



SUSTAINABILITY REPORT 2018



WE

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INTRODUCTION

This is the WE Fashion the Sustainability Report 2018, giving you an insight in the objectives, strategies and recent achievements with respect to sustainability in our company. Sustainability has been on the agenda of WE Fashion since 20 years, and has grown into an integral part of the organisation. The Sustainability team is independent, but at the same time an active part of the company, supporting other departments to make the sustainable choice.



Our focus is on continuous improvement, every year we use more sustainable materials, we engage in projects and initiatives to work towards better lives of workers in our supply chain, and we look carefully at the footprint we leave behind by our operations. We have the ability to be adaptable, we recognize CSR is a developing subject area with new issues emerging on an ongoing basis.

We are on our way to only purchase sustainable cotton by 2021, in 2018 almost half of the cotton was sustainable. We are pleased all factories who make our products have signed the WE Code of Conduct and are under continuous control for working conditions. And our operations have become more sustainable: we now only use green electricity and on the roof of our warehouse we placed 800 solar panels.

Our end goal is to make it easy for customers to make the sustainable choice. We care.

A handwritten signature in black ink, appearing to read 'Joris Aperghis'.

Joris Aperghis
CEO

KEY FACTS & FIGURES 2018

IMPROVING THE SUPPLY CHAIN

- 100% of factories in risk countries are under audit
- 100% of suppliers have signed the WE Code of Conduct
- 44% of goods come from factories with a good working social management system
- WE Fashion signed for another 3 years to the Bangladesh Accord
- 96% of issues under the Bangladesh Accord have been solved
- 100% of workers producing for WE Fashion in Bangladesh are trained on essential workplace safety

MAKING BETTER PRODUCTS

- 34% of materials used in 2018 were sustainable
- 47% of cotton used was sustainably sourced
- We produced in 2018 1.1 million items made from organic cotton
- We saved 92% water by recycling old clothes to new sweaters

MAKING OUR BUSINESS MORE SUSTAINABLE

- 96% of product waste is reused or recycled
- 100% of electricity used is green
- We installed 800 solar panels on the roof of our warehouse
- 100% of POS and stationary paper used is FSC certified
- 8000 kg of instore advertising screens have been collected for recycling

GIVING BACK TO SOCIETY

- 100.000 euros have been generated by fundraising activities
- 7 charities have been supported in 2018

ABOUT WE FASHION

WE Fashion is an international company with around 188 stores, 2050 employees, and webshops in all countries where we are represented: the Netherlands, Belgium, Germany, France, Luxembourg 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.

188
STORES

2050
EMPLOYEES



WE Fashion is a Dutch fashion brand with stylish, high-quality and accessible collections for Men, Women and Kids. WE Fashion stands for connection and a desire to provide clients with precisely what they need. With their collections, WE Fashion connects customers with their own environment and offers them the space to develop a personal style. It is not without reason that WE Fashion has the motto 'Casually Stylish'.



WE FASHION EMPLOYEES

DATA 2018

WOMEN

MEN

STORE

ILLNESS

1329
NETHERLANDS



398
931
+ 3,2%
AVERAGE AGE: 28

209
BELGIUM



35
174
+ 7.6%
AVERAGE AGE: 36

278
GERMANY



102
176
+ 4.5%
AVERAGE AGE: 29

7
FRANCE



5
2
+ 0,2%
AVERAGE AGE: 26

222
SWITZERLAND



32
190
+ 5,1%
AVERAGE AGE: 27

5
LUXEMBOURG



1
4
+ 0%
AVERAGE AGE: 32

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**.

Our values are:

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



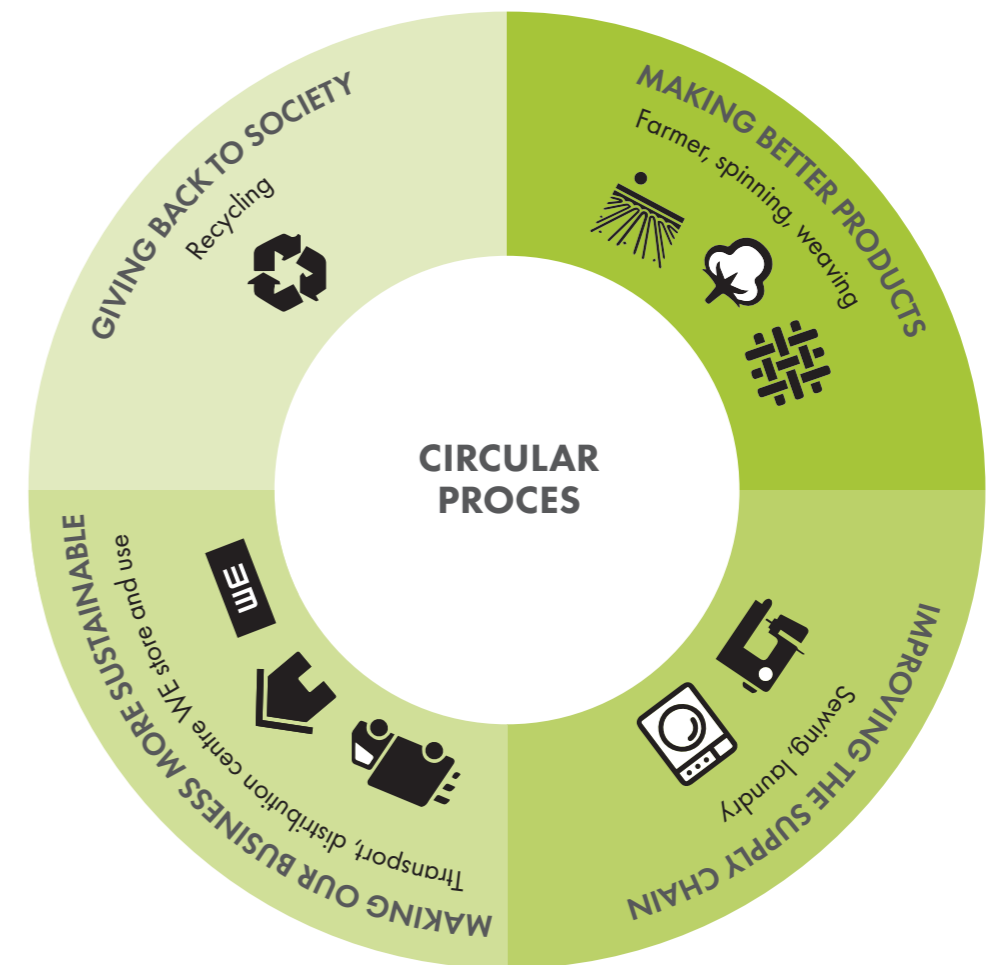
The key values of WE Fashion have been translated into a sustainability strategy. We are aware of the actual social and environmental issues that are relevant within the fashion industry, and take our responsibilities seriously, by actively addressing them.

To emphasise that sustainability should have a holistic approach, it is also integrated into our overall WE 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 aims to take responsibility for people and the environment. That is why sustainability plays an important role in our strategy. In both the short and long term, WE Fashion would like to make a contribution towards structural improvements to the lives of people and the environment.

HOW WE DO BUSINESS

In 2018, WE Fashion sourced from 202 factories in 19 countries. We do not own any production facilities but work with independent suppliers who own and manage their factories. Our suppliers differ in size and shape, we have suppliers who work in a vertical setup, where they have all processes in-house from spinning to garment manufacturing. But we also work with suppliers who have limited capacity for manufacturing and source some of the allocated production out to subcontractors.



