL: 79%vs21%
B/L: 85%vs15%
F: 59%vs41%
DE: 72%vs28%
CH: 85%vs15%
AU: 84%vs16%

AVERAGE AGE

NL: 27
B/L: 32
F: 27
DE: 29
CH: 36
AU: 30

STRATEGIC INITIATIVES AND GROWTH OPPORTUNITIES

WE Fashion's ambition is to be one of Europe's leading fashion retailers. That is why WE Fashion focuses on strengthening brand perception and expanding its retail channels. Generating growth is of the essence in order to reach a relevant position in the market and continue to develop as a company.

STRENGTHENING BRAND PERCEPTION

WE FASHION WANTS TO OFFER ITS CUSTOMERS A FANTASTIC AND CONSISTENT BRAND EXPERIENCE WHEN SHOPPING AT WE FASHION OR AT ANY OTHER TIME. WE WORK HARD TO IMPROVE CUSTOMERS' SHOPPING EXPERIENCE BY TRAINING AND COACHING OUR EMPLOYEES TO RENDER THE BEST POSSIBLE STYLE ADVICE. WE ALSO LAUNCHED A NEW STORE CONCEPT IN 2010. CURRENT COLLECTIONS, AVAILABILITY AND A FOCUS ON EXCELLENT PRICE TO QUALITY RATIO ARE A CENTRAL POINT OF FOCUS.

EXPANDING THE NUMBER OF RETAIL CHANNELS

EXPANDING THE NUMBER OF RETAIL CHANNELS IS IMPORTANT IN ORDER TO ACHIEVE OUR GROWTH TARGETS. ONLY THEN CAN WE BENEFIT FROM THE ECONOMIES OF SCALE. WE FASHION HAS OPTED FOR A MULTI-CHANNEL APPROACH: OWN STORES, E-COMMERCE, PARTNERSHIPS AND, POSSIBLY, THE INTRODUCTION OF A STORE-IN-STORE CONCEPT IN THE FUTURE.

WE CARE.

WE CAN MAKE A DIFFERENCE.



OUR STRATEGY

IMPROVE BRAND EXPERIENCE

EXPAND BRAND EXPERIENCE

THE WE CSR-STRATEGY

In 2009, WE Fashion developed a CSR strategy at management level for the following five years. The purpose of this strategy is to inspire and activate staff in a structural manner to contribute to Corporate Social Responsibility (CSR).

Our staff and the service they provide to the customers are determining factors when it comes to WE Fashion's success. A dynamic and sustainable work environment is a central point of focus, and this is not just in the countries where we are represented, but also in the countries where we manufacture our clothing collections.

WE CARE VISION

WE Fashion creates meaningful fashion in an environmentally friendly, humane and customer-friendly manner.

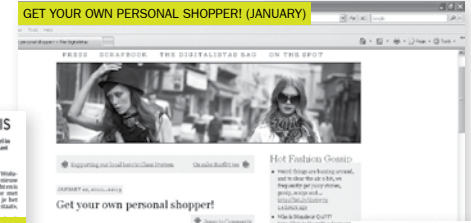


We believe that education is key in creating a sustainable world and WE work environment.

We train our staff, work together with fashion academies and continuously seek out partners that are able to improve educational standards in the countries where we are active. All the initiatives and activities that constitute a part of the WE Care programme must comply with a number of conditions:

- SOCIALLY ORIENTED
- EDUCATION IS THE CENTRAL POINT OF FOCUS
- CONCRETE AND TANGIBLE
- CREATES A FEELING OF PRIDE

WE MEDIA COVERAGE.



**IN 2010
WE FASHION
PARTICIPATED
IN:**



**WORKING
TOGETHER
WITH OTHERS**

Creating a sustainable world and finding solutions to a wide variety of social issues is not a task we can tackle alone. That is why, as in previous years, we worked together with other organisations in 2010.

**WE FASHION IS
CONTINUOUSLY
IN TOUCH WITH:**



**CUSTOMERS
ON CSR**

In 2010, WE's Service Desk received 20 emails from customers with questions on how we put our CSR policy into practice. Three customers approached us via email with environment-related questions. Every customer received a personal answer to their question.

WC FEEDBACK

WE Fashion Netherlands has a Works Council (WC), a shop-floor employee participation body. Our WC consists of employees elected from the staff to represent the employees in talks with the employer with regard to company policy and staff interests. Depending on the topic, the WC has the right to prior consultation and the right to consent. In 2010, the WC was involved in discussions on pensions, absenteeism and safety calamities.

**IN 2010
WE FASHION
COLLABORATED
WITH:**



SAFETY AND RI&E

Accidents and (near) accidents are registered by the HR department. In 2010, two occupational accidents occurred. It was not necessary to report these incidents to the Health and Safety Inspectorate.

Periodic Medical Examinations (PMO) were carried out on employees of Design, Buying and Planning (DBP) following health complaints (mainly headache). The examinations identified work-related stress as a possible cause. We expect that the implementation of a new structure for the DBP department in April 2011 will help reduce work pressure.

Considering the term of the most recent Risk Inventory and Evaluation (RI&E), we will undertake a new RI&E in 2012 for our head office and European distribution centre in Utrecht. Until then, adding relevant examinations, procedures and improved policy measures will suffice. The PMO carried out for the DBP department has been included in the current RI&E. We have also included new safety measures for gassed containers in our distribution centre.

ABSENTEEISM DUE TO ILLNESS

The new approach to absenteeism is starting to bear fruit. Preventing absence due to illness and rapid reintegration was one of the spearheads of our 2010 HR policy, carried out together with Argo Advies. In 2010, we managed to reduce the figure for absenteeism due to illness, which has fluctuated around 5% for years, to just above 3% through intensive cooperation and support. Focused attention for working conditions, short lines of communication with our health and safety service provider and a tailored approach for each ill employee played an important role in this. We will continue along the same path in 2011, with healthy employees and a healthy company as the basis of our corporate activities.

SUSTAINABLE WORK ENVIRONMENT

WE Fashion has been SA8000 certified since November 2001. SA8000 is a global social accountability standard for decent working conditions, based on the conventions of the International Labour Organisation (ILO), the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child.

Early 2004, WE Fashion joined the Business Social Compliance Initiative (BSCI), a European network of brands and retailers aimed at promoting Corporate Social Responsibility.

With 'dynamic and sustainable working climate' as one of WE Fashion's long-term goals, we are placing a clear focus on social responsibility for the future of WE Fashion. To ensure that sustainability-related principles are incorporated into our day-to-day operations, we founded the WE Care Team in 2007. The WE Sustainable Strategy lies at the heart of our sustainable business operations. The implementation of the strategy has shown that many audits were duplicated and unnecessary, which is why we decided to replace the SA8000 certificate and related audits with our own CSR management system: WE Sustainable Work Environment.

