



CSR REPORT 2014-2015

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WE

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INTRODUCTION

Before you lies the CSR Report 2014-2015, providing an insight into WE Fashion's objectives, strategies and recent achievements with respect to CSR. WE Fashion - the name says it all - stands for connection. We strongly believe in all people in this beautiful world. But we also see that the world is in need of a 'group hug'.



WE Fashion works hard for a better future, with almost 2,500 employees across 7 countries. For ourselves, our customers, our suppliers, the employees in our supplychain and anyone who has anything to do with WE Fashion. We do this by creating stunning collections that enable people to wear precisely what they need. We thus enable them to connect into their environment more easily. CSR has a central place in our strategy with an independent team that reports directly to me. In this report, you can read what has been achieved so far and what we still have to do. A great deal has already been achieved but many improvements are yet to be made.

As far as we're concerned, the work is never done: there is always something to be improved, so we must learn to live with a sense of imperfection. That is why we work closely with a range of partners, who help us figure out what we can do better and also support us in benchmarking and differentiating issues. With the overall aim of being able to report on CSR in an accurate, clear and transparent manner.

I hope to see you in one of our shops or on the internet.

Kind regards,


Joris Aperghis
CEO

WE FASHION CSR STRATEGY 2020

Over the past few years, WE Fashion has actively worked in the areas of Corporate Social Responsibility (CSR) and sustainability. It now forms an essential element of our company. In order to ensure our words are backed up by deeds and integrate CSR into all company activities, we developed a new CSR strategy. In the new strategy, the results that have been achieved are presented in a transparent manner. The task is not yet complete, streamlined and perfect but it offers us the opportunity to improve and grow. We believe this comprehensive strategy with stronger governance will enable us to deliver greater value, innovation and competition in the years to come.

Company values

WE Fashion has established seven key company values that describe the attitude and characteristics of our company. They are summarised under the heading CONNECT.



These values are:

- C** Customer Focus
- O** Operational Excellence
- N** Newness Loving
- N** Naturally Stylish
- E** Engaging
- C** Creative
- T** Togetherness

The key values of WE Fashion have been translated into a CSR strategy. We are aware of the current social and environmental issues that are topical within the fashion industry, and would like to take our responsibilities seriously. Not only to address these issues, but to actively help resolve them. To emphasise that CSR should have a holistic approach, it is also integrated into our overall WE Fashion business strategy: sustainable business. Our business strategy aims for optimal balance in creating sustainable and socially responsible fashion that can be enjoyed by all.

WE Fashion's sustainable vision

Finding the right connection between social, environmental and economic interests so that fashion can become sustainable. Something that will interest all stakeholders.

WE Fashion's sustainable mission

'We truly care about all people and our planet'. To behave responsibly in all our actions so that everyone involved can trust WE Fashion to create products that are made with respect for people and the planet. Now and in the future.

Transparency

Transparency and openness is vital in these times. Thanks to the internet, information is available to all and the consumer is increasingly seeking out information on brands and companies. The new WE Fashion CSR strategy represents reliability and transparency but also imperfection. We are up front about which targets we have and how we will go about achieving them. For each activity, we explain what we have done and our reasons for doing so. This goes for our major successes as well as things that have not (yet) been completed successfully. Ultimately, it is a dynamic entity.

Stakeholders

A company must not only focus on creating economic value for the shareholders, but also create economic value for all of the parties involved.

The engagement of interested parties is a guiding principle through all of the targets of the CSR strategy. Stakeholders are any parties which are involved in our activities. The most important stakeholders are customers, shareholders, employees, suppliers and business partners, NGO's, governments, associations, charities and the media. In order to ensure that we involve the appropriate parties in each topic, we have completed a stakeholder analysis. This analysis helps us determine the parties with which we need to collaborate.

By cooperating with all relevant parties, we can take the steps that we have outlined in our CSR Strategy 2020. The analysis also provides an insight into what information we must share with whom, and when. The new CSR strategy contains an action plan which indicates how we can most effectively communicate about our CSR ambitions and performance with the various stakeholders in order to realise our ultimate objectives.

The WE Fashion CSR strategy 2020

The WE Fashion CSR strategy is based on 4 pillars: sustainable supplychain, better products, sustainable operations and community engagement. These 4 cornerstones are further broken down into 9 different goals. We aim to realise these goals by taking time-bound actions. Every year, the CSR report provides information on the

actions taken and the results achieved. There is much to be improved for every goal. For every time-bound action that is completed, we formulate a new, time-bound action in the new year, in order to further realise our ultimate goals.

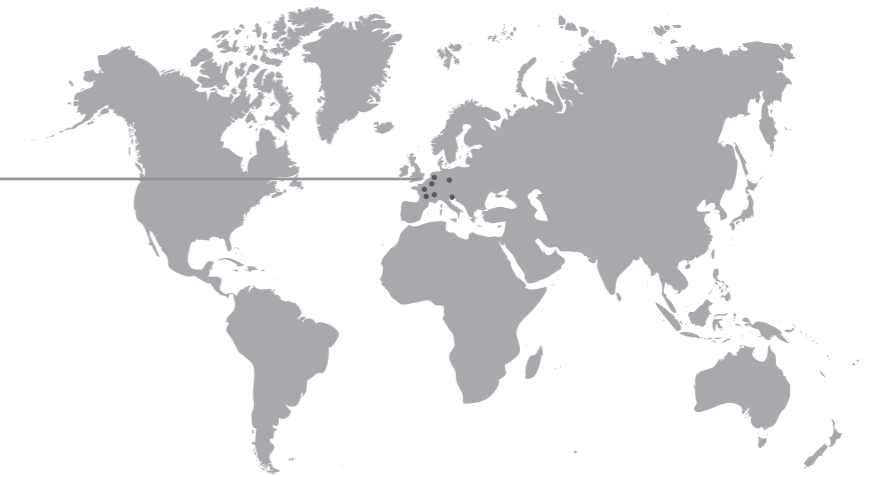


ABOUT WE FASHION

WE Fashion is an international company with around 230 stores and 2,500 employees; it is represented in the Netherlands, Belgium, Germany, France, Luxembourg, Austria and Switzerland. The international distribution centre and the organisation's head office are located in Utrecht. There are also local offices in Belgium, Germany and Switzerland.

230
STORES

2500
EMPLOYEES



'WE truly care about all people and our planet'.

WE Fashion stands for connection and a desire to provide clients with precisely what they need. Our clothing can be combined easily with all our own collections and those of other brands. And, by means of our brand, our communication and our attractive collections, we connect the customer with his/her environment. We are called WE Fashion and have the motto 'WE Get Together' for very good reason.

WE Fashion is a Dutch fashion brand with stylish, quality and accessible collections for Men, Women and Kids. Our clothing always corresponds to our smart signature.

'WE design to connect' is our mission.

WE Fashion staat voor verbinding en wil klanten helpen zich 'precies goed' te kleden. Onze kleding is perfect combineerbaar met al onze eigen collecties en die van andere merken. En door middel van ons merk, onze communicatie en onze aantrekkelijke collecties verbinden we de klant met zijn of haar omgeving. We heten niet voor niets WE met als motto 'Great things happen when WE get together'.

WE Fashion aims to take responsibility for people and the environment. That is why Corporate Social Responsibility (CSR) plays an important role in our strategy. In both the short and long term, WE Fashion would like to make a contribution towards structural reductions on people and the environment.

- We help our suppliers to improve their production process.
- We always buy sustainable products.
- We raise sustainability levels in our offices and shops.
- We train our employees.
- We work together on initiatives and projects in relation to CSR, and support charities.



We believe in working together to build a better future. That is why our internal manifesto states: 'We truly care about all people and our planet'. With our CSR strategy, we would like to raise awareness among our employees, customers and other stakeholders. A balanced CSR strategy is good for all of the parties concerned. In addition, sustainable business guarantees profit from future activities. 'We design to connect' ur mission.'

The WE Fashion CSR Team

Within WE Fashion, there is an independent, specialised CSR team, comprising two persons, who work at head office, on a full-time basis, on this area. The manager of the CSR team reports directly to the CEO.

The CSR team is responsible for the development of all CSR targets, the evaluation of improvements and encouraging and advising all of the relevant departments with respect to the elaboration and implementation of targets. With this support, every department is independently responsible for implementing the targets. Responsibility for the implementation of CSR strategy lies with the management team.

Absenteeism

Six years ago, WE Fashion's rate of absence was over 5%. Over the past few years, we have implemented a new form of absence supervision, whereby we look further than

simply the reason for the absence, facilitate discussions about reasons and also offers options for (adapted) work. This means that absenteeism is no longer a solely medical issue, but has become a management issue too. Thanks to the implementation of this new method, we reduced the absenteeism rate in 2015 to 3.3%.


WE FASHION EMPLOYEE

 WOMEN
  MEN
 STORE

THE NETHERLANDS




1438
NETHERLANDS



 412
 1016
 115
 AVERAGE AGE: 27




274
BELGIUM



 43
 231
 31
 AVERAGE AGE: 33




388
GERMANY



 114
 247
 35
 AVERAGE AGE: 28




70
FRANCE



 34
 36
 8
 AVERAGE AGE: 28

221
SWITZERLAND



 37
 184
 31
 AVERAGE AGE: 34


6
LUXEMBOURG



 2
 4
 1
 AVERAGE AGE: 34

11
AUSTRIA



 1
 10
 1
 AVERAGE AGE: 26

RESULTS OF THE 4 CSR STRATEGY PILLARS 2014 - 2015

ACHIEVED TILL DEC 2015

Not started ○ ○ ○ ○
 Not achieved - stopped ◐ ○ ○ ○
 Started ● ● ○ ○
 According to plan ● ● ● ○
 Achieved ● ● ● ●

TO BE ACHIEVED 2016

◐

SUSTAINABLE SUPPLYCHAIN

1. IMPROVE SOCIAL CONDITIONS IN PRODUCTION

- ● ● ● 1.1 Define the WE Fashion Code of Conduct for suppliers
- ● ● ● 1.2 Create a score card for social performance of suppliers
- ● ● ● 1.3 Ask suppliers to sign the WE Fashion Code of Conduct
- ● ● ○ 1.4 Supervise and approve supplier performance
- ● ● ○ 1.5 Evaluate and update the social suppliers management system
- ● ○ ○ 1.6 Expand social suppliers management to lower levels in the supplychain
- ● ○ ○ 1.7 Mapping the risks of labour rights in the supply chain
- ○ ○ ○ 1.8 Set up guidelines in relation to the sustainable purchasing of products
- ○ ○ ○ 1.9 Develop a complaints mechanism for the supply chain

2. IMPROVE THE LIVES OF WORKERS

- ● ● ○ 2.1 Actively participate in the Accord on Fire and Building Safety in Bangladesh
- ● ○ ○ 2.2 Develop a roadmap for achieving a living wage

3. IMPROVE THE ENVIRONMENT IN PRODUCTION

- ● ○ ○ 3.1 Enable suppliers to realise environmental improvements, via projects
- ○ ○ ○ 3.2 Reduce the use of water, energy and chemicals in production
- ○ ○ ○ 3.3 Develop a classification for the environmental performance of suppliers

BETTER PRODUCTS

4. USE MORE SUSTAINABLE MATERIALS

- ● ● ● 4.1 Update our sustainable raw materials strategy
- ● ● ○ 4.2 Buy products made from sustainable materials
- ● ○ ○ 4.3 Integrate Better Cotton into our collection
- ● ○ ○ 4.4 Create a policy with respect to the use of animal materials
- ● ○ ○ 4.5 Develop sustainable product labels
- ● ○ ○ 4.6 Update supplier portal with regard to sustainable materials

- ○ ○ ○ 4.7 Set up an eco-certification management system
- ○ ○ ○ 4.8 Create a policy on sustainable leather
- ○ ○ ○ 4.9 Develop a plan for the use of sustainable trimmings

5. MAKE ALL PRODUCT STAGES MORE SUSTAINABLE AND TRANSPARENT

- ● ● ○ 5.1 Develop a plan tackling the use of hazardous chemical substances
- ● ○ ○ 5.2 Seek verification of our activities in the chain
- ● ○ ○ 5.3 Map products on the use of raw materials and treatments per order
- ● ○ ○ 5.4 Map out the wet processes used by WE Fashion (washing, dyeing)
- ● ○ ○ 5.5 Develop a wet processing strategy (washing, dyeing)
- ○ ○ ○ 5.6 Measure the ecological footprint of the most important products
- ○ ○ ○ 5.7 Give customers insight in which factories products are made