In the process from raw material to a finished product, there are many challenges to overcome. We face many risks in our supply chain, with the materials, processes and factories that are used to make the goods in the countries where they are produced. This report gives you an insight in the risks we face, which risks are the most serious, and how we are tackling these most serious risks. We also explain why we have not started working on some of the risks.

THE WE FASHION SUSTAINABILITY STRATEGY 2015-2020

The WE Fashion Sustainability Strategy is based on 4 pillars: making the supply chain more sustainable, making better products, making our business more sustainable and giving back to society. These 4 pillars are further subdivided into 9 different goals, including many actions that are taken to achieve the goals. These actions are set to mitigate the risks in our supply chain.

This report provides information about the actions that we have taken and the results that have been achieved. We formulate new time-bound actions every year, to deliver on the 9 set goals. In the next chapters we show what we have achieved in 2018, and how we achieved this.

PILLARS	Improving the supply chain	Making better products	Making our business more sustainable	Giving back to society
GOALS	Improve social conditions in production	Use more sustainable materials	Invest in our employees	Support charities
	Improve the lives of workers	Make all product stages more sustainable and transparent	Reduce waste	
	Improve the environment in production		Reduce the CO ₂ footprint	

THE SUSTAINABILITY TEAM

Within WE Fashion there is an independent, specialized sustainability team, comprising three persons, who work at our head office, on a full-time basis, on this area. The manager of the team reports directly to the CEO. The sustainability team is responsible for the development of all sustainability targets, the evaluation of improvements

and advice to all of the relevant departments with respect to the elaboration and implementation of targets. They support suppliers and factories in realising better working conditions and producing in a more sustainable way. Responsibility for the implementation of CSR strategy lies with the management team.



IMPROVING THE SUPPLY CHAIN

WE

IMPROVING THE SUPPLY CHAIN - RESULTS 2018

The textile sector employs many people, unfortunately many workers are still employed under very poor social conditions. A good long-term relationship with our suppliers is the basis for tackling social problems in production, lifting the factories to a higher level through training and workshops and improving the quality of work.

WE Fashion does not have its own factories but works together with specialized suppliers who also produce for many other brands. For many years, WE Fashion has been working on improving the social conditions of employees involved in production. By working together with our suppliers we have been able to build a solid and strong social management system. With that system working conditions are checked, and improvement is being made. This leads to progress in the lives of the employees.

The textile chain is extensive and includes many steps, all of which contribute to the creation of our clothing. A simple overview runs from farmer to trader, spinner, weaver, sewing factory, laundry and distribution centre.

Fibers, fabrics and clothing are also traded, transported and stored between all these steps. We want to contribute to good working conditions and compliance with human rights in the supply chain, as well as to improving environmental conditions that take place in the various steps.

Our objective is to structurally improve sustainability within the production chain, focusing on all factories in which our goods are produced and where materials are made. By mapping the risks within the supply chain on an annual basis, we hope we will be able to find credible and relevant projects and initiatives from NGO's, governments and others.

1	IMPROVE SOCIAL CONDITIONS IN PRODUCTION	2018
1.1	DEVELOP THE WE FASHION CODE OF CONDUCT FOR SUPPLIERS	5
1.2	CREATE A SCORE CARD FOR SOCIAL PERFORMANCE OF SUPPLIERS	5
1.3	ASK SUPPLIERS TO SIGN THE WE FASHION CODE OF CONDUCT	5
1.4	SUPERVISE AND APPROVE SUPPLIER PERFORMANCE IN TIER 1 AND 2	4
1.5	EVALUATE AND UPDATE THE SOCIAL SUPPLIERS' MANAGEMENT SYSTEM	4
1.6	EXPAND SOCIAL SUPPLIERS' MANAGEMENT TO LOWER TIERS IN THE SUPPLY CHAIN	4
1.7	MAP THE RISKS OF LABOUR RIGHTS IN THE SUPPLY CHAIN	4
1.8	SET UP GUIDELINES IN RELATION TO THE SUSTAINABLE PURCHASING OF PRODUCTS	4
1.9	DEVELOP A COMPLAINTS MECHANISM FOR THE SUPPLY CHAIN	4
1.10	ENABLE FREEDOM OF ASSOCIATION FOR ALL WORKERS IN OUR SUPPLY CHAIN	3

2	IMPROVE THE LIVES OF WORKERS	2018
2.1	PARTICIPATE IN THE BANGLADESH ACCORD	4
2.2	DEVELOP A ROADMAP FOR ACHIEVING A LIVING WAGE	4
2.3	ENGAGE IN PROJECTS TO MITIGATE CHILD LABOUR IN OUR SUPPLY CHAIN	4

3	IMPROVE THE ENVIRONMENT IN PRODUCTION	2018
3.1	ENABLE SUPPLIERS TO REALISE ENVIRONMENTAL IMPROVEMENTS, VIA PROJECTS	1
3.2	REDUCE THE USE OF WATER, ENERGY AND CHEMICALS IN PRODUCTION	3
3.3	DEVELOP A CLASSIFICATION FOR THE ENVIRONMENTAL PERFORMANCE OF SUPPLIERS	1

LEGENDA:

- 1 not started
- 2 not achieved - stopped
- 3 started
- 4 to plan
- 5 achieved

COMMITMENT 1 IMPROVING SOCIAL CONDITIONS WITHIN THE SUPPLY CHAIN

WE Fashion has been working on improving the social conditions of employees involved in production since 1998. It is important that working conditions are checked and factories are able to implement change for the better.

From a workplace without environmental and safety hazards, to a place where women's rights are respected and workers voices are heard. This leads to progress in the lives of the workers in all steps of the supply chain.

1.1 DEVELOP THE WE FASHION CODE OF CONDUCT FOR SUPPLIERS

Status: achieved

The content of the WE Fashion Code of Conduct for suppliers has been developed, drafted and presented to various parties in 2015, and has become part of the WE Supplier Declaration which is signed by every supplier and factory who produces for WE. The document has been published on the CSR pages of our corporate website wefashion.com/sustainability. The WE Fashion Code of Conduct will be revised and published again in spring 2019.

1.2 CREATE A SCORE CARD FOR SOCIAL PERFORMANCE OF SUPPLIERS

Status: achieved

WE classified several compliance systems in line with the requirements of the WE Code of Conduct for suppliers. WE Fashion is a member of the Business Social Compliance Initiative (BSCI), a system from Amfori that offers auditing and capacity building for factories producing for its members.

We accept social audits from other systems next to BSCI being SA8000, SMETA, WRAP and in some cases we also accept GOTS, FWF and WCA.

Norma Wouters-Snell – Amfori Network Representative - The Netherlands

"As one of the original members to implement Amfori BSCI in 2003, WE Fashion played a part since the very beginning of this initiative. Since then, the company has been an example for other retail companies and brands in the way they incorporated social performance in their company policy and processes. As one of the first companies in the Amfori BSCI network to give the CSR department the final call in accepting or turning down potential producers proposed by their buying team, based on their social performance and potential to improve with the support of WE Fashion, they now set the standard for others to follow."

1.3 ASK SUPPLIERS TO SIGN THE WE FASHION CODE OF CONDUCT

Status: achieved

The WE Fashion Code of Conduct for suppliers has been signed by all WE Fashion suppliers and their factories. The WE Fashion Code of Conduct also has been published on www.wefashion.com.