The WE Care Team is responsible for following up on all activities that fall within the scope of the WE Sustainable Work Environment. Data will be collected annually and listed in our annual CSR Report. In 2011, we will start preparing for the renovation of the Utrecht office. Sustainability, safety and inspiration are the focal points of this project.

DAY @ THE STORE.

The Day @ the Store is an annual tradition that revolves around head office staff helping out for a day on the sales floor. In 2010, approximately 60 employees made a direct contribution to the results during the busiest month of the year.

'MEETING AND GETTING TO KNOW YOUR COLLEAGUES'

SABINE - WE MEN LUDWIGSHAFEN



'SOLD 17 ANTINORI PULLOVERS'

ANNAMARIA - WE MEN OLTEN



'MOST REMARKABLE QUESTION FOR ME AS A DUTCH PERSON? IS THIS ARTICLE SOLD?'

DEBBIE - WE STORE WUNEGEM



'FEW VISITORS DUE TO HEAVY SNOWFALL'

JURRIE - WE MEN BOCHOLT



'I HAD A SUPER DAY!'

HILDE - WE STORE ANTWERP





FASHION & RESPONSIBILITY STAFF

Our staff and the service they provide are determining factors when it comes to WE Fashion's success. A dynamic and sustainable work environment is our central point of focus. In order to achieve this, we place a great deal of value on strong leadership and culture, developing skills and talent, and clear structures and responsibilities.

< ACHIEVED IN 2010

DEVELOPMENT AND IMPLEMENTATION OF ACCOUNTABILITY MATRIX FOR BELGIUM, FRANCE, LUXEMBOURG AND SWITZERLAND.

NEW HEALTH AND SAFETY PROVIDER AND PARTNER IN PREVENTING ABSENTEEISM: ARGO ADVIES.

REDUCTION OF ABSENTEEISM DUE TO ILLNESS TO ALMOST 3%.

INTRODUCTION OF PERFORMANCE REVIEW FORMS IN PERFORMANCE MANAGEMENT SYSTEM.

PLANS FOR 2011 >

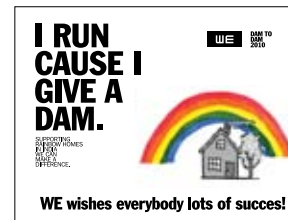
INTRODUCTION OF TALENT SEARCH TOOL (ORIGINALLY PLANNED FOR 2010). IMPLEMENTATION OF PERFORMANCE REVIEW SYSTEM AND CONSOLIDATION OF ASSOCIATED WORKING METHODS TOOK LONGER THAN EXPECTED. FOR THIS REASON, WE POSTPONED THE FURTHER FINE-TUNING WITH TALENT RESEARCH TOOL FOR A YEAR. GIVEN THE LIMITED NUMBER OF JOB OPENINGS, THERE IS ALSO NO NEED TO ACCELERATE THE TOOL'S IMPLEMENTATION.

WE SUSTAINABLE ENVIRONMENT.



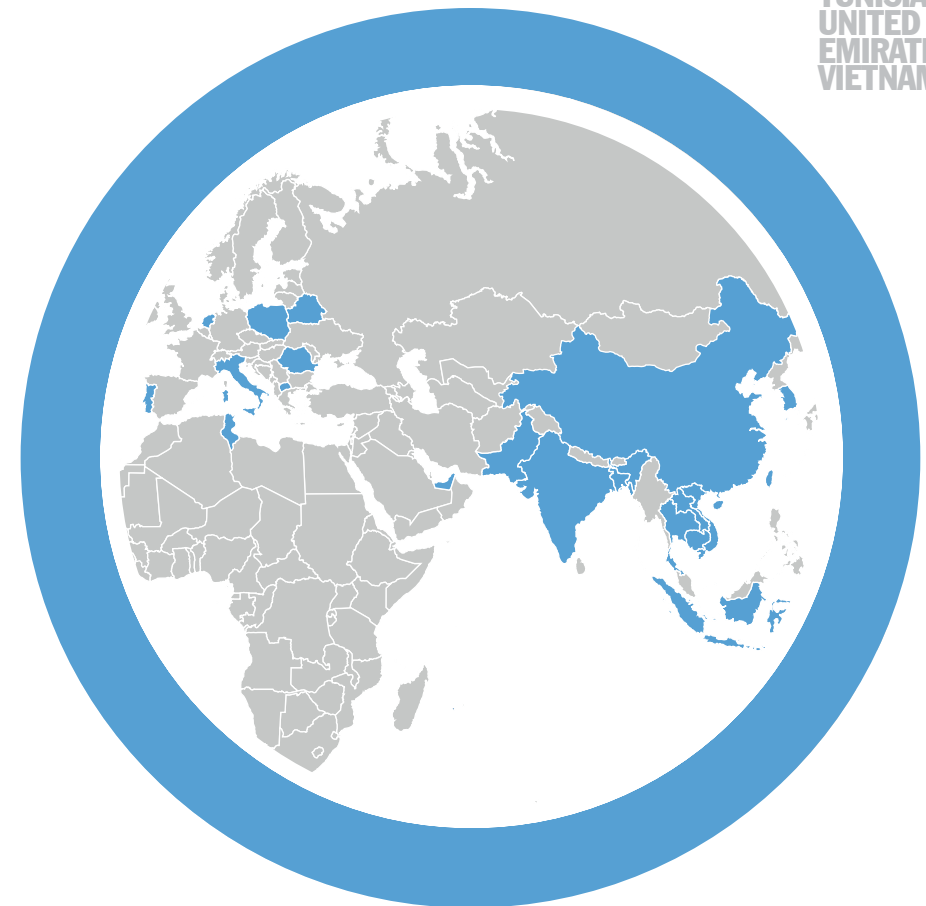
THE 'DAM TO DAM' RUN.

No less than 75 employees took part in the Dam to Dam Run in 2010. Their achievement does not only represent a remarkable sporting accomplishment. By participating and finishing, they have also contributed to the realisation of the first WE Rainbow Home in India. The sponsor run raised EUR 1950.



COUNTRIES WHERE WE MANUFACTURE.