SUSTAINABLE OPERATIONS

6. INVEST IN OUR EMPLOYEES

- ● ● ● 6.1 Write a code of conduct for the WE Fashion employees
- ● ● ○ 6.2 Measure CSR engagement among employees
- ● ○ ○ 6.3 Develop a CSR module for the WE Academy
- ● ○ ○ 6.4 Publish information in relation to all CSR guidelines internally
- ● ○ ○ 6.5 Launch and embrace CONNECT as a central value system

7. REDUCE WASTE

- ● ● ○ 7.1 Reduce the number of plastic carrier bags handed out
- ● ● ○ 7.2 Develop products made of recycled materials
- ● ○ ○ 7.3 Find suitable parties for various waste streams
- ● ○ ○ 7.4 Encourage reuse and recycling among customers
- ● ○ ○ 7.5 Write a plan to reduce product waste

8. REDUCE THE CO2 FOOTPRINT

- ● ● ● 8.1 Measure CO2 emissions
- ● ● ○ 8.2 Introduce carelabels with savings tips in our clothes
- ● ○ ○ 8.3 Draw up a CO2 reduction plan for 2015-2020
- ○ ○ ○ 8.4 Reduce the environmental impact of transport and logistics
- ○ ○ ○ 8.5 Develop a policy for increasing the sustainability of non-commercial articles

COMMUNITY ENGAGEMENT

9. CHARITIES

- ● ● ○ 9.1 Organise fund-raising activities
- ● ○ ○ 9.2 Draw up a Charity policy plan
- ○ ○ ○ 9.3 Develop a volunteers programme for employees
- ● ○ ○ 9.4 Demonstrate tolerance via Get Together communication



SUSTAINABLE SUPPLY CHAIN



WE

SUSTAINABLE SUPPLY CHAIN

The textile sector provides work for many people. According to the International Labour Organization almost 24 million people work in our sector. Unfortunately many workers are still employed under very poor social conditions. For many years now, WE Fashion has been striving to improve the situation of workers involved in production. Not just because it is 'the right thing to do', but also because it builds a solid long term relationship with our suppliers, raises the quality of work and improves brand reputation.

WE Fashion does not own factories or production locations but works alongside specialised suppliers that also produce for many other parties. By working in partnership with our supplier base to embed a solid and strong social management system, we can improve the working conditions and therewith the lives of workers involved in the production of our garments.

The textile chain is extensive and encompasses many stages. Masses of companies contribute towards the creation of our clothing. A simple overview runs from farmer, to trader, spinner, weaver, sewing factory, laundry, and right through to our distribution centre. In between all of these steps, fibres, fabrics and clothing are also transported and stored. In this context, we would like to contribute towards good employment conditions and compliance with human rights within the chain, but also environmental conditions in the various steps along the way.

Our objective for the coming years is to structurally improve sustainability within the production chain, focussing on all factories in which our goods are produced. This applies to situations where we make direct purchases and also where our suppliers take care of production. We would also like to map out the problems within the chain. This will simplify the search for connections between relevant projects and initiatives from other companies, governments and stakeholders.



1. IMPROVING SOCIAL CONDITIONS WITHIN THE SUPPLY CHAIN

1.1 DEFINE THE WE FASHION CODE OF CONDUCT FOR SUPPLIERS



Aim:

We want to develop an all-encompassing WE Fashion Code of Conduct that applies to all of our suppliers.

As a member of the BSCI, we use the BSCI Code of Conduct as the basic principle to which all parties in the supplychain must abide. Since 2009, WE has asked all of its suppliers to sign a Supplier Declaration. In essence, they are signing up to the principles of the BSCI Code of Conduct but also other issues that WE Fashion considers to be important, such as transparency, animal welfare and the safe use of chemicals. Not all suppliers work with factories where a BSCI audit is conducted so, since 2014, we have also accepted audit reports from a number of other social compliance systems. This therefore requires a broader Code of Conduct for suppliers.

Progress:

The content of the WE Fashion Code of Conduct for suppliers was developed, drafted and presented to various parties in 2015. At the beginning of 2016, the WE Fashion Code of Conduct is set to become part of the Supplier

Declaration which is signed by every supplier and factory who works for WE Fashion.

Looking ahead:

The WE Fashion Code of Conduct for suppliers has been sent to all WEFashion suppliers at the beginning of 2016. The updated version will also be published on www.wefashion.com/csr. We aim to evaluate the WE Fashion Code of Conduct once every two years and adjust where necessary.

BSCI

WE Fashion is a member of the BSCI (Business Social Compliance Initiative). We follow the BSCI Code of Conduct and ask for it to be implemented by our suppliers, and the factories they use in high-risk countries too. The code consists of 11 principles, including bans on discrimination, excessive overtime and child labour. With regular audits by independent parties, suppliers are monitored to ensure they meet these requirements.

BSCI has been introducing a two-year audit cycle in the past year. This means that as of the first audit, a factory will be audited at least every two years. If during this period a factory achieves the BSCI Good status, this is valid until the two year period is over.

An initial BSCI audit involves assessing whether all 11 principles of the BSCI Code of Conduct are met. A supplier that fulfils all of the requirements is given the status Good. A supplier that fails to meet all requirements is rated Needs Improvement or Non Compliant. Needs Improvement is a rating with only minor issues; Non Compliant is a rating where major issues have been identified.

The goal of auditing is to periodically gain an insight into the issues that can occur in a factory. With this insight the factory management knows where to improve the working conditions for everyone who works on our garments. This is an ongoing process. We accept that some factories still have improvements to make and therefore do not require 100% score from them. However, we do require that all our suppliers and factories make continuous improvements in their quest to achieve 100%.

1.2 CREATE A SCORE CARD FOR SOCIAL PERFORMANCE OF SUPPLIERS



Aim:

The aim is to review the score care in relation to our suppliers' social performance. In the new version, we categorise the various systems accepted by WE Fashion. We unite these under a WE Fashion classification system. The basis for the score card is the WE Fashion Code of Conduct for suppliers (see also 1.1)

Progress:

As a result of accepting other classification systems alongside BSCI, we have started categorising these systems. This is vital in order to evaluate the audit reports. It is a very time-consuming process due to the individual natures of the systems. An official score card, however, has not been drawn up.

Looking ahead:

We would like to create a score card in collaboration with Made-By, an NGO with experience in this field and who also uses its own score card for other affiliated brands. The aim is to complete the score card in the first half of 2016.

1.3 ASK SUPPLIERS TO SIGN THE WE FASHION CODE OF CONDUCT



Aim:

Enable the WE Fashion Code of Conduct to be signed by suppliers and all factories that produce articles for WE Fashion

Progress:

Not yet started.

Looking ahead:

In the first few months of 2016, we will send out the WE Fashion Code of Conduct.

1.4 SUPERVISE AND APPROVE SUPPLIER PERFORMANCE



Aim:

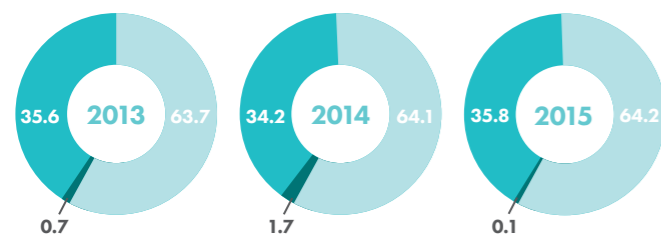
Our aim is to keep 100% of the factories that produce for WE Fashion within a valid audit cycle and to work on continuous improvement of the conditions in the factories. WE Fashion considers the developmental approach of the BSCI as the correct route to ensure compliance with social standards in the chains.

Progress:

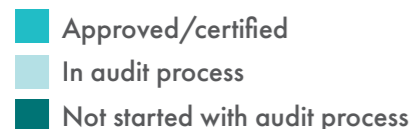
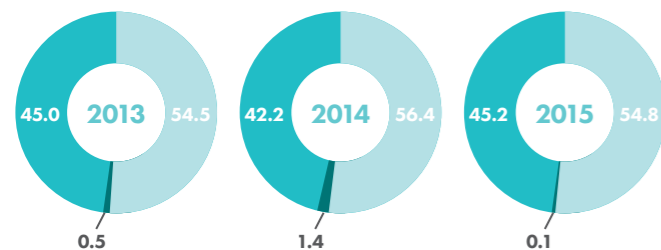
As a result of various circumstances, we have had to deal with a very challenging period. Many of the factories that have been audited again have been given a lower score than the score they had achieved previously. A small number of the factories dropped down a level from a 'good' result. The most important reason for this is that the BSCI has become stricter in maintaining all requirements, and a number of requirements have been tightened. This primarily relates to the area of Health & Safety. Many of the factories must therefore work on further improvement of a safe working environment

1.4.A FACTORY COMPLIANCE IN PURCHASE VALUE PER END OF CALENDAR YEAR

Factory compliance in purchase value

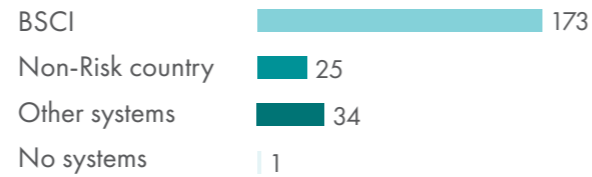


Factory compliance in purchase volume

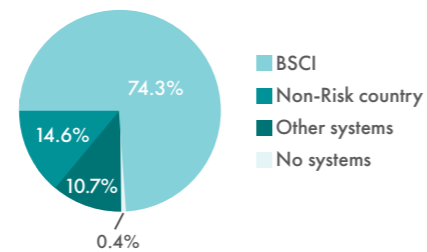


Factory compliance in systems

Factories:



Percentage van totaal:



Looking ahead:

In order to involve and retain 100% of the factories where we produce within a validated audit process, it is vital that when we are sourcing new suppliers, we only accept those who are in a valid audit process. There are, however, always suppliers that unexpectedly outsource to a factory that we have not approved. It is our aim to completely exclude unapproved production.

We shall do all we can to provide the factories with the necessary training and then intensive supervision in order to give them the opportunity to reach a higher level. As a result, we can be sure that by 2020 we can buy 50% of our purchasing value from approved factories.

1.4.B A COMPLETE OVERVIEW OF ALL FACTORIES

Orders can only be placed in factories approved for production by WE Fashion. This is the only way that we can obtain a full overview of all of the factories that produce for WE Fashion. Approved factories are introduced to our ordering system after a thorough selection process which also checks social conditions. When adding new suppliers and factories to our supplier base, the purchasing department, purchase management, Quality Assurance, CSR and the CEO must approve. We will focus on actual clothing production, as we have a direct influence on this and consider this area to be our responsibility. This concerns factories that sew, knit and link (knitting parts

together) and those which offer general production (for accessories).

The requirement to submit all factories including sub-contractors to the auditing process goes beyond the requirements of BSCI (see frame 1.4.C). WE Fashion places great importance on the conditions in which our clothing is manufactured.

From suppliers that have factories where the BSCI audits are not carried out, we will accept an audit report from several other social compliance systems, such as

SA8000, ETI (Sedex), FWF and WRAP.

Factories in production countries that are considered to be non-risk countries do not have to submit BSCI audit documents in order to be accepted for WE Fashion production. On 31 December 2015, 98.3% of all factories had a valid audit procedure for a WE Fashion approved system. These factories produce 99.9% of the goods for WE Fashion. This is a percentage to be genuinely proud of.

1.4.C PRODUCTION COUNTRIES WHERE WE FASHION HAD PRODUCTION FACILITIES IN 2014 AND 2015



1.4.D RISK COUNTRY CLASSIFICATION

WE Fashion applies the BSCI list of risk-countries. The risk classification for countries is based on administrative indicators that are recorded by the World Bank and which are used to determine the administrative power of each country. The administration is assessed on the following six points: governance and responsibility; political stability and absence of violence or terrorism; efficacy of government; quality of legislation and regulations; and observance of the law. Each area impacts on the success of BSCI participants in carrying out their business activities in a socially compliant way.

The countries marked with a * in frame 1.4.D are regarded by BSCI as non-risk countries. In 2015, this means that 10.7% of the factories that produce for WE are located in non-risk countries, according to the classification.