The WE Code of Conduct has been revised in 2018, we have added responsibilities for WE, such as:

- WE Fashion will not purposely use the by suppliers given factory data for sourcing new production capacity.
- WE Fashion buyer responsibility (Section E of the General principles).
- When suppliers offer insight in the wage increase per product, WE Fashion buyers will accept a minimum wage increase and/or collective bargaining agreements being applied.

Other adjustments to the WE Code of Conduct are:

- Expectation of suppliers joining Amfori BEPI.
- Restriction of using cotton grown in Turkmenistan.
- References to WE policies, WE RSL and signed pledges.

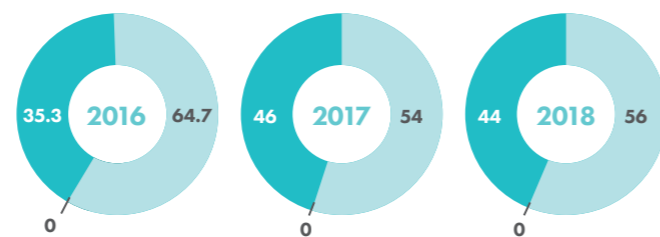
We have asked all suppliers and factories to sign the document in Spring 2019.

1.4 SUPERVISE AND APPROVE SUPPLIER PERFORMANCE IN CMT FACTORIES

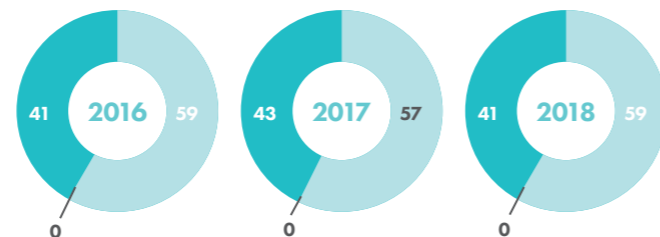
Status: to plan

All factories in 2017 and 2018 producing for WE Fashion have been operating under a valid social auditing scheme. Our aim is to continue this, but also support factories to work on continuous improvement of working conditions. We encourage factories to enroll in training and workshops regarding the topics they need to improve. When sourcing new suppliers, we will only accept those factories who are in an audit process that is acknowledged by WE Fashion. The growing knowledge on social compliance and the growth of good performing factories means that we more and more work with factories with a good working social management system and offer more workers a healthy working environment.

Factory compliance in purchase value



Factory compliance in % of total amount of factories



■ Approved
■ In audit process
■ Not started with audit process

COUNTRIES WHERE PRODUCTION TOOK PLACE IN 2018 (BY 1.4)



Bangladesh
 Bulgaria
 Cambodia
 China
 India
 Italy*
 Laos
 Madagascar
 Mauritius*
 Morocco
 Myanmar
 Netherlands*
 Pakistan
 Poland*
 Portugal*
 Romania
 Thailand
 Turkey
 Vietnam

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 * are regarded by BSCI as non-risk countries. In 2018, according to the classification, 15% of the factories that produced for WE Fashion were located in non-risk countries.

2018 AUDIT PERFORMANCE

	TOTAL FACTORIES PRODUCING FOR WE	TOTAL AUDITS	RESULT A, B	RESULT C	RESULT D	RESULT E
Bangladesh	15	15	4	10	1	
Bulgaria	2					
Cambodia	12	11	4	7		
China	66	82	2	77	3	
India	13	13	10	3		
Italy*	32					
Laos	1	1	1			
Madagascar	1	1	1			
Mauritius*	4	4	3	1		
Morocco	1	1	1			
Myanmar	8	6	3	2	1	
Netherlands*	3					
Pakistan	2	1		1		
Poland*	4	1	1			
Portugal*	3					
Romania	4	2	1	1		
Thailand	2					
Turkey	25	25	19	4	2	
Vietnam	4	3	1	1	1	

* Non-risk countries

In 2018, a total of 166 audits were conducted at factories producing for WE Fashion. This is a decrease compared to 2016 (218 audits). The main reason for this is the lower amount of factories (202 compared to 210), and more factories that scored an A or a B, and therefore do not have to be audited every year.

The table above shows the audit performance per country in 2018 of all production facilities, direct or indirect. 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. A factory with a score A or B at the initial audit does not need a follow-up audit and only needs to be audited again after 2 years. A factory with the rating C or D needs to submit a Corrective Action Plan (CAP) with

concrete actions for improvements. In case the action plan does not meet our expectations, we ask for improvement. A follow-up audit follows within a 12 month-period to ensure all corrective actions have been implemented and improvements have been made.

When the WE Fashion Sustainability team has the responsibility, they require audits to be semi-announced or unannounced. Semi-announced means that the factory agrees a timeframe of a month, in which the auditor is free to come at any day without prior notification to the factory, and do the inspection. In 2018 56% of the audits was semi-announced, 42% was announced and 2% was unannounced. We aim towards a model where all audits are semi-announced or unannounced.



2018 AUDIT SYSTEMS ACCEPTED

	TOTAL FACTORIES	NON RISK NOT AUDITED	BSCI AUDITED	SA8000 AUDITED	WRAP AUDITED	SMETA AUDITED
Bangladesh	15		15			
Bulgaria	2		2			
Cambodia	12		12			
China	66		65			1
India	13		7	3		3
Italy	32	32				
Laos	1		1			
Madagascar	1		1			
Mauritius	4		4			
Morocco	1		1			
Myanmar	8		8			
Netherlands	3	3				
Pakistan	2		2			
Poland	4		3	1		
Portugal	3	2	1			
Romania	4		3	1		
Thailand	2		1	1		
Turkey	25		22			3
Vietnam	4		3	1		
TOTAL	202	37	151	7	0	7

WE Fashion places great importance on the conditions in which our clothing is manufactured. The requirement to submit all factories including sub-contractors to the auditing process goes beyond the requirements of BSCI, where only direct suppliers in risk countries are the scope.

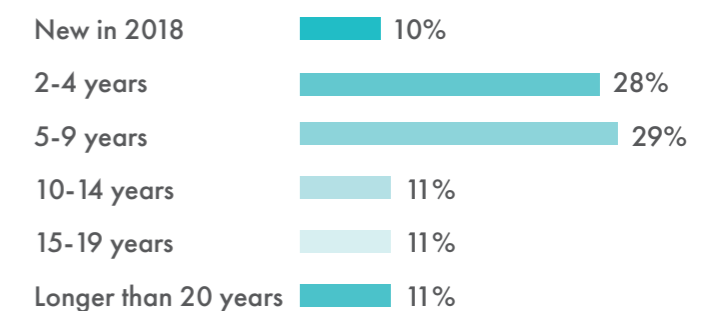
Orders can only be placed in factories approved for production by WE Fashion. This is the only way that we can obtain a full overview of all of the factories that produce for WE Fashion. Approved factories are introduced to our ordering system after a thorough selection process which also checks social conditions. When adding new suppliers and factories to our supplier base, the purchasing department, purchase management, Quality Assurance, Sustainability and the CEO must

approve. We will focus on actual tier 1 production, as we have a direct influence on this tier and consider this area to be our responsibility.

WE Fashion is a member of the Business Social Compliance Initiative (BSCI), but not all factories that produce for us are audited by BSCI. To avoid unnecessary auditing, we accept audit reports from the other social compliance systems we acknowledge, which are SA8000, SMETA, WRAP, GOTS, FWF and WCA. 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.

SUPPLIER RELATIONS

61% 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, where the cooperation in some cases goes back up to 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

Status: to plan

The aim is to integrate the WE Fashion Code of Conduct for suppliers into business. The procedure is important in order to ensure that the Code of Conduct is implemented and applied as effectively as possible.