BANGLADESH
 BELARUS
 CAMBODIA
 CHINA
 INDIA
 INDONESIA
 ITALY
 KOREA
 LAOS
 MAURITIUS
 MACEDONIA
 NETHERLANDS
 PAKISTAN
 POLAND
 PORTUGAL
 ROMANIA
 TAIWAN
 THAILAND
 TUNISIA
 UNITED ARAB EMIRATES
 VIETNAM



FASHION & RESPONSIBILITY SUPPLIERS & RULES OF CONDUCT

< 2010 OBJECTIVES

- SHIFT ALL ASSIGNMENTS TO APPROVED AND CERTIFIED PRODUCTION LOCATIONS.
- SUPPORT INDIVIDUAL SUPPLIERS TO BECOME BSCI CERTIFIED THROUGH TAILORED TRAINING PROGRAMMES.
- FURTHER REDUCTION OF THE NUMBER OF SUPPLIERS (-10%).

< ACHIEVED IN 2010

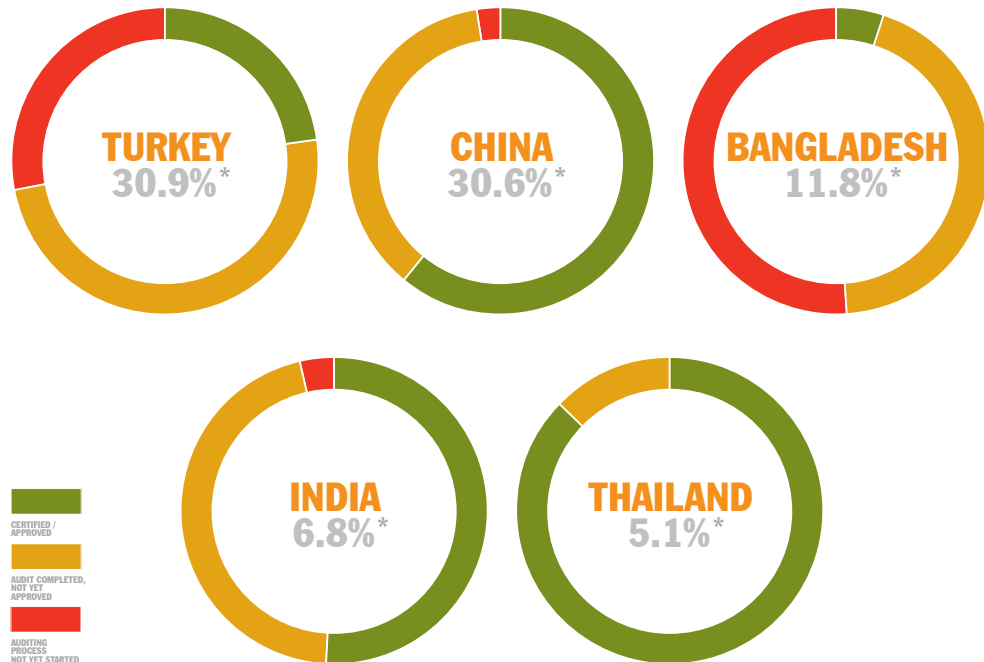
- CONDUCTED 90 BSCI AUDITS AND RE-AUDITS AT SUPPLIER SITES (+65% COMPARED TO 2009).
- PROVIDED TWO SUPPLIERS WITH A TRAINING PROGRAMME, OFFERING TOOLS TO COMPLY WITH BSCI STANDARDS.
- CONSTANT NUMBER OF SUPPLIERS COMPARED TO 2009 (126 AT THE END OF 2010).
- TO GAIN INSIGHT INTO THE PRODUCTION CHAIN, THE PRODUCTION LOCATION IS NOW LISTED ON THE ORDER FORM. THIS ALSO ALLOWS US TO MONITOR SUBCONTRACTORS BETTER.

PLANS FOR 2011 >

- EXCLUSIVELY USE APPROVED AND CERTIFIED MANUFACTURING COMPANIES.
- REDUCE NUMBER OF SUPPLIERS BY 30% TO 100.
- COOPERATE WITH PARTIES AT MULTI-STAKEHOLDER LEVEL TO DEVELOP A BEST PRACTICE PROGRAMME.

RESULTS OF LARGEST MANUFACTURING COUNTRIES.

TURKEY
CHINA
BANGLADESH
INDIA
THAILAND



Below is an overview of both initial and follow-up audits that were carried out in our manufacturing countries in 2010. The initial audit involves assessing whether all 13 requirements of the BSCI code of conduct are met.

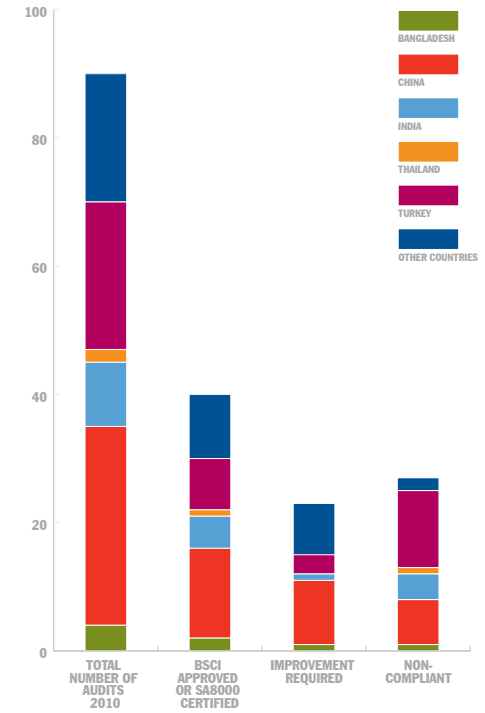
A supplier that does not meet all requirements is presented with a plan for improvement which contains concrete recommendations for the factory in question. The follow-up audits focus on whether the changes as stated in the plan have been implemented.

DURING THE BSCI AUDITS, THE 13 MOST IMPORTANT CONDITIONS ARE DISCUSSED AND ASSESSED. THE RESULTS OF THE AUDITS PROVIDE INSIGHT INTO WHERE BOTTLENECKS OCCUR IN EACH FACTORY. IN 2010, THE MAIN BOTTLENECKS CONCERNED OCCUPATIONAL HEALTH & SAFETY. THIS PROBLEM AREA WAS IDENTIFIED IN 37 OF THE 90 CONDUCTED AUDITS. THE WORKING TIME OF EMPLOYEES WAS ANOTHER MAJOR PROBLEM AREA WHICH WAS IDENTIFIED IN 28 OF THE 90 CONDUCTED AUDITS.

SUBSEQUENTLY, A TIME FRAME FOR SOLVING THE PROBLEM IS DETERMINED AND STATED IN THE CAP.