- Albania
- Bangladesh
- Bulgaria
- Cambodia
- China
- India
- Italy
- Laos
- Luxembourg*
- Mauritius
- Morocco
- Myanmar
- The Netherlands*
- Pakistan
- Portugal*
- Romania
- Thailand
- Turkey
- United Arab Emirates
- Vietnam

1.4.E AUDIT PERFORMANCE 2015

In 2014, 105 audits were conducted at factories. In 2015, 163 audits were conducted. The high number of audits in 2015 can be put down to the implementation of the new BSCI Code of Conduct as of 1 January 2016. Many factories conducted an audit in 2015 on the basis of the old BSCI Code of Conduct.




The table below shows the audit performance per country in 2015. Both initial and follow-up audits are included. The initial audit involves assessing whether all 13 principles of the BSCI Code of Conduct are met. Most of the problems that arise at the factories which produce

for us relate to health and safety, long working days and wages.

A factory with the rating Needs Improvement or Non Compliant is presented with a Corrective Action Plan, with concrete recommendations for improving the factory). The next audit follows within a 12 month period to ensure all recommendations have been followed and improvements have been made.

RESULT:

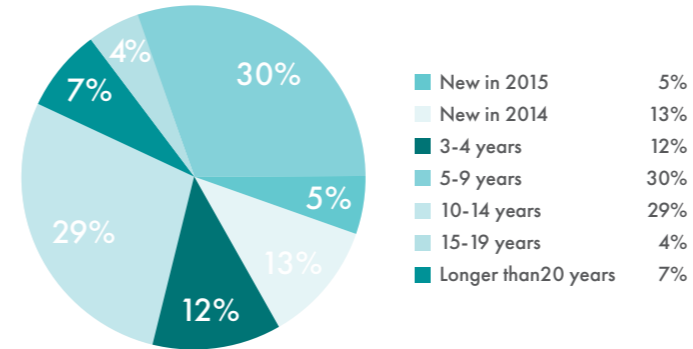
-  GOOD
-  NEEDS IMPROVEMENT
-  NON COMPLIANT

	TOTAL AUDITS:			
Albania	1			1
Bangladesh	17		17	
Bulgaria	1		1	
Cambodia	5	1	2	2
China	78	4	65	9
India	14	5	8	1
Laos	4	3	1	
Morocco	3	2	1	
Myanmar	3	2		1
Ukraine	1	1		
Pakistan	3	1	1	1
Poland	2	2		
Portugal	1		1	
Romania	3		2	1
Turkey	21	3	8	10
United Arab Emirates	1			
Vietnam	5	1	3	1

163 TOTAL AUDITS **25**  **111**  **27** 

1.4.G SUPPLIER RELATIONS

70% We are proud to say that 70% of our goods come from suppliers that have been producing for us for more than five years. We have an excellent relationship with these suppliers that, in some cases, goes back 45 years. The intention with every new supplier is to start a long lasting relationship where quality, respect and partnership are the key ingredients.



1.5 EVALUATE AND UPDATE THE SOCIAL SUPPLIERS MANAGEMENT SYSTEM



Aim:

The aim is to strengthen the WE Fashion Code of Conduct for suppliers by means of adapting our social management system. The procedure is required in order to ensure that the WE Fashion Code of Conduct is implemented and applied as effectively as possible.

Progress:

The social management system was adapted and introduced in 2014.

Looking ahead:

The procedure will be evaluated once a year on the basis of developments within the WE Fashion Social Supplier Management, the purchasing strategy and the available systems. If necessary or possible, we will modify the procedure in order to improve our grip on compliance with the WE Fashion Code of Conduct among suppliers.

1.5.A THE SOCIAL SUPPLIERS MANAGEMENT SYSTEM

The CSR team works every day on improving the conditions in the factories used by our suppliers for

production. In close consultation with the purchasing department, the import/export department and the quality department, we ensure that all factories where orders are placed fulfil the minimum requirements of the WE Fashion Code of Conduct for suppliers.

The new procedure covers:

- A definition of the minimum social requirements and how to deal with factories that do not fulfil these.
- A description of internal resources that are required to support the procedures.
- A process for approving new suppliers.
- A system for assessing existing suppliers that have to be re-audited.
- A system for evaluation of audits.
- A system for non-compliance management, following up the problems identified during an audit.
- A definition of escalation procedures in the event that a factory does not fulfil the minimum requirements, or if there are audit problems in relation to discrimination, child labour, enforced labour and/or safe working conditions.

The buyers will be informed about the procedure by means of individual and team trainings.

How our social management system works

We ask all our suppliers to submit details of their factories including all relevant, recent audit reports. Factories can only produce for WE Fashion if they are engaged in a valid audit process. No valid audit means no order. This zero tolerance principle also applies to new suppliers. Our focus lies in helping the factories to improve their social standard to an acceptable level. Ultimately, if factories are not able or willing to improve, we will stop working with them.

1.6 EXPAND SOCIAL SUPPLIERS MANAGEMENT TO LOWER LEVELS IN THE SUPPLY CHAIN



Aim:

The aim is to obtain a clear overview of the social performance of the factories at the lower levels in our supply chain by involving them in the social management system. When we talk about the lower levels in our supplychain, we mean the factories such as the printers, laundries, fabric mills and yarn suppliers, dyeing facilities, ironing factories, etc. In the long-term, we would like these factories of strategic suppliers to be audited by BSCI or ask them the submit to an alternative audit system.

Progress:

In 2014, we began categorising the various parties with whom our suppliers work. This led to a clear classification system (see frame 1.6.A). We also started inventorying all of the various suppliers with which the factories work. A little over half of our suppliers, 56%, have provided us with an overview of their most important suppliers which form part of the production effort for WE Fashion. We are happy with the initial results but there is still plenty of work to do. Unfortunately, we have not yet obtained an overview from all suppliers. We are also unable to say with 100% certainty that the list of subcontractors for WE Fashion products is entirely complete.

Looking ahead:

In the coming years, we would like to obtain an overview from each supplier of their various sub-suppliers on every level (Tiers). In order to ensure it is a comprehensive overview, we will engage with our suppliers in this context. Our aim is to be familiar with the sewing factories, laundries and fabric suppliers for 80% of our orders by the end of 2016.

1.6.A STATE OF PLAY AT THE END OF 2015:

Tier 1	115 direct suppliers
Tier 2	147 subcontractors to our suppliers
Tier 3	123 finishers for our suppliers
Tier 4	163 suppliers for our suppliers

WE FASHION TIER CLASSIFICATION

Tier 1 direct suppliers

Sewing
Knitting
Cutting
Linking
Productie

Tier 2 subcontractors to our suppliers

Sewing
Knitting
Cutting
Linking
Production

Tier 3 finishers to our suppliers

Embroidery
Printing
Dyeing
Washing
Ironing
Finishing

Tier 4 suppliers to our suppliers

Fabrics
Yarns
Weaving
Spinning
Trimmings
Buttons
Lining
Interlining
Care labels
Brand labels
Hangtags
Packaging
Distribution
Warehousing

With a number of producers, we develop articles such as trimmings, care labels, brand labels and hangtags that are used in our products. We are asking these producers to involve the factories that produce for WE Fashion in the BSCI audit process too.

1.7 MAPPING THE RISKS OF LABOUR RIGHTS IN THE SUPPLY CHAIN



Aim:

We have set ourselves the goal of using an analysis of the available internal information and stakeholder publications to chart the risks to employee rights within our production chain.

Progress:

Not yet started.

Looking ahead:

The aim is to complete the study in the second half of 2016 and then to repeat the exercise once a year to check whether risks have changed and/or if any other measures need to be taken.

1.8 SET UP GUIDELINES IN RELATION TO THE SUSTAINABLE PURCHASING OF PRODUCTS



Aim:

The aim is to create guidelines for the sustainable purchasing of our products. We would like to support the purchasing department with clear guidelines so they are informed about the origins of the product and the consequences for people and the environment when they are making their purchases, and can apply the information in their decisions.

Progress:

Not yet started drafting the guidelines.

Looking ahead:

The aim is to draft the guidelines in the second half of 2016.

1.8.A STEPS TO EXCLUDE CHILD LABOUR FROM COTTON FIELDS

In October 2012 WE Fashion signed the Cotton Pledge from the Responsible Sourcing Network. The Responsible Sourcing Network is committed to excluding child labour and forced labour from the cotton fields of Uzbekistan. Cotton from Uzbekistan is harvested by school children and



their teachers, which means the schools are closed during harvest time.

To prevent the unintentional use of child labour, we took the next step by excluding cotton from Uzbekistan from our supply chain. We accomplished this in 2013 by asking all our suppliers to sign a commitment to excluding cotton from Uzbekistan in products for WE Fashion. All our suppliers have returned the signed commitment.

In 2015, we took another step by becoming a member of the Better Cotton Initiative (BCI). The BCI is an initiative for cotton growers that spares the environment, creates improved conditions for farmers and offers farmers' children a chance to go to school. The aim is to replace as much 'ordinary' cotton as possible by BCI cotton in the long term in order to gain a better grasp of this section of the chain. See also 4.3.

1.9 DEVELOP A COMPLAINTS MECHANISM FOR THE SUPPLY CHAIN



Aim:

Every person who is involved in the WE Fashion supply chain must have the chance to submit a complaint if their rights are under threat. This is set forth in the United Nation's Guiding Principles on Business and Human Rights, also known as the Ruggie Framework.

WE Fashion is a member of the BSCI and the BSCI has a complaints mechanism. The BSCI, however, does not cover the entire network. In order to rectify this, WE Fashion would like to set up its own complaints mechanism.

Progress:

Not yet started creating the complaints mechanism for WE Fashion.

Looking ahead:

In 2016, WE Fashion will endeavour to find a party that can help set up a simple, accessible and transparent complaints mechanism for WE Fashion which can serve as a source of ongoing improvement for our company. The aim is to have the complaints mechanism up and running by the end of 2016.

1.9.A FACTORIES

Employees in the factories that are governed by a social standard such as the BSCI and SMETA, will thus have access to a complaints mechanism. Factories are also asked to set up their own complaints mechanism; this will be checked during an audit.

The BSCI states the following in its Code of Conduct:

Companies must set up complaints procedures for individuals and communities that could face negative consequences. Even when the legal systems are effective and well-equipped, a complaints mechanism could offer specific benefits such as speed of access and recovery, low costs and a broader scope.

2. IMPROVE THE LIVES OF WORKERS

2.1 ACTIVELY PARTICIPATE IN THE ACCORD ON FIRE AND BUILDING SAFETY IN BANGLADESH



Aim:

In May 2013 WE Fashion signed the Accord on Fire & Building Safety in Bangladesh. This is an agreement between fashion brands and retailers, international and local unions and NGO's. By signing the Accord, WE Fashion has pledged to work on sustainably improving the building safety and working conditions of workers in the clothing factories of Bangladesh in the period between 2013 and 2018.

Progress/Performance:

In the autumn of 2014, our CSR Manager visited all of the factories in Bangladesh which produce for WE Fashion. During the visits, the agreement was discussed with the relevant management teams. Factory owners were keen to show off their factories and told us about the challenges they saw in the agreement requirements.

In 2015, WE Fashion worked with 22 factories in Bangladesh. Three factories were inspected in 2014 using a similar initiative called Alliance; in 2015 all factories underwent a 2nd check by the Accord.

Improvement areas were identified for all of the factories that are engaged in production for WE Fashion. In total, the first inspections threw up 818 points for improvement. Some of the factories have to start at 'square one'. They must have architectural plans drawn up and calculate the strength of the building. This will then be checked by Accord inspectors. Most of the improvement points relate to fire safety (39%), then electricity (36%) and then structural safety (24%).

Some of the improvement points:

- Lack of a safe fire exit
- Inadequate fire alarm system
- Lack of building stability
- Lack of structural plans
- Overuse of the premises

At the end of 2015, a quarter of the improvement points in the factories that work for WE Fashion had been corrected (26.4%), and another 21.9% had been corrected but still need to be confirmed by means of an inspection.

Looking ahead:

WE Fashion will continue to support the factories in Bangladesh during the improvement process. By the end of 2016, we expect at least 75% of the points from the initial inspections to have been corrected, and at least half of the factories to have had certified fire doors installed.