The procedure will be evaluated annually 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.

AUDIT RESULTS PER PERFORMANCE AREA

In the graph presented below, the scores per performance area are presented, as found during the 2018 audits.

	A VERY GOOD	B GOOD	C ACCEPTABLE	D INSUFFICIENT	E UNACCEPTABLE
Social management System	8%	10%	21%	59%	1%
Workers Involvement	48%	31%	15%	4%	1%
Freedom of Association	99%	1%	0%	0%	0%
No discrimination	85%	10%	5%	0%	1%
Fair remuneration	36%	50%	13%	0%	0%
Decent working hours	36%	0%	8%	55%	1%
OHS	76%	10%	1%	9%	3%
No Child Labour	98%	1%	0%	1%	1%
Special protection for young workers	95%	3%	1%	0%	1%
No precarious employment	99%	1%	0%	0%	0%
No bonded labour	100%	0%	0%	0%	0%
Protection of the environment	74%	13%	12%	1%	0%
Ethical business behaviour	80%	12%	8%	0%	0%

EXPLANATION OF THE SCORES IN THE DIFFERENT PERFORMANCE AREAS

The highest amount of non-compliances in BSCI performance are found in the lack of a Social Management System, where 59% of the factories have been scored a D. Issues in other areas are very likely to relate to issues with a lack of a good working Social Management system. Most of these issues occurred in China, Cambodia, India and Bangladesh. Compared to 2016, a smaller share of factories scores an E, but also a smaller share scores A or B. So it shows to be hard to achieve improvements in this performance area.

In 2018 mainly improvements were made in the form of suppliers starting communicating about social compliance with their business partners, and improving their supply chain mapping.

The non-compliance rate of Workers Involvement is quite high, where 1% of factories scored an E, 4% a D, and

15% a C. Mostly in Cambodia, factories have issues with Workers Involvement, but the non-compliance rate in this country already halved compared to 2016. The non-compliance rate is also high in China (22%), Bangladesh (17%), and Turkey (21%). Big improvements have been made compared to 2016, mainly made by training employees about their rights and improving the complaint system for workers.

The compliance with decent working hours shows high non-compliance rates, 1% of factories scored an E, 55% a D. In most cases the workers have worked too much overtime. In severe cases workers did not have a day off every 7 days, or worked excessive overtime. Compared to 2016, a smaller share of factories scores an E, but also a smaller share scores A or B. In China the share of factories with issues in this area also shows an increase (from 75% to 97%). The rate is also high in Bangladesh (67%). So it

shows to be hard to achieve improvements in this performance area. However, in Turkey a decline in non-compliance is visible (from 61% in 2016 to 16% in 2018). Most improvements here were made by improving transparency in time records and reducing overtime.

The non-compliance rate in Occupational Health and Safety is relatively high with 3% of factories scoring an E, 9% a D, 1% a C. The highest non-compliance rate can be found in India (40%). In Bangladesh 33% of the factories have issues in this performance area. But many of these issues have been remediated over the past year due to our membership of the Bangladesh Accord. In 2016 the non-compliance rate in Bangladesh was 79%.

CAPACITY BUILDING IN 2016

In 2018, 12 suppliers and their factories followed in total 29 workshops that were offered by the BSCI. The best visited workshops were "Getting Started with Amfori BSCI" and "Responsible Recruitment". Next to this, also many online BSCI courses were followed. In the past years, many suppliers and factories have attended the BSCI workshops. The workshops can be followed free of charge, are given in the local language and are directly relating to the issues that factories face for remediation.

1.6 EXPAND SOCIAL SUPPLIERS' MANAGEMENT TO LOWER TIERS IN THE SUPPLY CHAIN

Status: to plan

To obtain a clear overview of the social performance of factories in lower tiers of our supply chain, we started to involve them in the social management system, by registering wet-processing units and material suppliers on our purchase orders. In the long-term we would like these tier 2 factories to be included in a monitoring or audit system.

Our goal was to know the processing units and fabric suppliers for 25% of our products by the end of 2017. The introduction of the registration in the different systems had a fair share of technical problems, therefore measuring the percentage of products that we have registered these extra units for, is limited and not complete. Our end goal is to get the registration of processing units and fabric suppliers fully included in the purchasing process.

1.7 MAP THE RISKS OF LABOUR RIGHTS IN THE SUPPLY CHAIN

Status: to plan

The CSR department performed an extensive research to the risk in the apparel supply chain in general and the specific risks in the supply chain of WE Fashion. The mapping gave us an insight in the likelihood of risks. In 2018 we looked at the risks, both social and environmental, in our supply chains again. Based on the results we have sharpened the focus for 2019.



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

Status: to plan

We have published a Sustainable Buyers Manual that guides buyers through all principles of sustainability. The set of principles is raising the awareness of buyers regarding their direct and indirect impact on the production processing and the workers well-being.

We have worked with Better Buying in 2018 and received feedback from our suppliers on buying practices. The recommended changes will be evaluated, and where possible be implemented in our daily buying practice. To get this done, we will incorporate the Sustainable Buying Manual in the general Buying Manual, and train the buyers regularly.

Jeroen van der Heijden - Unicef

“UNICEF’s Children’s Rights and Business team works pro-actively with the textile and garments industry to improve the implementation of children’s rights in global supply chains. In 2018 UNICEF has worked closely with WE Fashion on the issue of child labour prevention, resulting in a robust policy that can now be implemented throughout their supply chain. WE Fashion is an active participant in the Dutch Covenant on Garments and Textile working openly and constructively on this complex issue. We highly appreciate the emphasis WE Fashion has put on preventing child labour in their supply chain and hope to continue our collaboration in the future on children’s rights to ensure family friendly workplaces throughout their supply chain.”

1.9 DEVELOP A COMPLAINTS MECHANISM FOR THE SUPPLY CHAIN

Status: to plan

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 of factories. To give everyone the same chance, WE Fashion is looking at other complaints mechanisms that cover all involved.

WE Fashion signed the Agreement on Sustainable Garment and Textile (AGT). Part of this agreement is a complaints mechanism. The AGT publishes a Factory List since July 2017. Workers are able to reach out to local unions and NGO’s and Civil Society Organizations, who can file a complaint on their behalf. The complaints are then shared with the respective brands who produce in the specific factory. The AGT expected a brand to mitigate and remediate the complaint.

We also receive direct complaints via several stakeholders. Every complaint is taken seriously and is being investigated. If possible, we connect with other initiatives, brands and retailers who also work with the same factory, to develop a joint approach in resolving the issues.

TOPIC	ISSUE FOUND	COUNTRY	SOURCE	REMARK	STATUS
Overtime	Excessive overtime	Bangladesh	Bangladesh Accord & Audit report	All employee meetings held and support with developing Corrective Action Plan	Closed
Health & Safety	Unacceptable finding in regards to health and safety (result D)	China	Audit report	support with developing Corrective Action Plan	Improved situation reported in next audit
Wages and Health & Safety	Unacceptable finding in regards to wages paying system and to health and safety (result D)	Turkey	Audit report	Support with developing Corrective Action Plan	Improved situation reported in next audit
Overtime and Health & Safety	Unacceptable finding in regards to working hours and to health and safety (result D)	China	Audit report	Support with developing Corrective Action Plan	Improved situation reported in next audit
Overtime and Health & Safety	Unacceptable finding in regards to working hours and to health and safety (result D)	India	Audit report	Support with developing Corrective Action Plan	Improved situation reported in next audit
Safe workplace	Complaint about repression of workers	Bangladesh	Bangladesh Accord	Accord reached mutual understanding with the workers	Closed
Use of chemicals	Product with unacceptable high content of chemicals	China	WE Quality department	Investigation and further testing	Product not put on market
Overtime and Abuse	Complaint of a worker about repression and excessive workload	Bangladesh	Bangladesh Accord	Factory has solved the problem with the employee with the help of the Accord	Closed
Health & Safety	Concerns that fire alarm system in a factory is not working properly.	Bangladesh	Bangladesh Accord	Dedicated personal will be trained for proper operation and monitoring the system.	Closed

Below an overview of requests from NGO's, specifically targeting a region or country, or a specific topic that needs attention. We also received several requests from customers about working conditions in our supply chain, and about transparency in our supply chain. We always answer a complaint within 48 hours.