AFTER THE AUDIT, ALL IDENTIFIED PROBLEMS ARE OUTLINED IN A CORRECTIVE ACTION PLAN (CAP). THE AUDITOR DISCUSSES THE PROBLEMS WITH THE RELEVANT FACTORY.

SOME CHANGES CAN BE IMPLEMENTED IMMEDIATELY, WHILE OTHERS, SUCH AS INFRASTRUCTURE OR PROCESS CHANGES, MAY REQUIRE MORE TIME. IN PRINCIPLE, THE FACTORIES THEMSELVES ARE RESPONSIBLE FOR IMPLEMENTING THE RECOMMENDATIONS OF THE CAP. IF A SUPPLIER, TIME AND TIME AGAIN, FAILS TO IMPLEMENT THE IMPROVEMENTS AND IF SUBSEQUENT AUDITS SHOW A CONTINUED UNDERPERFORMANCE, WE AS PARTNER OFFER THE FACTORY A TRAINING PROGRAMME. THIS TAILORED PROGRAMME IS DESIGNED TO ADDRESS THE KEY PROBLEM AREAS FACING THE SUPPLIER.



RESULTS OF AUDITS

SUMANGALI PROJECT, INDIA

In September 2010, WE Fashion was involved in a study into the position of young girls in factories in southern India through Anti Slavery International.

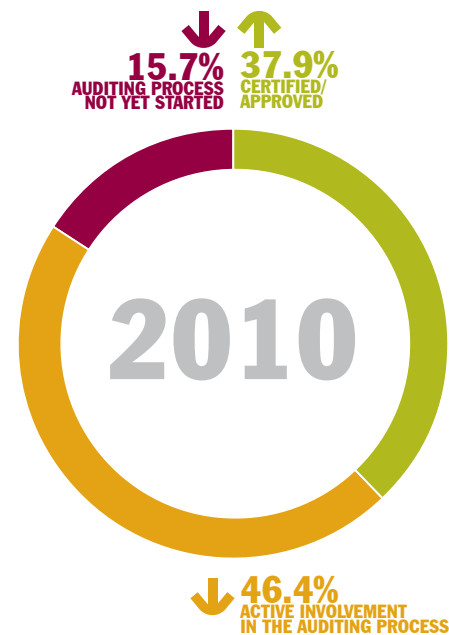
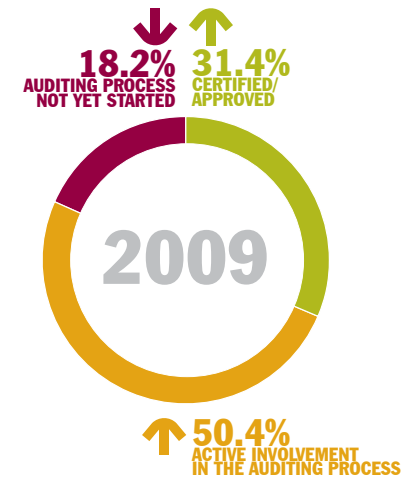
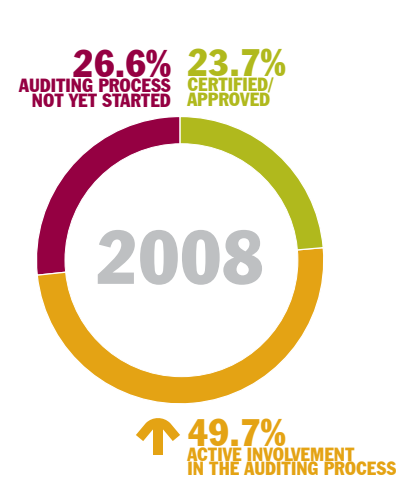
The girls in this region are housed on the factory grounds. Part of their salary goes towards their dowry. This is a culturally accepted practice in southern India which, unfortunately, some employers misuse. We have joined a large group of brands and retailers who, together with local and non-governmental organisations (NGOs), governments and suppliers, want to work towards improving the rights of this group of employees.

TALKS WITH FACTORIES AND TRADE UNIONS IN TURKEY

In 2010, we were informed that one of our suppliers in Turkey had dismissed dozens of employees. The local trade unions, together with the brands and retailers that use this factory to manufacture their goods, addressed the matter with the factory's management. All parties engaged in talks aimed at clarifying what happened and an independent party carried out an inspection of the factory. The talks and a plan for improvement have led to a positive partnership and improved understanding between the factory and the trade union.

MULTI-STAKEHOLDER PARTNERSHIPS IN 2010

WE Fashion is increasingly collaborating with other parties to address some of the manufacturing countries' problems. By working together with (local) trade unions, sector representatives, employees and governments, unilateral audits or agreements can be prevented. Below are some examples of our collaborative efforts in 2010.



WE WORKED WITH EIGHT SA8000-CERTIFIED FACTORIES IN 2009. THIS FIGURE ROSE TO 12 IN 2010, WHICH ACCOUNTS FOR 7.6% OF THE SUPPLIER BASE.

THIS DIAGRAM FEATURES THE TOTAL PURCHASING VALUE PERCENTAGES.

FASHION & RESPONSIBILITY THE ENVIRONMENT

We are keen to know what impact our activities have on the planet, and want to act as a partner for our suppliers in this. We would like to offer our customers products that fulfil their needs and are simultaneously manufactured in a responsible manner. This is consciously taken into account during the buying process, where we examine both the quality of the products concerned as well as the use of environmentally-friendly materials. The same applies to the packaging. We are continuously on the lookout for ways to manufacture our products and packaging in a more sustainable manner. Due to the fact that we believe in sustainable products, these are priced the same as the rest of the collection. The ECO line can be found in the various themes. In addition, we find it important to do everything in our power to reduce our carbon footprint. WE Fashion explores every avenue to reduce its impact on the environment, such as by raising awareness and cutting back on waste.



< 2010 OBJECTIVES

TACKLING THE RECOMMENDATIONS ARISING FROM THE CO₂ REPORT.

WE ARE ENDEAVOURING TO HAVE 2.5% OF OUR COLLECTION (PURCHASE VALUE) MANUFACTURED FROM SUSTAINABLE MATERIALS BY THE END OF 2010.

REPLACING THE WE TRUCKS.

PILOT PROJECT INVOLVING COMBINED TRANSPORT IN THE CITY CENTRES IN THE NETHERLANDS.



< ACHIEVED IN 2010

DRAFTED A CO₂ REDUCTION PLAN.

AT THE END OF 2010, 1.81% OF OUR COLLECTION (PURCHASE VALUE) WAS MANUFACTURED FROM SUSTAINABLE MATERIALS. OUR GOAL TO HAVE 2.5% MANUFACTURED FROM SUSTAINABLE MATERIALS IS CARRIED FORWARD TO 2011.