2.1.A THE WE ACCORD ON FIRE & BUILDING SAFETY IN BANGLADESH

The agreement for the Accord comprises six important components:

1. A five year legally binding agreement between brands and unions to guarantee safe working environments in the Bengalese clothing industry.
2. An independent inspection programme that is

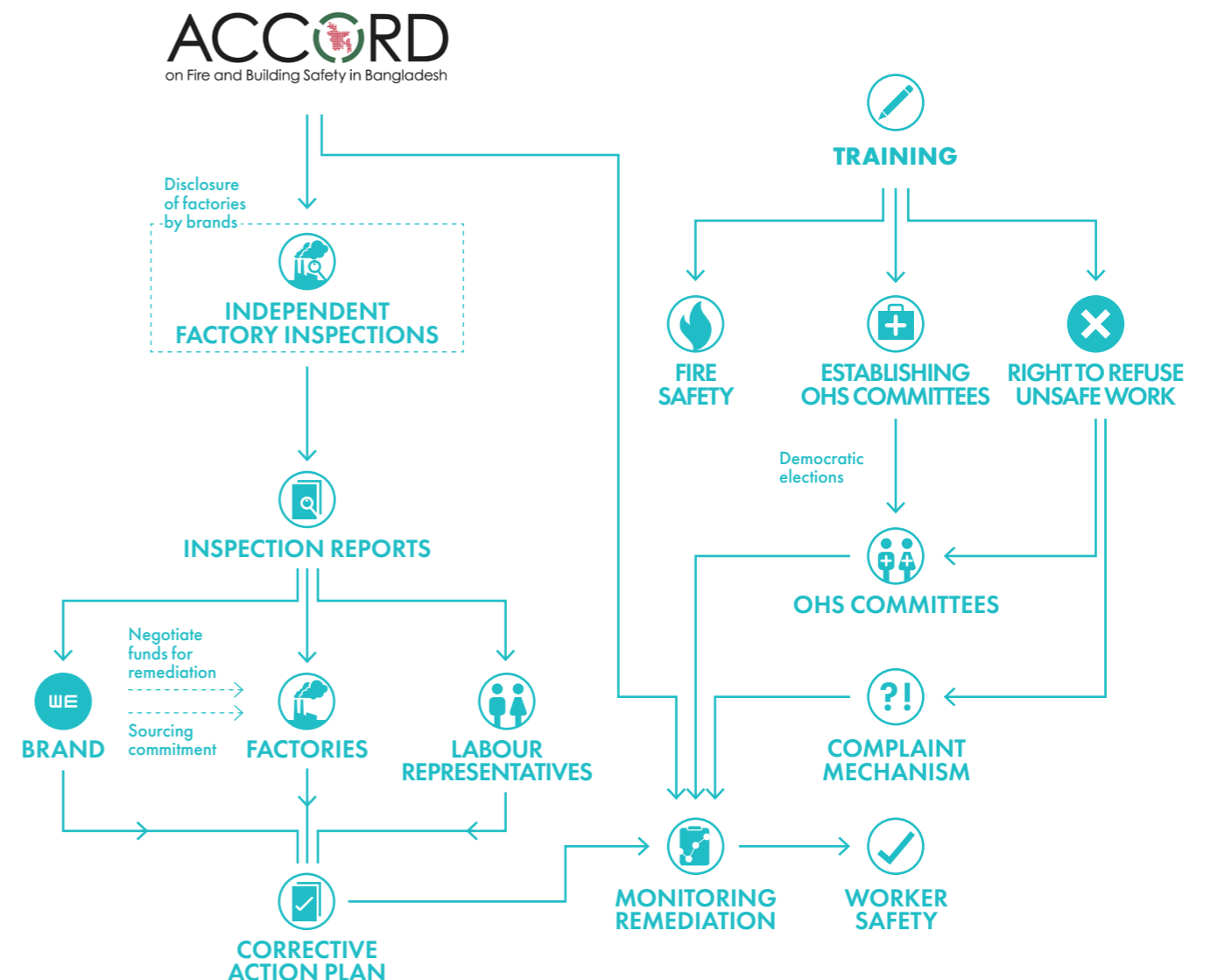
supported by brands and which involves employees and unions.

3. Publication of all factory names,, inspection reports and improvement plans.
4. Efforts made by the brands and retailers to ensure that sufficient resources are available for the reorganisation. and maintenance of the relationship with factories.
5. In all factories, there will be committees for health and safety.
6. A comprehensive training programme for workers, a complaints scheme for workers and the right to refuse unsafe work.

WORKING FOR A SAFE READY-MADE GARMENT INDUSTRY IN BANGLADESH

INSPECTION & REMEDIATION PROGRAM

WORKER PARTICIPATION PROGRAM



2.2 DEVELOP A ROADMAP FOR ACHIEVING A LIVING WAGE



Aim:

The aim is to develop a long-term step-by-step plan that leads to the payment of a living wage.

Progress:

In 2014, WE Fashion became actively affiliated to the Living Wage working group from the Action Plan Dutch Clothing and Textile Industry (see frame 2.2.A). During the meetings, all members were asked to test the Fair Wear Wage-ladder. For the purposes of this test, WE Fashion selected several factories of varying sizes, in different countries. In 2015, we then inventoried the salaries that were paid to workers in the factories that produced for WE Fashion in 2014. We used the data from the most recent inspection reports for the inventory. These were then compared with various guidelines, such as the minimum wage for a specific country, and different standards that serve to provide a living wage for workers. All of the factories were included in the research, both direct suppliers and subcontractors.

Looking ahead:

We would like to repeat the research into wages every 2 years. In addition, we would like to use the results of the research for 2014 to develop an initial version of a step-by-step plan in 2016.

2.2.A ACTION PLAN DUTCH CLOTHING AND TEXTILE INDUSTRY

On June 20th 2013, on behalf of the entire Dutch textile and clothing sector, the Dutch industry associations Inretail, MODINT and VGT presented a joint plan of action to increase sustainability of the sector to Minister of Foreign Trade and Development Ploumen. The main message of the plan is that by means of cooperation possible structural change can be achieved.

Specific goals and plans will guide the industry, in close cooperation with international NGOs, trade unions and governments, to achieve further improvement in all areas. This includes a global joint policy for living wages in 2016, an agenda for reducing the use of chemicals and support for affiliated companies to get better control on their own supply chain. In order to ensure that the plan contains vital objectives, it follows the OECD guidelines and the Ruggie framework from the UN for the textile and clothing sector.

In 2014, several working groups were set up under the Action Plan. WE Fashion participates in four working groups: Social Dialogue, Living Wage, Child Labour and communication.

2.2.B RESEARCH INTO THE WAGES PAID IN THE FACTORIES WHERE WE PRODUCE

In order to develop a step-by-step plan for paying a living wage, it is important to ascertain our current position in this context. What are the workers who produce our clothing actually paid? In order to find out, we picked our way through all of our audit reports and registered all of the wage details in a file. This research only looked at factories in countries outside the EU. For each factory, the available data on the lowest paid wage in the factory, the minimum wage and the various standards for a living wage, were compared to one another. This research is based on data from the most recent audit reports from factories which produce goods for WE Fashion.

In many cases, the data on the lowest paid wage, the minimum wage and the SA8000 living wage could be found in the relevant audit report. The information relating to the various living wage standards was partially available from the Fair Wear Wage-ladder and also via other sources. The fact that not every factory is re-audited every year and some factories are certified for multiple years meant that we had to use data from 2012, 2013 and 2014. In a few cases, we compared the data for a factory from one year against the data for a standard for another year. Where necessary, wages in local currency have been converted into Euro, using the rates that applied at the time of measurement if possible (December 2014).

The Wage ladder, the Asia Floor Wage and the Wage Indicator are all benchmarks that can be used to assess whether a living wage is being paid. Unfortunately, the three systems did not provide us with a local living wage for all factories. Quite a few countries are missing from the Wage ladder. The source of the estimated living wage was also hard to establish. The Asia Floor Wage is available for several countries in Asia, except for Myanmar, Laos and Thailand. In order to come up with an estimate, we used alternative (verifiable) studies and standards for the missing countries.

The following instruments and standards were used for the study

Wage ladder (Fair Wear Foundation) - Instrument

The Wage ladder is an instrument that has been developed and is provided by the Fair Wear Foundation. It helps fashion brands and factories measure the lowest paid wage.

It is a simple web-tool but data is only available for countries that produce a great deal of clothing. The website also provides results that do not correspond to a known underlying study or standard. The FWF uses this instrument to create an outline of the situation for its members' factories. For non-members, insufficient information is available to create an overview for many countries.

SA8000 living wage calculation - standard

The SA8000 standard is the official best practice system from the BSCI. A calculation of the SA8000 living wage is included in the BSCI audit report. The SA8000 formula includes the wage for a standard working week, which enables the worker to provide for his/her basic needs, i.e. food, clean water, clothing, accommodation, transport, education and 10% extra. A worker must earn half the required living wage for a family of 4 persons.

Asia Floor Wage - standard

The Asia Floor Wage was created by the Clean Clothes Campaign in collaboration with the international federation of unions, that demands a living wage for all workers in the textile sector. In studies and publications, the Clean Clothes Campaign uses the Asia Floor Wage as the departure point for a living wage.

The Asia Floor Wage is based on so-called purchasing power parity (PPP) calculations, which enable comparisons in living standards between countries. They assume a basic need of 3000 calories per day per adult and that food accounts for half of the monthly income. It must be possible for all workers to earn the living wage over 48 working hours per week; the worker must be able to sustain a family and a 'savings pot' of 10% is also included.

The Asia Floor Wage studies were not available for the years 2012 and 2013. Another disadvantage is that regional differences are not taken into account. The study is also unavailable for the Asian countries Laos, Myanmar and Thailand.

Wage Indicator – standard

The Wage Indicator uses the prices that are published on Numbeo (an online database of the cost of living in cities across the world) in order to estimate the costs of housing, food and transport each month.

The figures are based on the monthly rent for an apartment outside the city centre with 1 bedroom, the use of public transport and the food required for one person. In addition, there is an extra 20% for disposable income. Estimates are adjusted at least once per quarter according to up-to-date prices. The figures for 2013 are less accurate than the figures for 2014 as insufficient information was available for

2013.

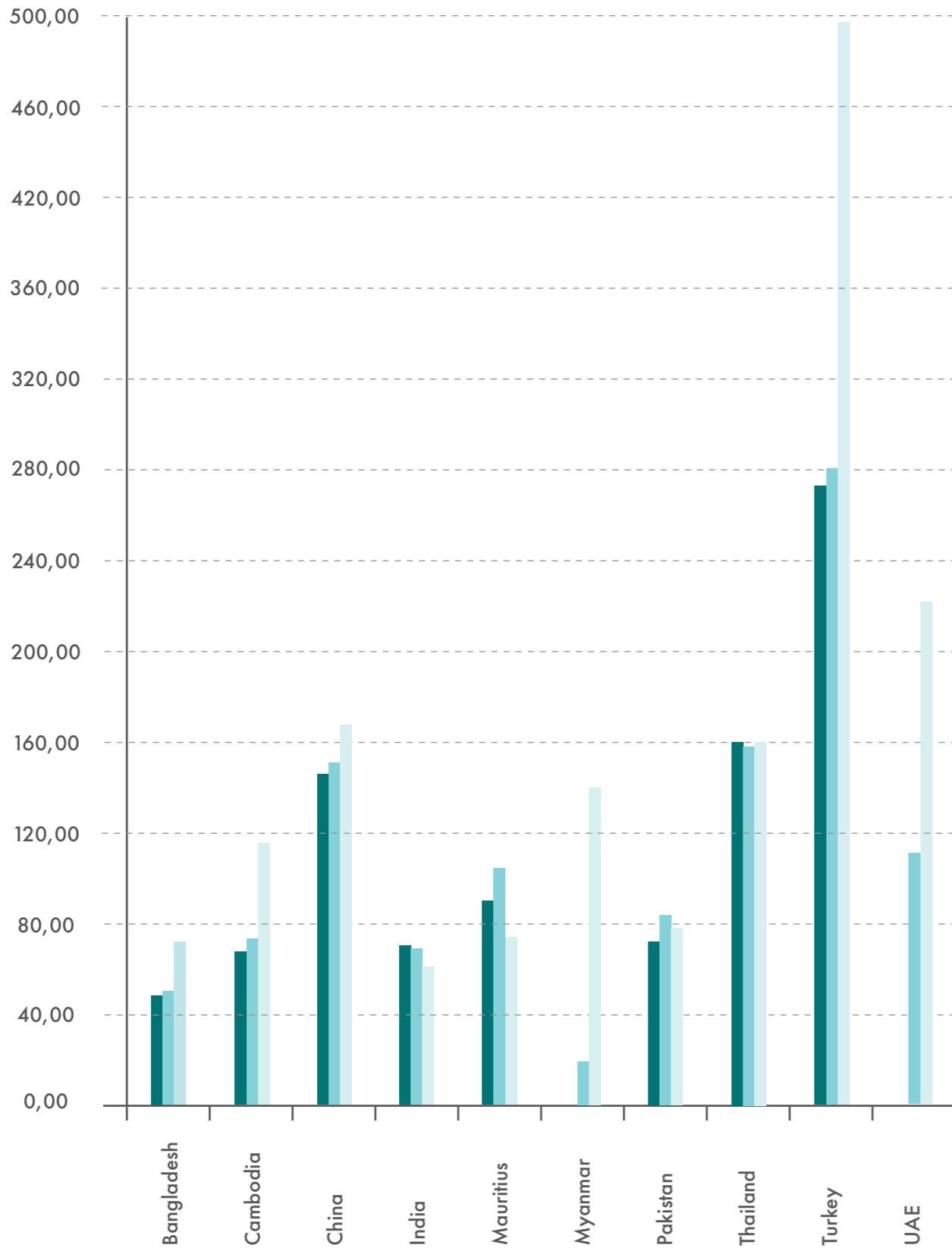
Results

We used the most recent audit report from every factory. In 63.4% of reports there was sufficient information on wages in the factories, such as the minimum wage and the calculated SA8000 wage. In 15% of the factories, we could make assumptions about exchange rates, or were able to convert the hourly rate into a monthly salary.