TOPIC	ISSUE	COUNTRY	SOURCE	REMARK
Animal welfare	Welfare of angora goats (mohair)	All	PETA	WE Fashion will not ban mohair, but is tracking where the mohair comes from and works towards the use of certified mohair only.
Wages	Minimum wage increase	Bangladesh	Clean Clothes Campaign	WE Fashion supported the aim for higher wages in Bangladesh by signing a joint letter to the Government of Bangladesh
Health & Safety	Continuation of the Transition Accord	Bangladesh	Clean Clothes Campaign	WE Fashion supports the work of the Transition Accord and believes the initiative needs time to do a proper handover to the Government of Bangladesh. We issued a statement online to support this.

1.10 ENABLE FREEDOM OF ASSOCIATION FOR ALL WORKERS IN OUR SUPPLY CHAIN

Status: started

Freedom of Association enables workers to come up for their own rights. We believe that this is the first step towards social and economic independency for all workers around the world. Our aim is to enable all workers in the factories that produce for WE Fashion. To realise progress for workers we need to cooperate with local and international unions and NGO's. In 2016 we started a dialogue with CNV Netherlands concerning the presence of unions in the factories that produce goods for WE Fashion in Cambodia, and whether these unions could be called independent. In 2016 and 2018 the Sustainability Manager visited the majority of factories in Cambodia and sat down with the independent Cambodian union CLC, and discussed the topic of Freedom of Association. In the coming years we will work on further improvements together with our Cambodian suppliers and their factories.

COMMITMENT 2 IMPROVE THE LIVES OF WORKERS

Without the workers who make our clothes, we do not have products to sell. WE Fashion does not have its own factories but works together with suppliers who also produce for many other brands. For many years, WE Fashion has been working on improving the social conditions of employees involved in production. We support workers to collectively aim for improvement, mitigate child labour actively and monitor the wages paid in the factories that produce our goods.

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

Status: to plan

In May 2018 WE Fashion signed the Transition Accord. This is the next agreement between fashion brands and retailers, international and local unions and NGO's on Fire & Building Safety in Bangladesh, that followed the Bangladesh Accord that ended in May 2018. By signing the Transition Accord, WE Fashion continued its pledge to work to improve the building safety and working conditions of workers in the clothing factories of Bangladesh.

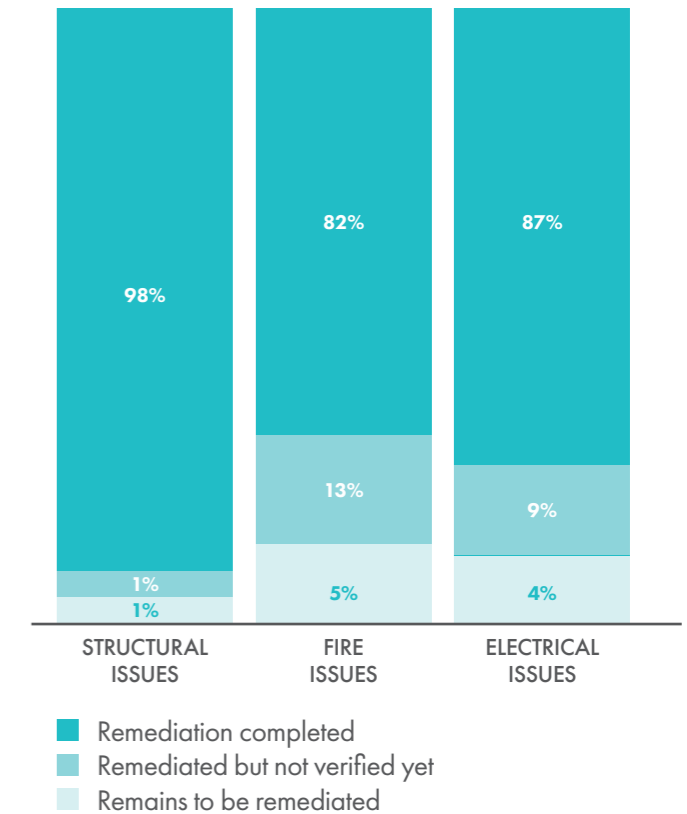
In the first round of inspections in 2013 and 2014, 818 issues were identified, by the end of 2018 this total had risen to 1442 issues at 16 factories. By the end of December, a total of 87% of initial issues in the factories had been corrected and another 9% initial issues have been corrected but still needed to be confirmed by means of an inspection.

During the inspections, often new issues are identified, issues that were not seen before or have been found only in a later stage. Factories who remediate the initial issues are recognized for that by the Accord, as they have proven to take safety of their factories serious. But they are required to keep the safety on a high level, by implementing policies and procedures, and by keeping the employees updated via trainings.

The issues found most frequently were:

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

RESULTS OF 2018 IN ISSUES PER SAFETY AREA



25% of the factories producing for WE Fashion in Bangladesh finished initial inspection completely in 2018.

All factories have started with the Accord worker training program and a total of 79 trainings have been given to more than 30.000 workers. By the end of 2018, all workers who produce for WE Fashion in Bangladesh have been involved in trainings regarding safer workplaces. We are committed to complete this task together with the factories. The worker's training program is based around the presence of unions, worker safety committees and training of all workers. The trainings concern hazard identification, communication skills and problem solving.

WE Fashion will continue to support the factories in Bangladesh via the Transition Accord during the improvement process until the inspection program will be handed over to the RCC, the body of the Government of Bangladesh.

2.2 DEVELOP A ROADMAP FOR ACHIEVING A LIVING WAGE

Status: to plan

Over 2018, we looked at the salaries that were paid to workers in the factories that produced for WE Fashion. We used the data from the most recent inspection reports for the inventory. It is the 3rd time we have repeated this research, that includes all of the factories, both direct suppliers and subcontractors. The data has been aggregated per country.

The results from the research were benchmarked with three Living Wage Benchmarks: SA8000, Wage Indicator and the Asia Floor Wage. To benchmark the results, we will repeat the research every 2 years.

The 2018 study is a follow up of the results of the study on the wages paid in factories producing for WE Fashion in 2016. The results show that all workers in the factories which produce for WE Fashion, earn at least the minimum wage.

Looking ahead, in the years ahead we will participate in workshops and projects to find a solution that fits our company, based on the recommendations from the wage study 2018. These recommendations look at how WE Fashion can influence its own company specific factors and includes tools like internal policies, research, definitions and buying practices. On the other hand, it includes tools on how WE Fashion can impact living wages by influencing factory specific factors and the factory context.

2.3 ENGAGE IN PROJECTS TO MITIGATE CHILD LABOUR IN OUR SUPPLY CHAIN

Status: to plan

We want to map our supply chain by mapping the supply chains of all our suppliers. With the mapping, we can then start working on recognizing and mitigating child labour in the different stages of each supply chain.