FIVE OUT OF EIGHT WE TRUCKS HAVE BEEN REPLACED.

INSTRUCTION USE WE BAGS.

PLANS FOR 2011 >

LIGHTING PROJECT: RESEARCH POSSIBILITIES OF USING ENERGY-EFFICIENT LIGHTING SOLUTIONS FOR OUR HEAD OFFICE AND EUROPEAN DISTRIBUTION CENTRE IN UTRECHT.

ENERGY SCAN IN STORES.

PREPARE REFURBISHMENT OF HEAD OFFICE IN UTRECHT USING SUSTAINABLE SOLUTIONS WHERE POSSIBLE.

AS OF JUNE 2011, WE FASHION WILL NO LONGER SELL SANDBLASTED JEANS.

CO₂ REDUCTION PLAN

DIRECT EMISSIONS (COMMUTER TRAFFIC, COMPANY VEHICLES, TRUCKS, GAS FOR CENTRAL HEATING, ETC.)

- Reduce company vehicle emissions by 30% (125 tco₂ eq) to be measured at the end of 2014.
- Register reduction of CO₂ emissions of WE trucks, as a result of buying the new trucks. To be measured at the end of 2011. In 2010, we replaced five out of eight trucks with more energy-efficient trucks.

INDIRECT EMISSIONS (ENERGY CONSUMPTION)

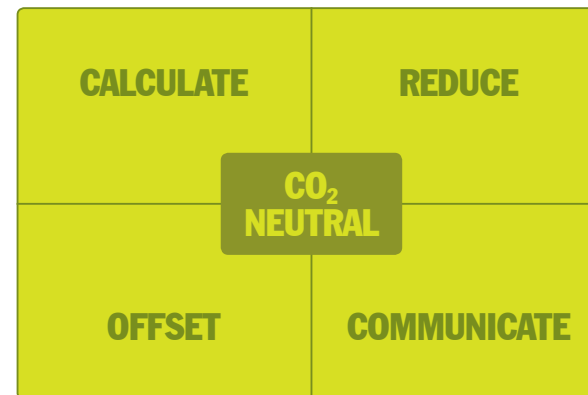
- Switch to green power in 2012 can save 196,5 tco₂ eq/year (2013), 393,1 tco₂ eq/year and 786,7 tco₂ eq/year (2014). The contracts for 2012-2014 have been signed.
- Collect data on gas and power consumption in 2010-2011 of all WE stores.

INDIRECT EMISSIONS (EMISSIONS OF SUPPLIERS, FOOTPRINT OF PRODUCTS, ETC.)

- 2010-2014: keep business air travel at 2009 level (not higher than 210 tco₂ eq/year).
- Collect data on:
 - Goods supply per air;
 - Goods supply per truck;
 - Distribution of goods to the stores (in all countries).

ADDITIONAL PLANS

- Create sustainable plan for the renovation of our head office in Utrecht. This plan includes (but does not exclude):
 - Sensor switches in the communal spaces;
 - LED lighting plan;
 - Investigate possibilities for an alternative cooling system for office spaces (instead of air conditioning);
 - Use of sustainable materials where possible (recycling or reusing);
 - Purchase sustainable installations (if necessary);
 - Install separate electricity meter and gas meters at head office and European distribution centre in Utrecht;
 - Raise awareness and foster involvement among staff.



NEW WE TRUCKS

We like to deliver our collections to our stores in style. Our trucks needed to be replaced, so we opted for new, more environmentally-friendly trucks. With these 'clean' trucks, we can access all shopping areas in the Netherlands. And this won't go unnoticed as the look and feel of our new trucks reflects our brand identity and new house style.



LIGHTING

By using less wattage in the stores in which our New Store Concept has been introduced, we have managed to reduce power consumption by a whopping 35%. The lighting plan will therefore be installed in all newly renovated stores.

PILOT PROJECT COMBINED TRANSPORT IN THE CITY CENTRES IN THE NETHERLANDS

WE Europe heeft deelgenomen aan een project van de Hogeschool van Amsterdam om de distributie van goederen in stadscentra efficiënter

te maken. De studie is afgerond en TNO gebruikt dit materiaal voor een verdere studie naar optimalisatie in de fijn distributie.

ENERGY SCAN STORES

EREA

Eerste
Regionale
Energie
Agentschap

In November 2010, we commissioned the Eerste Regionale Energie Agentschap (EREA) to perform an energy scan of one of our stores. The findings in the report provide many starting points for implementing energy-efficient measures. We intend to perform a random sample in 2011 to measure where improvements can be made. Our aim is to include these improvements in future renovation projects and/or new build projects by providing shop staff with clear instructions and making agreements with lessors.

FREON IN COOLING UNITS

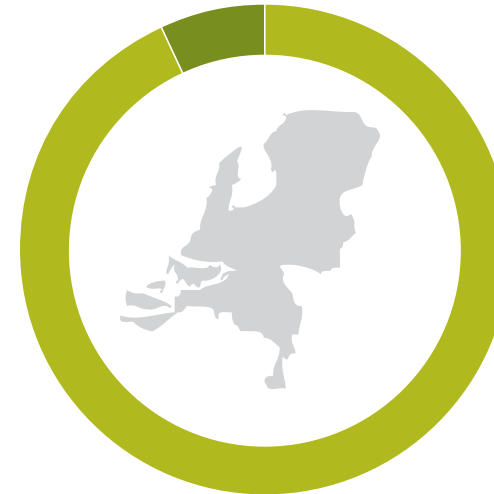
As of 2010, all store air conditioning units that need to be replaced are replaced with Freon-free cooling systems. It is our aim to have replaced all units by 2014.

WE RECYCLED

All the waste generated by the stores located in the Netherlands, the head office and the European distribution centre in Utrecht is separated and removed for re-use. Cardboard and plastic are collected at a central point, and it is sold by SITA either in the Nether-

lands or further afield. The waste is crushed or melted and subsequently reused. In other countries where we are active the paper and plastic packaging waste is removed by the stores using appropriate channels, including selling it to third parties.

If WE stores are closed, all materials that are still fit for use, for example lighting equipment, theft-prevention gates and air conditioning units, are reused in other stores.



**THE
NETHERLANDS
CARDBOARD &
PAPER:
483,280 KG
PLASTIC:
35,941 KG**

INSTRUCTION FOR USE OF WE BAGS

We want to deal responsibly with the environment. That is why we ask our Sales staff to use our bags sparingly. By doing so, we are able to reduce the number of used bags by 36%.