We found that the minimum wage was not paid in one of the factories. During the audit, in December 2014, the lowest paid wage was 0.19% lower than the legal minimum. In all other factories, at least the minimum wage was paid to all employees.

In two of the 15 risk-countries in which we produce goods, Thailand and Mauritius, all factories paid the living wage according to the SA8000 calculation. In China and India, an average SA8000 wage is paid, although this does not yet apply to all factories. Thirteen of the fifteen risk-countries have an official minimum wage. The factories with which WE works pay an average of 11.7% more than the legally required minimum wage. The United Arab Emirates and Myanmar have no legal minimum wage.

■ Local minimum wage
■ Lowest wage paid by WE Fashion supplier
■ SA8000 living wage



Lowest wage paid in the factories that produce for WE Fashion, expressed in euro's, compared to the local minimum wage and the SA8000 living wage.

3. IMPROVE THE ENVIRONMENT IN PRODUCTION

3.1 ENABLE SUPPLIERS TO REALISE ENVIRONMENTAL IMPROVEMENTS, VIA PROJECTS



Aim:

WE Fashion would like to offer suppliers the opportunity to make improvements in their factories by participating in clean production programmes or projects. The strategy as set forth in action 3.3 will enable us to select the appropriate factories or suppliers for the improvement programmes. The exact approach (type, quantity, area, working method and/or product group) depends on the strategy.

Progress/Performance:

Over the past few years, WE Fashion has taken part in the Cleaner Production Program from Solidaridad in Bangladesh. Five suppliers for WE in Bangladesh have been given the chance to take part in this programme.

Looking ahead:

In the coming years, WE Fashion hopes to be able to join up with similar programmes in other production countries. Participation, however, depends on many factors. The range must connect into the geographic scope of our supplier base, there must be factories with suitable processes within our supplier base and the willingness of the supplier to cooperate is also vital.

3.1. A CLEANER PRODUCTION PROJECT IN BANGLADESH

In 2010-2011, one supplier was invited by WE Fashion to take part in phase 1 of the Cleaner Production Program. A supplier from another brand was also involved in the project. Together, they achieved a great result. In 2013-2014, we invited two other suppliers from Bangladesh to sign up to the second phase of the Cleaner Production Program, and one supplier was asked to take part by another brand. The five suppliers that took part on the invitation of WE Fashion all have facilities for the wet processing of textiles.

The aim of the Cleaner Production Program is to help suppliers in developing countries reduce their impact on the environment, by investing in efficiency measures that save water, gas and electricity. These measures can be simple adjustments such as repairing leaks, changing light bulbs and the recovery and re-use of condensed water, with costs recovered within a year. The programme, implemented by Solidaridad, a Dutch NGO with a broad expertise in developing and implementing cleaner production methods, was closed in June 2014.

These reductions equated to a financial saving for the factories of between 15.3% and 49.3% in the first year. The savings will be continued into the coming years as the new working methods are embedded. With this efficiency campaign, the suppliers have greater financial resources to use for working on the ongoing improvement of environmental aspects, building improvements, employment facilities and wages.

Phase 2 - Savings realised in relation to the use of natural sources in the first year (2013-2014)

FACTORY	STEAM (TON)	WATER (M3)	ELECTRICITY (KWH)	NATURAL GAS (M3)	REDUCTION OF GREENHOUSE GAS (TON CO2E)
A	1,021	2,041	59,105	113,279	214
B	9,475	9,475	1,901,869	1,534,379	3711
C	14,587	5,316	863,590	1,967,036	2895
TOTAL	25,083	16,832	1,988,287	3,501,528	6820

3.2 REDUCE THE USE OF WATER, ENERGY AND CHEMICALS IN PRODUCTION



Aim:

The aim is to define a strategy that minimises the use of water, energy and chemicals by the most important parties in the production chain. A so-called 'clean production' strategy. WE Fashion would like to create clear guidelines for collaboration with NGO's and participate in specific programmes that focus on the chain, certification and similar. In addition, we would like to define the steps on which part of the WE Fashion supply chain these sustainability efforts will have the greatest impact.

Progress/Performance:

Not yet started.

Looking ahead:

By mid-2016, there should be a strategy which will allow WE Fashion to make balanced choices for supply chain-improvement projects and programmes. One of the initiatives that we would also like to study in relation to the strategy is the Better Cotton Initiative.

3.3 DEVELOP A CLASSIFICATION FOR THE ENVIRONMENTAL PERFORMANCE OF SUPPLIERS



Aim:

The aim is to set up a system for categorising the environmental performance of our suppliers. This system will help purchasers when placing orders with suppliers and factories that supply sustainable products, processes or conduct sustainable operations.

Progress/Performance:

We have not yet started creating this system.

Looking ahead:

In the first half of 2016, work will begin on accessing our suppliers' environmental performances. In the second half of 2016, the purchasing department will gain access to the data and will be trained to use the system.



**BETTER
PRODUCTS**



WE

BETTER PRODUCTS

The supply chain from farmer, trader, spinner, weaver, sewing factory, and laundry to the WE Fashion distribution centre encompasses a multitude of environmentally damaging processes. WE Fashion would like to keep the burden on the environment to a minimum by means of using more environmentally-friendly fibres for our products and cleaner production facilities. We would also like to reduce water usage, the quantity of waste produced and our CO2

WE Fashion's aim for the coming 5 years is to raise the sustainability levels of the production chain while focussing on the use of sustainable cotton. In so doing, we are not only reducing the use of water, chemicals and pesticides, but also increasing the use of environmentally-friendly raw materials in our products. We would also like to further reduce the use of chemicals in production. Given the fact that the production chain is a very extensive system and not only impacts upon WE Fashion production, we are also seeking links with relevant projects and initiatives involving other companies, governments and stakeholders. This will enable us to achieve more for the textile industry than we could on our own.

4. USE MORE SUSTAINABLE MATERIALS

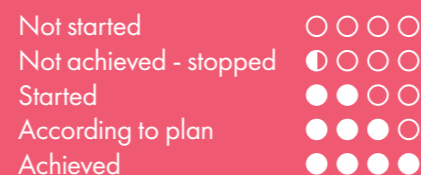
4.1 UPDATE OUR SUSTAINABLE RAW MATERIALS STRATEGY



Aim: The aim is to update the existing sustainability raw materials strategy.

Progress/Performance: In 2014, we carried out an initial analysis of the raw materials used by WE. It transpired that cotton accounts for 73% of the raw materials used by WE Fashion. In order to be able to

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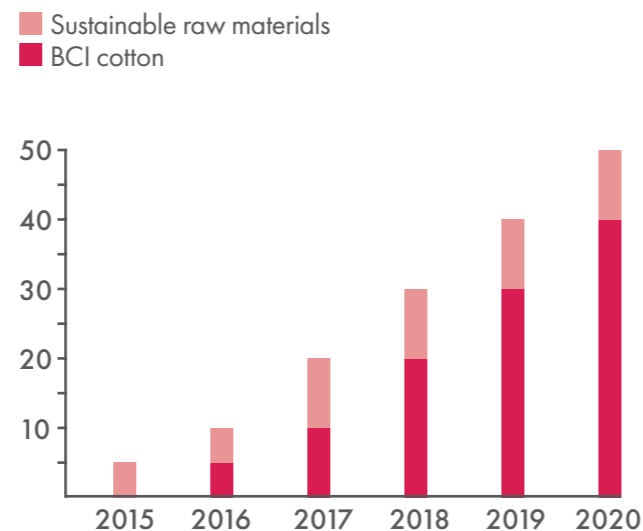
TO BE ACHIEVED 2016



supply sustainable cotton on a large scale, we joined the Better Cotton Initiative in 2015. We are also continuing to base our sustainable materials strategy on the Environmental Benchmark for Fibres from Made-By. The aim is to significantly increase the percentage of sustainable products in the coming years, with the provisional target of 50% sustainable products by 2020.

Looking ahead: The strategy has been finalised and became part of the targets for the purchasing teams in 2015.

4.1.A WE FASHION SUSTAINABLE RAW MATERIALS STRATEGY



Conditions for the objectives

- Aim is in % of the volume of the collection on company level
- Same percentage for men, women and children
- We recognise all materials as indicated in categories A, B and C of the Made-By Environmental Benchmark for Fibres
- We also accept Better Cotton (BCI) as a sustainable material.

MADE-BY ENVIRONMENTAL BENCHMARK FOR FIBRES

CLASS A

- Mechanically recycled nylon
- Mechanically recycled polyester
- Organic flax (linen)
- Organic hemp
- Recycled cotton
- Recycled wool

CLASS B

- Chemically recycled nylon
- Chemically recycled polyester
- CRAILAR® flax
- In Conversion cotton
- Monocel® (Bamboo lyocell product)
- Organic cotton
- TENCEL® (Lenzing lyocell product)

CLASS C

- Conventional flax (Linen)
- Conventional hemp
- PLA
- Ramie



4.2 BUY PRODUCTS MADE FROM SUSTAINABLE MATERIALS



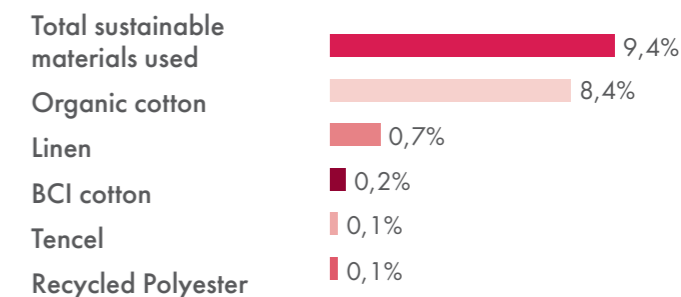
Aim: Purchasing more products with sustainable materials according to the targets defined in the sustainable raw materials strategy.

Progress/Performance: In 2014, WE Fashion began the systematic purchase of orders made out of environmentally-friendly materials. The overall percentage of sustainable materials was 1.9% in that year. In 2015, we exceeded the target of 5%. The actual

percentage of sustainable materials used was 9.4% (see frame 4.1.A).

Looking ahead: WE Fashion has set clear targets for the use of sustainable materials in the years 2015-2020. These targets have been shared with the purchasing teams. We would like to realise the most significant growth in the use of sustainable materials by means of using Better Cotton. In 2016, we would like at least 10% of our collection to be made from sustainable materials.

4.2.A PURCHASE OF SUSTAINABLE MATERIALS 2015



4.3 INTEGRATE BETTER COTTON INTO OUR COLLECTION



Aim: Become a member of the Better Cotton Initiative (BCI) in order to work on raising the level of sustainable cotton in our collections.

Progress/Performance: Cotton is the most frequently used raw material in our collections. In 2014 no less than 73% of all raw materials used for our collections was cotton. In 2015, WE Fashion decided to become a member of the Better Cotton Initiative in order to offer sustainable products to the consumer, for a comparable price.