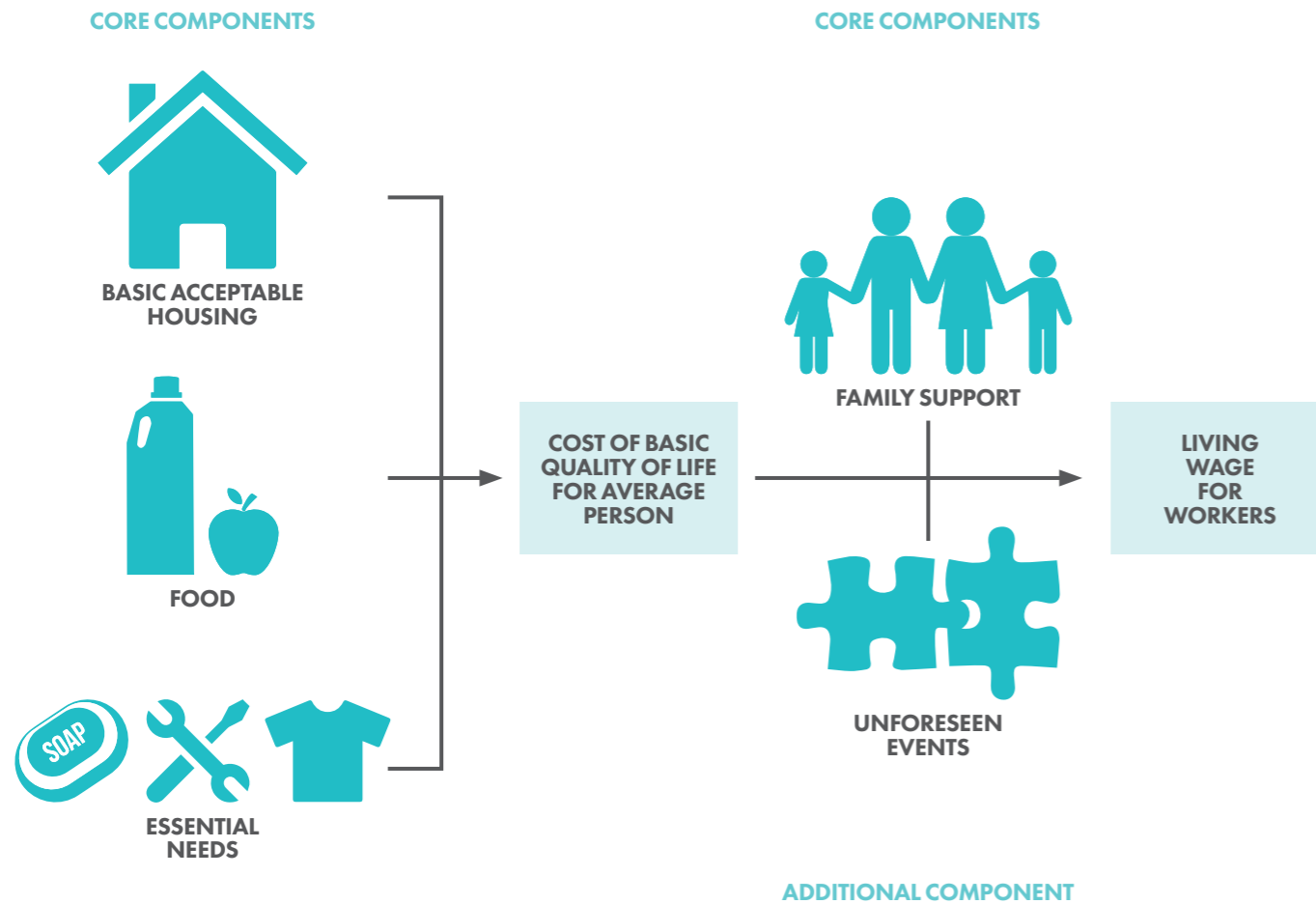
With the help of parties in the Agreement on Sustainable Garment and Textile (AGT), we started the participation in a project in Tamil Nadu, a region in the south of India. The objectives for the project are to strengthen Worker Committees in garment factories and spinning mills in Tamil Nadu (or set up and train if none are in place), help establish concrete policies and procedures in participating suppliers and spinning mills so that they are able to identify and remediate labour issues in a timely manner, including those at their (sub) suppliers and map the upstream supply chain of participating companies and suppliers including subcontractors and (material) suppliers.

As a direct result of the participation in the project, WE Fashion has published a Child Labour Policy and a Forced Labour Policy. Furthermore, we have started to use the mapping tool that FLA developed, and shared this not only with our India relations, but with all suppliers and factories as part of the WE Supplier Declaration. The mapping is an ongoing process that keeps changing, but we are determined to get a good view on the supply chains of our products.

In 2019 we expect that several spinning mills in the Tamil Nadu region, supplying yarns for WE products, will be included in the trainings, and positive results will be achieved.

Dieuwertje Heyl, Arisa

“We appreciate the collaboration with WE Fashion in the collective project on combatting child labour in Tamil Nadu, India. Particularly WE Fashions efforts in nominating spinning mills in their supply chain for an improvement program is an important step forwards in addressing child labour and forced labour risks among suppliers in Tamil Nadu. Supply chain transparency is key in this collaboration. We would welcome further steps by WE Fashion in giving insight in suppliers (also publicly) and continuing activities in Tamil Nadu.”



COMMITMENT 3 IMPROVE THE ENVIRONMENT IN PRODUCTION

The production chain of fashion has many challenges and one of them is environmental pollution. WE Fashion aims for a clean environment in and around the factories in which their goods are produced and where materials are made. With increasing insight in the supply chain we have better knowledge of the highest risks and have the possibility to start working on improvements.

3.1 ENABLE SUPPLIERS TO REALISE ENVIRONMENTAL IMPROVEMENTS, VIA PROJECTS

Status: not started

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

Several years ago, several factories producing for WE Fashion in Bangladesh participated in the Cleaner Production Program, under guidance of Solidaridad and local partners. This project finished in 2014.

Many project proposals have been presented in the past years, but due to several different reasons we were not able to join. Main reason is that the projects often will take place in a region where WE Fashion has not got the specific locations to bring in to the project.

In 2017 we joined the Business Environmental Performance Initiative (BEPI), a module from Amfori for improving environmental performance in supplying factories worldwide. BEPI provides a practical framework that can support all product sectors in all countries to reduce their environmental impact, business risks and costs through improved environmental practices.

Since we are in the early stages of this membership, we can't report on progress yet.

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

Status: started

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 this strategy in close collaboration with NGO's and participate in specific programs that focus on enhancing clean production via e.g. certification. To create as much impact as possible, WE Fashion strives to define on which parts of the supply chain the strategy has to focus the most.

WE Fashion worked with Made-By to organise a customised workshop regarding wet processing techniques. Based on a risk assessment we have selected the highest impact products. Since the workshop WE Fashion has developed a questionnaire and asked a group of strategic jeans suppliers to fill in the questionnaire.

The aim to develop a training for buyers on the environmental impact of the different wet processing techniques. Our long-term goal is to reduce the use of water, energy and chemicals by our strategic suppliers, by selecting less harmful wet processing techniques for our products.