WE FASHION HAS STOPPED THE SANDBLASTING OF JEANS

We Fashion has regular meetings with the Schone Kleren Campagne (Clean Clothes Campaign). Following talks about the dangers of the process to create a sandblasted and worn look in jeans, WE Fashion decided to stop sandblasting to ensure the safety and good health of its factory workers.

As of 1 January 2011, sandblasting no longer features in any part of WE Fashion's production. Effective June 2011, WE Fashion will no longer sell sandblasted jeans. The ban applies to the entire manufacturing process, including the use of other materials than sand (silica).

WET PROCESSING PROJECT SOLIDARIDAD

At our request, one of our Bangladesh-based suppliers joined a project of local and international parties in 2010 geared towards making the wet processing production steps more energy efficient. The project uses the User Group methodology. Solidaridad has tested this methodology in India, amongst other countries, and found it to be very effective.

Participating factories can benefit from sharing and discussing experiences with employees of other companies. In addition, the factories have a one-on-one working relationship with the project leaders, advancing the chance of process improvement through direct instructions. As the project runs until 2011, the final results will not be available until the end of 2011.

NEW WE STATIONARY ITEMS ON 100% RECYCLED PAPER

<p>5209279 BUSINESS CARD</p> <p>SIZE 85x55mm</p> <p>COLOURS P.525u P.653u P.363u P.152u P.1795u</p>	<p>5209279 GENERIC BUSINESS CARD</p> <p>SIZE 85x55mm</p> <p>COLOURS P.525u P.653u P.363u P.152u P.1795u</p>	<p>HI, I'M</p> <p>SIZE 85x55mm</p> <p>COLOURS P.525u P.653u P.363u P.152u P.1795u</p>	<p>HR GUEST ENTRANCE CARD</p> <p>DISCOUNT 50x52mm</p> <p>COLOURS P.525u P.653u P.1795u</p>	<p>HR TECHNICIAN ENTRANCE CARD</p> <p>DISCOUNT 50x52mm</p> <p>COLOUR P.363u</p>	<p>3901000 STAFF BADGE</p> <p>SIZE 105x74mm</p>
<p>5209290 COMPLIMENT CARD</p> <p>SIZES 200x120mm</p> <p>COLOURS P.525u P.653u P.363u P.152u P.1795u</p>	<p>5209294 CASH RECEIPT COVER</p> <p>SIZES 170x120mm</p> <p>COLOURS P.525u P.653u P.363u P.152u P.1795u</p>	<p>HR DISCOUNT CARD</p> <p>SIZE 70x48,5mm</p>	<p>5209293 CD</p> <p>SIZE 120x120mm</p>	<p>5209292 WING CLIP</p> <p>SIZE 10x27mm</p>	<p>5209291 USB STICK</p> <p>SIZE 10x44mm</p>



FASHION & LEARNING

We train our employees. Aside from the on-the-job training, we also offer staff internal courses at the WE University, focussing on personal and professional development. We devote much attention to developing knowledge, skills and conduct, firstly. This, so that staff can perform their present jobs well, but also – should an employee have further ambitions – to ascertain whether further progress can be undertaken. This gives employees the opportunity to move up the ladder. Customised training courses are also on offer, which are particularly popular at the head office. The courses offered are evaluated annually and brought in line with the current requirements.

Where possible, the WE University also works together with other fashion companies that are a part of LOGO International. So as to cater to the requirements of our fellow companies, existing WE courses are – in consultation with the other fashion companies – adjusted and included in their own training programmes, allowing us all to benefit. Customised courses can also be provided.

We are always keen to work with fashion academies, supporting young and upcoming talent and providing them with a platform.

< ACHIEVED IN 2010

808 PARTICIPANTS IN THE WE UNIVERSITY.

E-LEARNING IMPLEMENTED IN ADJUSTED BUYING, PLANNING AND TRADING PROCESSES WITH ANCHORING KNOWLEDGE AS A TOP PRIORITY.

VARIOUS MASTER CLASSES AND GUEST LECTURES.

COOPERATION WITH AMFI.

PLANS FOR 2011 >

FURTHER DEEPENING OF STYLE ADVISORS' KNOWLEDGE BY OFFERING TRAINING COURSES IN TRENDS AND INCORPORATING THIS KNOWLEDGE INTO WE FASHION'S FASHION.

DEVELOPMENT OF AN ON-THE-JOB TRAINING MANUAL, SPECIFICALLY INTENDED FOR THE YEARS WHEN WE FASHION IS FACED WITH EDUCATION BUDGET CUTS. THE MANUAL ENSURES WE CAN CONTINUE TO SUPPORT OUR STAFF BY MEANS OF FIT-TO-POSITION TALENT MANAGEMENT.

808

WE UNIVERSITY GRADUATES

In 2010, WE University provided 49 training courses.

MBTI interviews were conducted among 60 higher management employees.

During three workshops held at the head office in Utrecht, managers were able to work on their appraisal interview, performance review and presentation skills.

In the Netherlands, the Sales Management team and Visual Merchandising received intensive leadership training in 2010 by means of 360-degree feedback, various training courses and assignments.

The WE University trainers have provided our O'Neill and Setpoint colleagues with five training courses.

In addition to our very own WE University trainers, we have also worked with 10 external training agencies. To ensure the training courses remain current and are WE proof, 18 first-line colleagues contributed their expertise to the various courses as (co-)trainers.

The training courses were awarded an average score of 7.61.

MIX OF LOGO COLLEAGUES TAKES PART IN WE UNIVERSITY TRAINING

WE Fashion is part of LOGO International. The WE University works together with our sister companies' HR departments on a regular basis. In 2010, employees of WE, Van Gils and Setpoint received a Communication and Dialogue training in Garderen, the Netherlands. This two-day course provided ample opportunity to share experiences and practise with various forms of dialogue.



GUEST LECTURE BRAND MANAGEMENT IN FASHION FOR AMFI

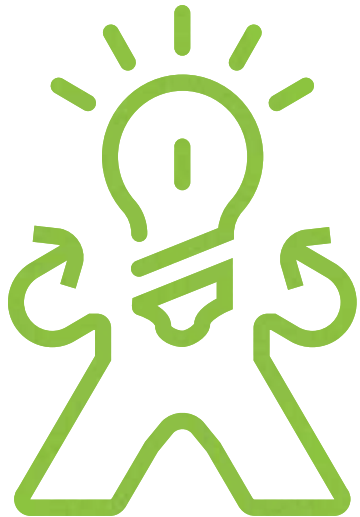
Aad Boon, WE Fashion's Marketing Director, delivered a lecture on brand management in fashion to AMFI students.