The Better Cotton Initiative (BCI) is a chain initiative that aims to work with its members and partners to transform the production of regular cotton into an environmentally-friendly raw material. BCI was founded in order to improve worldwide cotton production for the people who produce it, for the environment, and the for the future of the sector. BCI connects people and organisations from across the cotton sector, from the cotton field to the shop, and encourages tangible and ongoing improvements in the environment, the agricultural communities and the economy in cotton-producing areas. With its membership, WE Fashion can make more



products out of sustainable materials.

BCI takes care of training and guidance for farmers, resulting in higher profits for the farmer and his employees and a reduction in the use of water, pesticides and artificial fertilisers. WE Fashion aims to purchase 40% of BCI cotton by 2020.

4.3.A QUESTIONS AND FACTS ON BETTER COTTON

What is the difference between Better Cotton and organic cotton?

Organic cotton is grown without the use of pesticides, artificial fertiliser or modified seeds, and every step that is taken from farmer to sewing factory is certified. The cotton in the products that you buy is therefore certified organic cotton. In 2014, just 1% of the cotton grown worldwide was organic. If you buy a Better Cotton product, the product itself may not be made of Better Cotton. In essence, you are buying a share in raising sustainability in cotton production, similar to the green stream. Your purchase means a greater percentage of cotton production becomes more sustainable.

Is organic cotton better than Better Cotton?

From an environmental/technical perspective, organic cotton is better. But the cultivation process produces less cotton so scale remains limited. The Better Cotton Initiative enables more farmers to be trained in sustainable methods, allowing them to have a direct impact on the total footprint of cotton growing. Better Cotton is therefore much larger-scale and thus has a greater impact on cotton production. In 2014, 8.7% of cotton grown was Better Cotton.



Looking ahead:

Once the membership of the Better Cotton Initiative was approved by the MT in 2015, the purchasers were informed and the first negotiations with our suppliers began. For many suppliers, it is a new type of cotton which they need to learn about. In 2015, we took the first steps. In 2016, we are hoping to focus properly on purchasing BCI cotton.

4.4 CREATE A POLICY WITH RESPECT TO THE USE OF ANIMAL MATERIALS



Aim:

The aim is to establish a clear policy regarding the use of animal materials and implement this throughout the company and among the relevant stakeholders

Progress/Performance:

Animal welfare is included in the WE Fashion Code of Conduct that is signed by all suppliers. For a few important animal-based materials, we have drawn up instructions for buyers. This concerns guidelines for purchasing merino wool and down and a ban on buying fur and angora. When drafting the policy, the most important stakeholders (both internal and external) were consulted.

Looking ahead:

The general guideline for the use of animal materials is not yet completely finalised. Not all stakeholders have been consulted. WE Fashion will publish the policy on the use of animal materials internally and externally once it is finalised in 2016.

4.5 DEVELOP SUSTAINABLE PRODUCT LABELS



Aim:

The aim is to develop new sustainable production labels, that inform the consumer about the materials used and the corresponding environmental benefits.

Progress/Performance:

The first three labels were developed in 2014 and 2015 by the marketing department and will be used in sustainable WE Fashion products from 2015.

Looking ahead:

Within the same context, more labels will be developed to ensure that sustainable WE Fashion products are recognisable in the shops. The labels provide further information to our customer about why the product is more sustainable.

4.5.A DEVELOP SUSTAINABLE PRODUCT LABELS



4.6 UPDATE SUPPLIER PORTAL WITH REGARD TO SUSTAINABLE MATERIALS



Aim:

WE Fashion provides its suppliers with information, procedures and instructions regarding sustainability methods via an online portal. The information about sustainable materials is out of date and must be changed.

Progress/Performance:

Not yet started.

Looking ahead:

In mid-2016, the portal will be modified and suppliers will be informed about the new, updated website.

4.7 SET UP AN ECO-CERTIFICATION MANAGEMENT SYSTEM



Aim:

The aim is to set up a certification management system which collates all of the data on the availability of sustainable materials from suppliers and the corresponding certification. The system will provide suppliers with an insight into the availability of fibres and certificates.

Progress/Performance:

Not yet started. There are various product specifications and certifications, which leads to some confusion about whether we are actually obtaining the environmentally-friendly fibres that we have requested.

Looking ahead:

In 2016, there should be a WE Fashion system in place that provides an uncomplicated insight into the validity of certificates, the availability of environmentally-friendly fibres and materials per supplier and which can be used to check to ensure our targets with respect to using sustainable raw materials are realistic. This system must be in place by mid-2016.

4.8 CREATE A POLICY ON SUSTAINABLE LEATHER



Aim:

Specific policy to be developed on the use of leather in our collections.

Progress/Performance:

Not yet started.

Looking ahead:

WE Fashion sells only few products made of leather. In 2015, 1.8% of the products were made of leather. Nevertheless, we would like to chart the risks in leather production and the origins of the leather in our products. We would like to set up this policy in collaboration with consultants and stakeholders and finalise it in the second quarter of 2016.

4.9 DEVELOP A PLAN FOR THE USE OF SUSTAINABLE TRIMMINGS



Aim:

We would like to define what sustainable trimmings is for WE Fashion and how we can use it within our collections.

Progress/Performance:

Not yet started.

Looking ahead:

In the 2nd half of 2016, we would like to inventory the various options for sustainable trimmings by means of an internal workshop, and investigate which items could be replaced by items that are better for the environment.



5. MAKE ALL PRODUCT STAGES MORE SUSTAINABLE AND TRANSPARENT

5.1 DEVELOP A PLAN TACKLING THE USE OF HAZARDOUS CHEMICAL SUBSTANCES



Aim:

The aim is to develop an action plan that takes care of regularly updating the WE Fashion Restricted Substances List (list of banned chemicals) and checks it to the most recent legislation. The ultimate goal is to prevent any damage to people and the environment caused by the use of chemicals in the production of goods for WE Fashion.

Progress/Performance:

The WE Fashion Restricted Substances List (RSL) was reviewed and adjusted in 2015. A specialist was engaged to assist us with optimising the list and to conduct a risk-analysis of the product portfolio.

Looking ahead:

A new version of the WE Fashion Restricted Substances List was published in February 2016.

5.2 SEEK VERIFICATION OF OUR ACTIVITIES IN THE SUPPLY CHAIN



Aim:

The aim is to enter into a collaboration with an independent and recognised Multi Stakeholder Initiative that checks the performance of the various CSR activities within WE Fashion. The results achieved will thus be confirmed by an independent party

Progress/Performance:

In its CSR reports, WE Fashion informs the stakeholders which activities have been carried out in order to raise levels of sustainability within the production chain. We have sought an independent party to check these efforts within the production chain and confirm that the claims made by WE Fashion are, in fact, accurate. It is important that the party is independent but is also recognised in the countries in which we operate.

Made-By was selected from all of the possible options. Made-By offers a partnership that provides partner-brands with verification of but also support in relation to implementing improvements in production-related sustainability levels. Made-By is internationally recognised and has a great deal of in-house expertise in relation to CSR and fashion. The support for brands is dynamic and focuses on the industry's critical problems.

Looking ahead:

In 2015, WE Fashion became a member of Made-By and will take part in the Made-By 'ModeTracker' in 2016.

5.2.A MADE-BY

Made-By is an independent Multi-stakeholder consumer label for fashion brands and retailers that aims to improve the social, economic and ecological conditions across the entire production chain for its collections.

The Made-By ModeTracker gives consumers an insight into what a brand does with respect for people and the environment in order to produce its goods. Made-By believes that transparency is the only way forward in relation to a sustainable textile sector. Gaining insights into the way in which brands deal with crucial aspects in the production chain with respect to man and the environment, enables the necessary changes to be made. Offering detailed information on all relevant topics means that ModeTracker is easy to understand and credible.



5.3 MAP PRODUCTS ON THE USE OF RAW MATERIALS AND TREATMENTS PER ORDER



Aim:

The aim is to gain an insight into all materials and processes that are used for a particular product. The product inventory will be implemented in all divisions and product groups. As a result of the inventory, we can manage on the basis of improving specific materials or processes, such as the use of sustainable fibres, other processing methods or better printing techniques.

Progress/Performance:

Not yet started.

Looking ahead:

We would like to begin to chart the raw materials and processes used in the second half of 2016.

5.4 MAP OUT THE WET PROCESSES USED BY WE FASHION (WASHING, DYEING)



Aim:

To inventory the various treatments for threads and fabric, such as the different methods for dyeing, printing, bleaching and washing and categorise each treatment according to risk. We will seek external expertise for categorisation according to risk.

Progress/Performance:

Not yet started.

Looking ahead:

In the 2nd half of 2016, we would like to use an internal workshop to chart the various processing techniques. Made-By will help us categorise the risks. We will also inventory the techniques that can be replaced by more sustainable methods.

5.5 DEVELOP A WET PROCESSING STRATEGY (WASHING, DYEING)



Aim:

The aim is to make wet processes in the production chain more environmentally-friendly or to find sustainable alternatives so that designers and buyers can make use of them. Many of the products that we sell undergo a wet-process during production. Wet processes are fabric treatments such as washing, dyeing, bleaching and printing. In order to raise sustainability levels in relation to wet processes, it is vital that we gather more data about the techniques that we currently use, develop further expertise about suitable alternatives and establish potential savings in terms of water consumption and chemical usage.

Progress/Performance:

Not yet started.

Looking ahead:

We would like to start drafting a Wet Process Strategy in 2016.

First of all, we will start by inventorying the wet processes that are currently used in our products, prioritising the most frequently used processes. We would also like to acquire further in-house expertise regarding the wet techniques used by WE Fashion, the corresponding ecological footprint(s) and the possible alternatives, via training. This training will be supplemented with successes and challenges from other brands and best practices.

5.6 MEASURE THE ECOLOGICAL FOOTPRINT OF THE MOST IMPORTANT PRODUCTS



Aim:

In the future, we would like to measure the ecological footprint of the most important basic products from the WE Fashion collections. We will thus gain an insight into the various factors that create a bigger footprint and can then focus on specific reduction areas.

Progress/Performance:

Not yet started.

Looking ahead:

The result of the inventory of the raw materials and treatments we use for our products, as set out in 5.1 will provide us with an insight on product level. We must choose an option for measuring the impact of this and obtaining the required information. With these insights, WE Fashion will be able to measure the footprint of the first products from the end of 2016.

5.7 GIVE CUSTOMERS INSIGHT IN WHICH FACTORIES PRODUCTS ARE MADE



Aim:

The aim is to show our customers the factories in which our products are made.

Progress/Performance:

Not yet started. The way in which we go about publishing this information is yet to be investigated.

Looking ahead:

The ambition is to start to open up our product locations as of 2018.



SUSTAINABLE OPERATIONS



WE

SUSTAINABLE OPERATIONS

WE Fashion would like to sustainably improve the quality of its operations. From reducing the impact of our activities on the social arena, to our working environment. This could involve the welfare of our people, the sustainable management of buildings, raising sustainability in relation to transport and logistics and focussing on reducing waste.

WE Fashion's aim is to increase the sustainability of operations over the coming 5 years. There will be two major cornerstones: the development of employees and a reduction of CO2 emissions and waste.

The welfare of employees in the shops and at head office is high on the agenda. Together, we are working on a sustainable future and a healthy business. Employees at WE Fashion have an opportunity to grow and develop within the organisation. The WE Fashion Academy was founded in 2015 to facilitate this. WE Fashion would like everyone to feel proud of working for the company.



Even though the burden on the environment for our own organisation with respect to water, energy and chemical usage, is minor compared to that of our producers, WE Fashion would also like to take responsibility for the issue and reduce emissions of CO2. We will also take a critical look at the waste we produce. Less is always better and our residual waste can also often be recycled. That is why we are seeking uses/destinations for this waste.

ACHIEVED TILL DEC 2015

Not started	○ ○ ○ ○
Not achieved - stopped	● ○ ○ ○
Started	● ● ○ ○
According to plan	● ● ● ○
Achieved	● ● ● ●

TO BE ACHIEVED 2016

●

6. INVEST IN OUR EMPLOYEES

6.1 WRITE A CODE OF CONDUCT FOR THE WE FASHION EMPLOYEES



Aim:

Develop a code of conduct which sets out the behavioural standards for everyone within WE Fashion, wherever they work in the world. The Code of Ethics supports our method of business management and corporate social responsibility.

Progress/Performance:

We wrote the Code of Ethics in 2015 and issued it to all employees, for signing, in December 2015.

Looking ahead:

The Code of Ethics was finalised and became a component of the employment contract in 2016.