3.3 DEVELOP A CLASSIFICATION FOR THE ENVIRONMENTAL PERFORMANCE OF SUPPLIERS

Status: not started

With the data regarding environmental performance of our suppliers and the products they make, we would like to develop a classification. This classification, a list of all wet processing techniques used in our products, with their environmental impact, will help buyers when placing orders. Suppliers and factories will be assessed on the environmental impact of their operations, and on the availability of low-impact products in their product range.

Due to other priorities we have not been able to develop this action further in 2018.



MAKING BETTER PRODUCTS

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WE

MAKING BETTER PRODUCTS - RESULTS 2018

Every step in the supply chain from farmer, trader, spinner, weaver, sewing factory and laundry to the WE Fashion distribution centre involves a large number of environmentally damaging processes.

WE Fashion wants to minimise the burden on the environment by using more environmentally friendly fibers and materials for products, and using cleaner factories for production. The reduction of water, chemicals and energy in production is important, as is the reduction of waste produced. This way the footprint of our products will go down, which is good for both the environment and the people who live in it.

Cotton is the most used raw material in the collections of WE Fashion. That is why we mainly focus on the use of sustainable cotton. We do not only reduce the use of water, chemicals and pesticides, but also increase the use of environmentally friendly raw materials in our products. We also want to further reduce the use of chemicals, water and energy in production, especially during dyeing and finishing.



4	USE MORE SUSTAINABLE MATERIALS	2018
4.1	UPDATE OUR SUSTAINABLE RAW MATERIALS STRATEGY	5
4.2	BUY PRODUCTS MADE FROM SUSTAINABLE MATERIALS	4
4.3	INTEGRATE BETTER COTTON INTO OUR COLLECTION	4
4.4	CREATE A POLICY WITH RESPECT TO THE USE OF ANIMAL MATERIALS	5
4.5	DEVELOP SUSTAINABLE PRODUCT LABELS	5
4.6	UPDATE SUPPLIER PORTAL WITH REGARD TO SUSTAINABLE MATERIALS	5
4.7	SET UP AN ECO-CERTIFICATION MANAGEMENT SYSTEM	5
4.8	CREATE A POLICY ON SUSTAINABLE LEATHER	3
4.9	DEVELOP A PLAN FOR THE USE OF SUSTAINABLE TRIMMINGS	1

5	MAKE ALL PRODUCT STAGES MORE SUSTAINABLE AND TRANSPARENT	2018
2.1	PARTICIPATE IN THE BANGLADESH ACCORD	4
2.2	DEVELOP A ROADMAP FOR ACHIEVING A LIVING WAGE	4
2.3	ENGAGE IN PROJECTS TO MITIGATE CHILD LABOUR IN OUR SUPPLY CHAIN	4
5.1	DEVELOP A PLAN TACKLING THE USE OF HAZARDOUS CHEMICAL SUBSTANCES	4
5.2	SEEK VERIFICATION OF OUR ACTIVITIES IN THE CHAIN	4
5.3	MAP PRODUCTS ON THE USE OF RAW MATERIALS AND TREATMENTS	4
5.4	MAP OUT THE WET PROCESSES USED BY WE FASHION WASHING, DYEING, FINISHING, PRINTING	3
5.5	DEVELOP A WET PROCESSING STRATEGY FOR WE FASHION	1
5.6	MEASURE THE ECOLOGICAL FOOTPRINT OF THE MOST IMPORTANT PRODUCTS	3
5.7	GIVE CUSTOMERS INSIGHT IN WHICH FACTORIES PRODUCTS ARE MADE	4
5.8	DEVELOP A PLAN TO REGISTER AND MONITOR THE COUNTRY OF ORIGIN OF MATERIALS	3

LEGENDA:

- 1 not started
- 2 not achieved - stopped
- 3 started
- 4 to plan
- 5 achieved

COMMITMENT 4 USE MORE SUSTAINABLE MATERIALS

In 2015, WE Fashion committed to use more environmentally friendly fibers and materials for products by launching the WE sustainable materials commitment. This commitment has a strong focus on the use of sustainable cotton, as with 70% this is the biggest single material in our collections. To make a further commitment, WE Fashion has committed to source 100% sustainable cotton by 2021. To make this an official claim, we signed the 2025 Sustainable Cotton Challenge.

4.1 UPDATE OUR SUSTAINABLE RAW MATERIALS STRATEGY

Status: achieved

The strategy has been finalised and became part of the targets for the purchasing teams in 2015. The WE Sustainable Raw Materials Strategy will be revised for the years 2020-2025 in 2019.

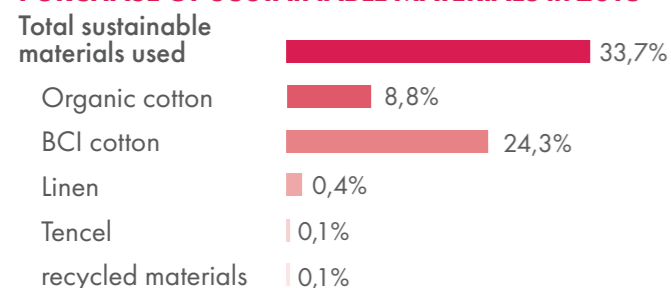
4.2 BUY PRODUCTS MADE FROM SUSTAINABLE MATERIALS

Status: to plan

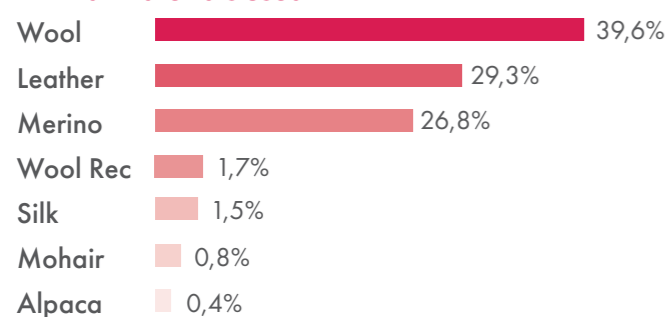
Purchasing more products with sustainable materials according to the targets defined in the sustainable raw materials strategy. The goal for 2018 was to include 30% sustainable materials in our collections, we achieved 33.7%. The main material purchased in a sustainable option in 2018 was cotton, with the biggest share for Better Cotton and organic cotton.

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. For 2019, we have set ourselves the target of 40% sustainable materials to be used in our collections. Looking ahead, we aim to only purchase sustainable cotton by 2021.

PURCHASE OF SUSTAINABLE MATERIALS in 2018



Animal materials used



4.3 INTEGRATE SUSTAINABLE COTTON INTO OUR COLLECTION

Status: to plan

In 2015 WE Fashion became a member of the Better Cotton Initiative in order to offer sustainable products to the consumer, for a comparable price. Cotton is with 70% the biggest single raw material in our collections. To be able to raise the level of sustainable cotton we need the share of Better Cotton to grow.

In 2018, 47.4% of our cotton was sustainable, of which 34.71% was Better Cotton, 12.6% was organic, and 0.1% was recycled cotton.



Since WE Fashion became a member of Better Cotton in 2015, the buyers were informed and the first negotiations with our suppliers began. In the past 3 years we have been able to grow the uptake of Better Cotton significantly from 9.6% to 33.7%.

From 2021 onwards, we will only use sustainable cotton in our collections.

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

Status: achieved

WE Fashion has published and implemented the policy on the use of animal materials internally and externally in 2016. We will review the policy in the second half of 2019.

Lonneke Bakker - FOUR PAWS

"More and more consumers are becoming concerned about the treatment of animals from which animal derived materials such as wool, leather, down and silk are sourced. Companies in the textile industry are looking for ways to minimize animal suffering in their value chains, and provide responsibly produced animal friendlier garments to their consumers.