RTL MASTER CLASS ON BRAND MANAGEMENT IN FASHION

The Nyenrode & RTL master class on brand management in fashion was held on 1 July. Aad Boon, WE Fashion's Marketing Director, was one of the lecturers.

The master class was hosted by Peter van Zadelhoff of RTL Z, and was organised in cooperation with the Nyenrode Marketing Society (NyMaS).



CSR MASTER CLASS AT THE UNIVERSITY OF AMSTERDAM

WE Fashion's CEO, Wouter Kolk, gave a master class at the University of Amsterdam for Retail Marketing students. The master class started with a general presentation of WE Fashion, after which the students were asked to advise on an appropriate CSR strategy. A positive finding was that many solutions and recommendations tied in with the path we have taken. Some of the ideas presented by the students will even be used to enrich our CSR strategy.

WE FASHION SUPPLY CHAIN CASE

The Logistics programme of the Hogeschool Arnhem/Nijmegen has used WE as a case in a project in which students work on improving logistics services. As part of this project, WE Fashion's Information Services Director, Koen Aben, gave a guest lecture on WE Fashion and its supply chain.

The students also visited our European distribution centre in Utrecht. The final presentation was attended by both Koen Aben and WE Fashion's Director Finance and Logistics, Rogier Wijnhoven.

INFORMATION SESSION FOR SAXION TEACHERS

Marijke Willemsen, WE Fashion's CSR Manager, provided an information session on CSR in day-to-day operations at Saxion's teacher day, which was organised around the theme of CSR.

AMFI BEYOND GREEN

In 2010, we took part in the AMFI Beyond Green project for second-year students of the Amsterdam Fashion Institute.

The students received and studied the available CSR documentation and made recommendations in a report document.

BLUES PARTNER-SHIP WITH AMFI.



INFORMATION CLASS FOR AMFI STUDENTS ON WE'S CSR APPROACH

Marijke Willemsen, WE Fashion's CSR Manager, provided an information class on WE's approach to BSCI, sustainable materials and associated pitfalls. The class was intended for third and fourth-year students who signed up for the Product Development course.

WE Fashion likes to be in direct contact with the future generation of designers. That is why WE partnered with the Amsterdam Fashion Institute (AMFI) in 2010. One of the initiatives that sprang from this partnership was an assignment to design your own jeans. The jeans designed by students Georgia Havekotte and Kurtwood Scott rated the best and have been taken into production by WE Fashion. Marketed under the label: 'Created by... for WE', the jeans are now sold in 18 selected WE Stores in the Netherlands, Belgium, Germany and France.



FASHION & FUTURE

We want to contribute to the development of the people who are involved with our products, and we attach a great deal of value to the fact that workers in workshops are employed under good working conditions, well-paid and that no child labour is used. But that's not the end of the story. WE wants to do more for the inhabitants of the countries where its products are manufactured – many of these are after all developing countries where a large proportion of the population lives in poverty.

The development of children in countries where we manufacture constitutes a significant point of departure in this.

<ACHIEVED IN 2010

CONTRACT PARTNERSHIP FOUNDATION.

SELECTION OF FIRST RAINBOW HOME IN BANGLODORE, INDIA.

RESULT SAMPLE SALE: EUR 45,500.56

RAISED EUR 38,000 FOR STREET CHILDREN IN INDIA THROUGH THE SAM'S KLEDINGACTIE CHARITY.

PARTNERSHIP WITH THE NATIONAAL COMITÉ 4 EN 5 MEI.

ROLL-OUT OF 0-BOOKINGS COLLECTION IN SHOPS IN BELGIUM.

Education is, after all, one of the best tools for breaking the vicious circle of poverty and allows children to learn a trade to better prepare them for the future.

We donate clothing and accessories to charities in the developing countries where we are active. Moreover, in the Netherlands we host sales of samples, profits from which are given to charities. Aside from the fact that this allows us to support good causes, it is also good for the environment, as damaged clothing does not have to be destroyed.

At the end of each year we assess the results of each project, and also select a new project (or projects) for the following year.

PLANS FOR 2011 >

ROLL-OUT 0-BOOKINGS COLLECTION IN SHOPS IN GERMANY.

WE CARE 'KASSAPRODUCT': THIS PRODUCT IS SOLD TO GENERATE EXTRA INCOME FOR THE RAINBOW HOME IN BANGLORE.

FUNDRAISING VIA WE EMPLOYEES AND CUSTOMERS FOR THE OPENING AND SUPPORT OF THE RAINBOW HOME IN BANGLORE.



COOPERATION WITH THE PARTNERSHIP FOUNDATION.

WE Fashion closed an agreement with the Partnership Foundation in 2010. The foundation was founded in 2002 by people from the business community and has as mission to improve the living conditions and future possibilities of street children in India. The street children are housed in existing school buildings, so-called Rainbow Homes, where they are escorted to adulthood.

WE Fashion has made it possible to open a new Rainbow Home in Banga-

lore and will sponsor the home for at least three years. Bangalore is situated in the southern part of India. As our suppliers are based in this region, we are able to give something back to the country where a large part of our manufacturing activities take place.

The number of children that will receive shelter in this Rainbow home is expected to rise from 20 to 150 in three years' time. The children will be given the opportunity to learn a craft and thus be better prepared for the future.



Read more about the Partnership Foundation on www.partnershipfoundation.nl.

SAMPLE SALE.

SAMPLE SALE IN FIGURES:

27 NOVEMBER 2011
37 VOLUNTEERS
465 VISITORS
7406 ITEMS

€ 36,120.56

2345 KILOS OF SAMPLES FOR SAM'S KLEDINGACTIE
9380 EURO RAISED VIA SAM'S KLEDINGACTIE

€ **45,500**⁵⁶ FOR WE CARE.

Minimaal één keer per jaar organiseert WE Fashion een sample sale op het hoofdkantoor in Utrecht. Dankzij de inzet van een groot aantal vrijwilligers kunnen collega's voordelig shoppen. De restanten gaan in de blauwe zak voor 'Sam's Kledingactie'. De opbrengst van de Sample Sale is voor het WE Care team en komt ten goede aan o.a. het eerste WE Rainbow Home.