6.2 MEASURE CSR ENGAGEMENT AMONG EMPLOYEES



Aim:

The aim is to survey the personnel every year, after the publication of the annual CSR report. By measuring what our employees know about CSR, in general and in relation to WE Fashion, and what the staff expect from CSR within WE Fashion, the CSR team can find out what the company should focus on, how we can further roll out the CSR strategy (internally) and which values are linked to this.

Progress/Performance:

We conducted a survey among our personnel after publishing the CSR report in 2013. The response was disappointing but we have to assume that we will receive more responses after the publication of this report. The most significant result was that our colleagues need more information. One of the ways we shall tackle this is via a CSR training module in the WE Fashion Academy.

Looking ahead:

After the publication of this report, we will send out a questionnaire to all employees with the aim of a 10% minimum response rate.

6.2.A RESULTS OF EMPLOYEE SURVEY ON CSR

3.4% of our employees completed the survey in 2014. This is a low percentage. The majority of the responses came from colleagues at the head office and in the Dutch stores. The response from outside the stores in the Netherlands was very low.

The colleagues who responded were largely (90%) of the opinion that it is important that we implement an effective CSR policy as a company. Less than half (45%) of the respondents regard CSR as being important for their own tasks but 58% can see opportunities for giving CSR a more important role in their work.

Nevertheless, 46% admitted that they did not know much about WE Fashion's CSR policy and 77% indicated that they would like to know more about CSR developments within WE Fashion. An update each year in the form of the CSR report is insufficient for these colleagues. There is a need for further training, sources of easy-to-access information (website, information book, references) and more product information.

To the issue of whether customers are asking about CSR, 47% provided a positive response. The questions that most customers ask concern the clothing's country of origin, the employment conditions in the factories and child labour.

6.3 DEVELOP A CSR MODULE FOR THE WE FASHION ACADEMY



Aim:

The aim is to set up a CSR module in the WE Fashion Academy. The module must inspire employees to regard CSR as a permanent element of their work. The training will cover the CSR strategy as well as various topics in relation to social employment conditions and the environment in the production chain and the employee's own working context. They will also be provided with further information on the WE Fashion Code of Ethics and the WE Fashion Code of Conduct for Suppliers.

Progress/Performance:

Not yet started.

Looking ahead:

In 2016, we started developing the first CSR module for the WE Fashion Academy. This connects into the most up-to-date topics. The aim is to ensure that all district managers and head office employees have completed this module by the end of 2016.

6.3.A LEARNING & DEVELOPMENT STRATEGY

Our employees make WE fashion what it is. We firmly believe that engaged, competent and motivated employees can genuinely make a difference. That is why training is an important cornerstone in our strategy. In 2014, we started working on the new WE Fashion Academy. The aim of the WE Fashion Academy is to improve the quality of our employees and thus deliver an effective contribution to our operating result.

It is vitally important that our employees understand our growth ambitions and know what WE Fashion stands for. They should also be able to develop both

professionally and personally in order to ensure that they are enthusiastic about and reliable in their work and implement the WE Fashion values within their environments.

We devote much attention to developing knowledge, skills and behaviour. And we do so via the provision of traditional training. Coaching and feedback from a buddy or colleague, however, are also part of the process and practical application on the work floor is the most important element of all.

Training

Because most of our employees work in our shops, we started with this target group. The aim is to create passionate brand ambassadors who are proud to work for WE Fashion and inspire our customers on a daily basis with the great collections in our shops. On the basis of the development needs, employees are put forward by their manager for the various courses that are on offer.

In 2014, we provided Service & Selling training for FT Sales Employees and (Assistant) Store managers in the Netherlands, Germany, Switzerland and Austria. During this training, you can learn sales techniques and all about how you can apply our service strategy to surprise our customers and exceed their expectations.

The Business course is for (Assistant) Store managers who are responsible for one of our shops. During this training, they learn how to achieve amazing results with their teams. Topics that are covered include: seeing opportunities and translating them into concrete plans, thinking 'outside the box' and using creativity and taking ownership in order to realise great sales figures in your outlet.

The Communication course helps our Store managers conduct effective meetings/conversations with their team members. They learn how to motivate, stimulate and develop their team and how they can raise behavioural issues with employees in a professional manner.

As is the case every year, we also provided a series of First Aid and Emergency Responder courses in order to ensure that we can deal appropriately with emergencies at head office and in our shops.

In 2015, we will further expand the WE Fashion Academy to cover courses for different target groups in the shops and at head office.



6.4 PUBLISH INFORMATION IN RELATION TO ALL CSR GUIDELINES INTERNALLY



Aim:

The aim is to centralise the policy and all procedures in relation to CSR within WE Fashion in a permanent location on the internal portal. This will ensure that the information is always available to all WE Fashion employees..

Progress/Performance:

Not yet started.

Looking ahead:

The documents will be placed on the portal in the first half of 2016.

6.5 LAUNCH AND EMBRACE CONNECT AS A CENTRAL VALUE SYSTEM



Aim:

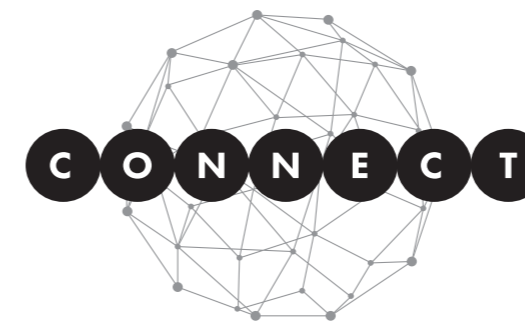
The core of the WE Fashion company values is CONNECT. Connect stands for customer focus, operational excellence, newness loving, naturally stylish, engaging, creative and togetherness. Our aim is to embed this in the organisation.

Progress/Performance:

The CONNECT values were introduced to the organisation in 2016. They must be part of everything we do as an organisation and as individuals within the organisation. This will be realised by means of team-building sessions, training and via the connect values being assessed in all evaluation reviews. Alongside the personal Key Performance Indicators or WHAT targets, there are also clear HOW targets for all HQ employees too. The way in which every HQ employee deals with this will determine potential career development, salary increases or bonus payments.

Looking ahead:

The aim is to have the company values embedded within the organisation by mid-2017. This will be achieved by increasingly using CONNECT values in objectives and evaluations and ensuring they become part of everyone's working day. Everybody will have to learn to recognise CONNECT behaviour. The MT must always provide a great example so that the entire organisation is inspired and motivated to do the same. In 2017, the shop organisation will also be trained and assessed on CONNECT behaviour.



7. REDUCE WASTE

7.1 REDUCE THE NUMBER OF PLASTIC CARRIER BAGS HANDED OUT



Aim:

WE Fashion would like to look into the options in relation to reducing the number of plastic carrier bags we hand out in the shops.

Progress/Performance:

In 2013, we started a pilot for reducing the number of bags we use. The initiative came from a group of retailers

Vanaf 1 januari 2016 is het verboden om plastic tassen gratis uit te geven.

Door deze regeling zijn wij genoodzaakt om voor iedere plastic tas €0,10 in rekening te brengen.

Excuses voor het ongemak

rijksoverheid.nl/onderwerpen/afval/inhoud/verbod-op-gratis-plastic-tassen

in various Dutch cities. During the pilot, the consumers were asked to pay for a carrier bag and employees in the shops explicitly asked consumers if they needed one. This resulted in a significant reduction in the number of bags issued.

The Dutch government reviewed the results of the pilot with interest and decided that plastic bags were not to be given away free of charge as of 1 January 2016. The aim is to reduce the use of plastic bags and, in turn, the amount of non-biodegradable plastics on land and in the seas. Consumers are also encouraged to bring a reusable bag with them and this also raises environmental awareness.

WE Fashion decided to continue using the same plastic bags but charge 10 euro cents for them in the shops. This choice was made on the basis of research that demonstrated that the material used in our bag, LD-PE is one of the most sustainable materials in production. The plastic in our bags is also made of one-third recycled LD-PE. We deliberately decided against the use of paper because paper, even if it is recycled, has a greater footprint in production than LD-PE.

Looking ahead:

As of 1 January 2016 in the Netherlands, we started charging 10 cents per bag; we expect a significant reduction in the provision of plastic bags to customers as a result. In the first few months of 2016, as long as the reductions are promising, we will also investigate whether we could implement the measure in all other countries where we sell products.

7.2 DEVELOP PRODUCTS MADE OF RECYCLED MATERIALS



Aim:

The aim is to continue to research the use of recycled fibres in new products in the coming years, following on from a reasonably successful test in 2013.

Progress/Performance:

In 2013, we made new sweaters and cardigans from previously worn clothing. The recycled clothing was the result of a project that was realised with the help of various parties. The two articles sold successfully. Unfortunately, the development process as followed in the project, did not link into the WE Fashion purchasing process. The project did not lead to follow-up orders as a result. Further steps have not been taken.

Looking ahead:

The reuse of worn clothing and used fibres is expected to further develop in the coming years. Just like WE Fashion, many brands and retailers already collect clothing in order to reuse fibres or raw materials. Among our suppliers, from steps higher up the textile chain such as weavers and spinners, no parties offer threads that are made of recycled fibres.

In 2016, we would like to investigate whether the project Fibre to Fibre by ECAP (European Clothing Action Plan) which was started on the basis of the Circular Economy working group, under the Action Plan for Dutch Textiles, connects into WE Fashion's targets. We would like to avoid a new project that does not fit into our purchasing process and which, as a result, cannot be followed up.

7.3 FIND SUITABLE PARTIES FOR VARIOUS WASTE STREAMS



Aim:

The aim is to ascertain which waste streams there are, to measure the scope per stream and assess which parties or charities would benefit most from the reuse of these materials, and then to transform the waste stream into a recycling stream.

Progress/Performance:

Much of the waste within our organisation is a stream of returning materials, some of which can be reused. We have been collecting paper, card and plastics from the logistics process in our distribution centre for recycling for many years. We also donate excess samples to Sam's Kledingactie. Old collections from the shops are also donated to Sam's Kledingactie. A start has also been made on identifying the various materials in our waste however, the scope of each stream and possible buyers have not yet been investigated.

Looking ahead:

We would like to find a reuse or recycling destination for materials that are currently considered to be waste: fabric samples, worn-out clothing or waste fabric, single shoes, paper coffee cups, paper towels, POS material, promotional banners and office consumables.

7.3.A REUSE

At the beginning of 2014, WE Fashion's head office was completely renovated, including new furniture. The old furniture was sold from the temporary office location, with staff having first refusal and then the rest being sold to a distributor. The income from the sale was donated to charity.

Recycled bags project

In 2015, we started work on a project which recycles the promotional banners from our shops, made of 100% polyester, into new bags. When they are replaced, the old banners are no longer needed even though the material is still in great condition and too good to be thrown away.

We started this project with 'VerdraaidGoed', a sustainable



project bureau that works towards a circular economy. We are thus developing sustainable concepts and producing and selling products that are made from leftover materials. Direct reuse means that the waste mountain is reduced and awareness of waste in general is raised. Production is carried out locally if possible, in collaboration with social employment facilities.

'VerdraaidGoed' products are practical and attractive. It's all about sustainable design with a smile. Simultaneously, they raise awareness about the fact that good, affordable products do not have to come from far away and also that new raw materials are not required to make them. The bags are made at a social employment facility in the Netherlands, by people who are limited in terms of employment prospects. The fact that production takes place in the Netherlands, enables long transport distances to be avoided and employment opportunities to be created 'at home'. These bags also help to reduce the size of the waste mountain while at the same time being a top quality new product.

WE Fashion has been selling the bags made from old WE Fashion promotion banners since 2015. They can be bought in selected WE Fashion shops.

7.4 ENCOURAGE REUSE AND RECYCLING AMONG CUSTOMERS



Aim:

We would like to encourage the reuse and recycling of worn clothing among customers and, in turn, reduce waste and make production more environmentally-friendly. WE Fashion's customers can help to reduce the footprint of products by giving away their old clothes for reuse or ensuring that clothing is collected separately for recycling.

Progress/Performance:

Since 2012, WE Fashion has had a collection programme in the Netherlands which allows customers to hand in a bag of old clothing in exchange for a discount voucher for a new purchase. This programme is not heavily promoted and is often overlooked.

Looking ahead:

We would like to examine how we can more effectively encourage customers to donate clothing as the current model is not overly successful. The aim is to have a plan by the end of 2016.