ACTIVITIES IN 2010*

SHELTER AND RETURN

2448 CONTACTS WITH STREET CHILDREN

575 CHILDREN PLACED IN HOMES

1685 CHILDREN RETURNED TO THEIR FAMILIES

EDUCATION

761 SCHOOL LEAVERS WENT BACK TO SCHOOL

949 CHILDREN IN ALTERNATIVE SCHOOLS

* SEPTEMBER 2009 TO AUGUST 2010



€ 38,000.-
FOR STREET CHILDREN IN INDIA

Since 2007, WE Fashion has donated clothing and samples from the Netherlands and Belgium to Sam's Kledingactie, an organisation that collects new and worn clothing, shoes and other textiles for charity. By doing so, WE Fashion supports one of the projects of Cordaid Mensen in Nood geared towards providing care and housing for street children in India. In 2010, WE Fashion donated 21,000 kilos of clothing, raising a total amount of EUR 38,000. The money will go towards the Rainbow Home in Bangalore as of September 2011.



“I WANT TO GO TO COLLEGE!” (ISAAC, 16 YEARS)

“Without help I would have become a cattle herder or I have had to keep on doing child labour”
Isaac is from Aathangarai. His parents earn a living by climbing palm trees and cutting firewood. When Isaac was in his fifth year of primary school, his father fell out of a palm tree and was very badly injured. As a result, he was not able to provide for his family and Isaac had to work in a supermarket to make ends meet. After a year, Isaac was fired because he was too small to do the strenuous work and could not handle the long hours. He returned to the village and went back to school for a while. However, the family’s situation was hopeless and Isaac had to start working again. Fortunately, Isaac’s uncle came into contact with a local partner organisation of Cordaid during that time. This organisation managed to convince Isaac’s parents of the importance of education for their son’s future. Isaac was placed in a children’s home and has benefited immensely from the food programme, training courses and medical treatment. He is now in his second year of secondary school. “I would like to work in the technical field and study General Technology next year. That is how I plan to help others later.”

KARPA-GAVALLI (15 YEARS) WANTS TO CONTINUE STUDYING

“Getting a second chance is like being born again”
Karpagavalli lives in the village of Kathalampatti with her parents two younger sisters Chinnaponu and Muthuselvi. Her father and mother work in a brick factory and are in a bad financial position. In her second year of secondary school, Karpagavalli performed poorly on her exams. She dropped out of school and started working. Around that time, Karpagavalli met some employees that worked for a local partner organisation of Cordaid. They visited her on several occasions and provided step-by-step information on her options. This resulted in her enrolling in a private study centre. Karpagavalli has taken exams and is now in her third year of secondary school where she is following a typing course. “I want to continue studying and become a teacher, so that I can take care of myself and my parents in the future.”

Read more about ‘Sam’s Kledingactie’ on www.samskledingactie.nl.

WORN CLOTHES COLLECTION AT OUR HEAD OFFICE

Worn clothes for Sam’s Kledingactie can be brought to WE Fashion’s head office in Utrecht all year round. To raise awareness for this charity and keep employees motivated, we have invited everyone via WE Web to pack up their old, yet still wearable, clothes and donate them to Sam’s Kledingactie.

DONATION OF 60 PRINTERS TO CLOSE THE GAP

WE Fashion donated 60 printers to Close the Gap in 2010. Close the Gap is an international not-for-profit organisation that helps bridge the digital divide in the world. By offering cost-efficient high-quality used IT-equipment, Close the Gap supports the talents of people in developing countries. Close the Gap collects computers from its donors, has the hard disks cleaned, and the hardware checked and configured. The computers are then shipped to selected projects in a number of countries in Africa. Locally, Close the Gap is also involved in providing education and support.



ROLL-OUT OF O-BOOKING COLLECTION BELGIUM

In 2009 in the Netherlands, we started to collect clothing returned by customers due to damages or defects at one central point. In 2010, the initiative of collecting still wearable returned clothing for Sam’s Kledingactie was extended to Belgium. We also try to involve customers in the charity by explaining what happens to the returned items.



WE CAN MAKE A DIFFERENCE.

4 & 5 MAY



WE Fashion donates its services, free of charge, to the Nationaal Comité 4 en 5 mei. The Ambassadors of Freedom 2010 have designed a T-shirt that gives an answer to the question: Vrijheid wereldwijd; wat is daarvoor nodig? (What does it take to achieve freedom around the world?) These exclusive 'freedom T-shirts', designed by Guus Meeuwis, The Boris & Wicked Jazz Experience, and Junkie XL, were available for purchase at 60 selected WE Stores in the Netherlands, online and at the Liberation Festivals on 5 May.

THE WE CARE TEAM

WOUTER KOLK
CEO
AAD BOON
MARKETING
DIRECTOR
HANNEKE VAN
MEETEREN
HR DIRECTOR
MARIJKE
WILLEMSSEN
CSR MANAGER*
ERIK VAN SANTEN
CHAIRMAN OF
THE DUTCH
WORKS COUNCIL

Corporate Social Responsibility is a component of our strategy. This means that everyone in the company influences the way in which he/she contributes to the activities that tie in with the WE Care programme.

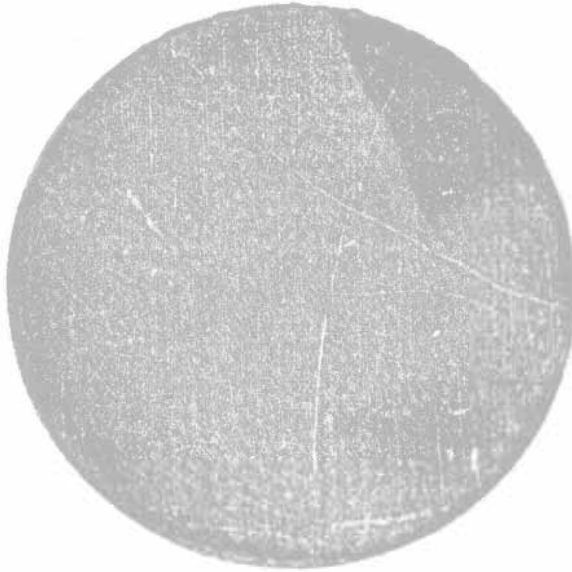
The WE Care Team consists of representatives from the various departments of the company.

The team:

- adds substance to the WE CSR strategy and ensures are complied with within the organisation;
- attempts to increase awareness when it comes to CSR among staff, customers, suppliers and other stakeholders;
- inspires and activates staff in a structural manner to contribute to CSR;
- cooperates with and is continuously in touch with other organisations that are active in CSR.

Should you have any questions on our policy of sustainability or about the WE Care programme, then please contact us using the contact form on our website: www.wefashion.com.

* Corporate Social Responsibility Manager



COLOPHON

This CSR Report is issued by WE Fashion and is intended for all WE employees.

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