7.5 WRITE A PLAN TO REDUCE PRODUCT WASTE



Aim:

Drafting a plan on how WE Fashion should deal with product waste. In practice, there are various processes for minimising product waste, such as donating samples and damaged clothes to 'Sam's Kledingactie' and selling samples during the sample sale. This plan should set out the process flows, the quantities of product waste per flow, and inventory where the further reduction of product waste is possible.

Progress/Performance:

Not yet started.

Looking ahead:

The aim is to finalise the plan in the third quarter of 2016.

8. REDUCE THE CO2 FOOTPRINT

8.1 MEASURE CO2 EMISSIONS



Aim:

WE Fashion wil de doelstellingen voor de reductie van Co2 WE Fashion would like to check and validate the targets for reducing CO2, as set out in the CO2 reduction plan, by means of regular measurements. The aim is to conduct a CO2 measurement once every five years. The last measurement was conducted in 2010.

Progress/Performance:

Not yet started.

Looking ahead:

In 2016, we measure the 2015 Co2 emissions so that we can see the impact of the changes we made since 2009 with regard to our company's overall CO2 emissions. The measurement for the year 2015 will be conducted for the activities of head office, the distribution centre in Utrecht, and the shops.

8.2 INTRODUCE WASHING LABELS WITH SAVINGS TIPS TO OUR CLOTHES



Aim:

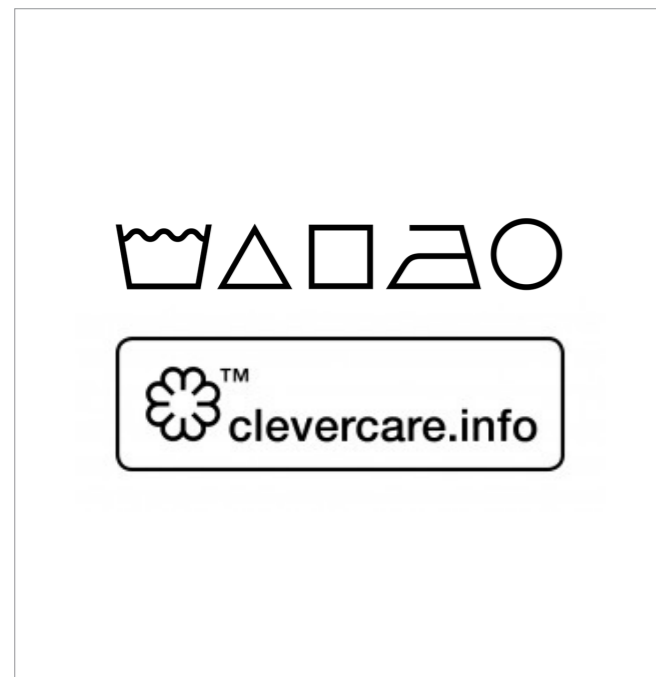
The aim is to include information on the washing labels which advises the consumer on how they can reduce the ecological footprint of cleaning the items. We use washing labels to inform consumers how they can clean the clothing most effectively. Washing, drying and ironing clothing is often an intensive process whereby a great deal of water, energy and washing products are used.

Progress/Performance:

Not yet started.

Looking ahead:

In 2015, after thorough research had been conducted, a decision was taken to use the Clevercare logo in our washing labels. We began using the new format on the washing labels in the Winter 2016 collection. The Clevercare label was developed in 2014 by H&M, in collaboration with Ginetex, the International Association for Textile Care Labelling. Consumers can use the website clevercare.info, in 12 languages, to obtain hints and tips for making clothes last longer and, in turn, using less water and energy. The logo can be used by other brands on the basis that the more fashion brands use it, the more well-known the logo will become and the greater the awareness will be among consumers in relation to the ecological footprint.



8.3 DRAW UP A CO2 REDUCTION PLAN FOR 2015-2020



Aim:

The aim is to write a CO2 reduction plan for the period 2015 -2020.

Progress/Performance:

In 2010, WE Fashion launched a CO2 reduction plan for the years 2010-2012. The aims of this plan have been partially achieved. In the years 2012-2014, we increased our use of green energy. In 2015, we used 100% green energy for the shops, head office and distribution centre in the Netherlands and Luxembourg. In France, electricity was also 100% green as of 1 June 2015.

The CO2 reduction for our operations offers limited environmental gains compared to the reduction that could be realised in relation to clothing production. Nevertheless, we would like to make improvements with respect to operations. That is why we decided to conduct a CO2 zero-measurement once every five years and then draft a CO2 reduction plan for the subsequent 5 year period.

Looking ahead:

The aim is to measure the CO2 emissions from 2015, and on the basis of this report to draw up a CO2 Reduction Plan for the years 2016-2020, which will include possible reductions in the emissions from head office, the distribution centre and the WE Fashion shops.

8.4 REDUCE THE ENVIRONMENTAL IMPACT OF TRANSPORT AND LOGISTICS



Aim:

WE Fashion has set itself the target of writing a strategy which contains long and short-term goals for reducing the environmental impact of transport and logistics. In order to come up with a plan, we would like to review current practices as well as possible environmentally-friendly alternatives, supplemented with successes and challenges from other brands and best practices.. .

Progress/Performance:

Not yet started.

Looking ahead:

The plan is to combine the inventory and drafting of the strategy with the CO2 measurement that we will have conducted in 2016.

8.5 DEVELOP A POLICY FOR INCREASING THE SUSTAINABILITY OF NON-COMMERCIAL ARTICLES



Aim:

The aim is to write a plan for raising levels of sustainability with respect to the purchase of non-commercial items, such as office consumables, paper, toners, coffee cups and much more. In order to realise the plan, it is necessary to first inventory which non-commercial items we buy, and in what quantities, so that we can prioritise the articles which correspond to the greatest environmental gains.

Progress/Performance:

Not yet started.

Looking ahead:

In 2016, we would like to conduct an inventory and write the policy.





COMMUNITY ENGAGEMENT



WE

COMMUNITY ENGAGEMENT

WE Fashion believes a company must not only focus on creating economic value for the shareholders, but also create economic value for all of the parties involved. WE Fashion would like to fulfil its responsibilities as a world citizen by giving back to society. We would like to do so by creating better connections between our employees, our customers and our social engagement.

WE Fashion therefore supports various charities. Over the past few years, the projects we have supported have focussed mainly on children in the countries where we have production facilities. Children are the future of these countries and we believe education to be one of the best tools for breaking the vicious circle of poverty.

In the future, we would like to focus more on European initiatives by developing special, capsule collections that are inspired by the charity. The income from these sales (or parts thereof) will benefit these initiatives. We would also like to support local social initiatives.

The money for donations comes from the sale of the capsule collection, the sale of samples and occasional fund-raising by our staff. We also donate samples and worn clothing to Sam's Kledingactie.



In the coming 5 years, the aim is to develop a capsule collection with and for a charity every year.

WE Fashion will continue to support local charities around the world and will help in the event of any disasters.



9. CHARITIES

9.1 ORGANISE FUND-RAISING ACTIVITIES



Aim:

The aim is to regularly organise activities in order to raise sufficient money for charities and actively involve personnel in the work.

Progress/Performance:

WE Fashion shall provide its staff with the space and time required for helping charities.

Over the past two years, we have engaged in various activities for charity, such as organising sample sales for employees, selling old furniture from head office, collecting old stock from the shops and collecting from the Dutch sales force for the food bank.

In total, in two years, we have raised over one thousand Euro and collected 100 food packages.

Looking ahead:

WE Fashion supports charities in the long-term so it is important, in terms of continuity, to organise collections for the coming years.

9.2 DRAW UP A CHARITY POLICY PLAN



Aim:

The aim is to draw up a plan for charities, which sets out what items we can provide for donation and what type of charities we should support, and why.

Progress/Performance:

WE Fashion receives many sponsorship requests every year. From all of the requests, WE selects the ones that connect with the company most effectively. WE Fashion would like to function as a world citizen and give back to the society on which we have an impact.

We have resources in terms of manpower, cash and goods. In order to ensure that we don't fragment our resources across too many charities, we must make a selection. Man and the environment are central to this.

A plan simplifies the choice-making process. A design has been created for the policy plan, which was approved in 2015 and will be used in 2016.

Looking ahead:

As well as finalising the WE Fashion Policy Plan for Charities, we would also like to set up a foundation with ANBI status (Public Benefit Organisation) in order to keep financial streams for company activities separate and reserve funds for charities over a longer-term.

9.3 DEVELOP A VOLUNTEERS PROGRAMME FOR EMPLOYEES



Aim:

WE Fashion would like to develop a plan to encourage voluntary work among our employees.

Progress/Performance:

The plan should set out which charities we wish to support with volunteers, which tasks are eligible and how much time can be spent on these activities. The plan should also encompass a step-by-step plan of how we can actively involve employees in voluntary work. We have not yet started work on this plan.

Looking ahead:

We would like to set up a volunteer programme for employees in 2016.

9.3. CHARITY PROJECTS

Rainbow Home - Home for street children in India.

Since 2010, WE Fashion has been the proud sponsor of the Partnership Foundation. A Dutch charity that offers safe-houses or 'Rainbow Homes' to girls that live on the streets in India. These girls are taken from the streets and placed in a home where they can safely live and go to school. Since WE Fashion works with manufacturers in Bangalore, India, the Partnership Foundation has set up a home there. At the moment, 70 children between the ages of 3 and 16 live there. This house stands in the grounds of a school, allowing the girls to attend school safely. With the donations from the past few years, we have been able to offer over 100 girls a better life.

In 2014, we also provided an additional donation to expand the house. An extra floor was built on the roof, creating a sleeping area where the girls can each sleep in their own bed. A luxury that we felt we couldn't deny the girls, especially since the existing space which was used for day to day activities and sleeping, can now be set up as a place to study.



Sam's kledingactie

Since 2007, WE Fashion has been donating leftover samples and damaged goods to Sam's Kledingactie. The majority of these clothes will find their way to countries outside the European Union to start a second life. 70-80% of the donations from WE Fashion can be reused as clothing. 10% is disposed of as waste and the rest is cut up for industrial purposes. In 2014 and 2015, we donated clothing amounting to €60,000 to Sam's Kledingactie.

Food Bank

In January 2014, the Dutch Sales Team held a team-building event with the aim of collecting donations for the Food bank. In total, the team collected 100 boxes of food and donated €1,447 to the Food bank in Utrecht.

Welkom winkels

The terrible situation involving the huge flow of refugees to our country in 2015 has touched us all. In September 2015, as the flow of refugees continued and a shortage of clothing in the Netherlands was reported by the Dutch relief organisations, several colleagues from Goes took the initiative to work with the head office of WE Fashion in Utrecht to collect 1,500 new items of clothing from stock (t-shirts, boxer shorts and socks) for the nearby Welcome Shop.

In the weeks thereafter, another four Welcome Shops were provided with a similar clothing package.



Dance4life

Dance4life works with young people towards a world without AIDS. They realise this by means of sex education and using music and dance to involve and inspire youngsters. In 2014, WE Fashion sponsored Dance4Life with 12,000 t-shirts for volunteers who work across the world promoting the organisation's activities. In 2015, a capsule collection was developed with Doutzen Kroes. The corresponding income of €150,000 was donated to Dance4Life.

Other charities to which we donated in 2014 and 2015

- Books4life
- Caritas Zwitserland
- Catharijnehuis Utrecht
- Intermetzo Zonnehuizen
- Linda Foundation
- Muntenactie.nl
- National Committee 4 and 5 May

9.4 DEMONSTRATE TOLERANCE VIA GET TOGETHER COMMUNICATION



Aim:

Our brand manifesto's slogan is

'Great things happen when we get together.'

We would like to communicate this message via brand communication. Our brand stands for unity and connection; we stand for all people.

Progress/Performance:

This manifesto was launched in 2014 and is displayed in all of the meeting rooms at head office as a continual reminder of what we are working for each and every day. The pay-off, 'Get Together' is also clearly stated in all brand communication. During the Christmas campaign in

2015, we launched the concept of 'Christmas recipes' in which our target group were offered various 'recipes' for realising a closer connection to their environments. One of the scenarios outlined the image of a homosexual boy introducing his boyfriend to his father. This very ordinary image, drew criticism from very religious segments, against which there were protests from many quarters. This shows that connection in our society is not always close to hand.

Looking ahead:

In 2016, we would like to further develop our brand communication in order to push the 'Get Together' sentiment and facilitate greater connections between people.



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This CSR report is issued by WE Fashion and is intended for all WE Fashion stakeholders, especially for employees and consumers. Do you have any questions or suggestions regarding this report? Please send an email to csr@wefashion.com

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