Since the start of the covenant, FOUR PAWS has offered support to parties in the covenant for addressing animal welfare risks in their value chain. WE fashion is one of the frontrunners amongst the covenant companies in using an Animal Welfare Policy that addresses a number of animal welfare issues. It bans animal derived materials that cannot be produced ethically, and excludes the cruelest practices, such as live plucking of birds for down or mulesing of sheep for merino wool, among other policy measures.

WE fashion supported the Dutch covenant in developing a report and factsheets about the most commonly used Animal Derived Materials. They also played an active role in the development of a workshop to guide covenant parties in operating more animal-friendly."

4.5 DEVELOP SUSTAINABLE PRODUCT LABELS

Status: achieved

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

We have developed new sustainable production labels for all sustainable materials in 2016, to be first used on products in 2017. The revision of labels, hangtags and POS materials are part of the company's brand experience and will be revised in line with the general brand updates. If a specific new sustainable label is needed, it will be developed in the existing format.

In 2019 we will develop a new labeling concept for the products made from sustainable materials, that will support the new Sustainability Strategy.

4.6 UPDATE SUPPLIER PORTAL WITH REGARD TO SUSTAINABLE MATERIALS

Status: achieved

WE Fashion provides its suppliers with information, procedures and instructions regarding sustainability methods via an online portal. The information about sustainable materials has been updated on the supplier portal in 2017, and is updated if there are adjustments and additions.

4.7 SET UP AN ECO-CERTIFICATION MANAGEMENT SYSTEM

Status: achieved

The aim was 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 necessary data on the use of sustainable fibres and link it to the required proof, such as certificates. We have created such a system, and now have an uncomplicated insight into the validity of certificates, the availability of environmentally-friendly fibres and materials. This information can be used to monitor whether we are on track with our targets on the use of sustainable raw materials. In 2018 we have added lining to the materials overview.

We will continue using this system for the coming years.

4.8 CREATE A POLICY ON SUSTAINABLE LEATHER

Status: started

Develop a specific policy on the use of leather in our collections. Although leather is only a small share of the materials we use, the risks for workers and the environment in leather production by working with chemicals are significant. Next to that we do care about the welfare of animals, we have not yet started to create a policy. We have become a member of the Leather working Group (LWG) in 2017.

In 2018, only 1.2% of the products were made of leather, of which 25% came from factories who are LWG certified.

Our aim is to purchase only leather from LWG certified tanneries from 2025 onwards.

4.9 DEVELOP A PLAN FOR THE USE OF SUSTAINABLE TRIMMINGS

Status: not started

We would like to define what sustainable trimmings are for WE Fashion and how we can use it within our collections. To start this off, we have to make an inventory of the various trimmings that are used in our products by material, volume and origin. After this baseline assessment we can investigate which trimmings have the greatest impact, to start working on change there.

COMMITMENT 5 MAKE ALL PRODUCT STAGES MORE SUSTAINABLE AND TRANSPARENT

Fashion has a negative impact on the environment. As a brand we should contribute to improvements by reducing the use of water, chemicals and energy in production, especially during dyeing and finishing. To be able to do this, we have started to obtain more data from the supply chain. With this data we have more insight in the countries where our materials come from, what chemicals are used in processing, and are also able to share larger parts of our supply chain with relevant stakeholders.

5.1 DEVELOP A PLAN TACKLING THE USE OF HAZARDOUS CHEMICAL SUBSTANCES

Status: to plan

To prevent any damage to people and the environment caused by the use of chemicals in the production of goods for WE Fashion, we have developed a routine 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 WE Fashion Restricted Substances List (RSL) will be reviewed every 18 months, the last version has been published in spring 2018.

5.2 SEEK VERIFICATION OF OUR ACTIVITIES IN THE SUPPLY CHAIN

Status: to plan

In autumn 2015 WE Fashion became a member of the Modetracker from Made-By. In 2016 WE Fashion signed the Agreement on Sustainable Garment and Textile. Although both systems have a very different approach, they both verify the sustainability claims a brand makes.

For WE Fashion this was the reason to cease the Modetracker contract and focus on the cooperation within the Agreement on Sustainable Garment and Textile.

5.3 MAP PRODUCTS ON THE USE OF RAW MATERIALS AND TREATMENTS

Status: to plan

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 hope to manage the improvement in use of materials, and of specific processes, such as processing and finishing methods, or better printing techniques.

The use of sustainable materials is part of the purchase order, and is included in reporting. To obtain a clear overview of the processing and finishing techniques, we started to register them on purchase order level. The introduction of the registration in the different processes had a fair share of technical problems, therefore the insight in the processes is limited and not complete. Our end goal is to get the registration of processing fully included in the purchasing process.

5.4 MAP OUT THE WET PROCESSES USED BY WE FASHION, SUCH AS WASHING, DYEING, FINISHING AND PRINTING

Status: started

Look at the various wet processing treatments for threads and fabric, such as the different methods for washing, dyeing, finishing and printing used for our products, and categorize each treatment according to volume and risk.

Over the past years we have engaged with Made-By and developed training material. However, we have not been able to focus on this topic enough to take further steps, but we have allocated capacity and set clear targets for this subject from 2019.

5.5 DEVELOP A WET PROCESSING STRATEGY FOR WE FASHION

Status: not started

Wet processing in garment production has a huge negative impact on the environment. It is important to start working with more environmentally-friendly processes, 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. In order to raise sustainability levels in relation to wet processing, 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.

We started drafting a Wet Process Strategy, by looking at the wet processes that are currently used in our products, and prioritizing the most frequently used processes. However, we have not been able to focus on this topic enough to take further steps, but we have allocated capacity and set clear targets for this subject from 2019.

5.6 MEASURE THE ECOLOGICAL FOOTPRINT OF THE MOST IMPORTANT PRODUCTS

Status: started

We want to measure the ecological footprint of the basic products with the biggest volumes from the WE Fashion collections. By measuring the environmental impact of these products, we will gain an insight into the various factors that create those specific footprints, and can then focus on specific areas where we can reduce the impact. In 2017, a master student has started to draft the first product footprints, focusing on 3 products. She looked at several methodologies that could be used by WE Fashion in the future.

The student faced many challenges along the way of measuring the footprint, and could not complete the research for all 3 products, mainly due to the fact that she could not get hold of data that was relevant for the research. This showed us that the sustainability team, at the time, did not have enough resources to do these extensive impact measurements.

We have allocated capacity and set clear targets for this subject from 2019.

5.7 GIVE CUSTOMERS INSIGHT IN WHICH FACTORIES PRODUCTS ARE MADE

Status: to plan

The factories where we produce are published online since 2017, in the aggregated list of factories published by the Agreement on Sustainable Garment and Textile. This list gives everyone the possibility to address problems such as dangerous working conditions and environmental pollution in the supply chain. The agreement will make sure we as a brand will be engaged when there are problems in one of the factories where we produce.

WE Fashion has submitted a full list of production locations for publication of the aggregated list since the beginning. The list over 2018 includes all subcontractors, and represents all factories as included in the statistics under action 1.4, and additionally washing facilities, fabric suppliers and spinners.

https://www.imvoconvenanten.nl/garments-textile/agreement/method/factories?sc_lang=en

5.8 DEVELOP A PLAN TO REGISTER AND MONITOR THE COUNTRY OF ORIGIN OF MATERIALS

Status: started

We would like to know where the fibres we use come from. This concerns mainly cotton, but also the origin of leather, wool and other animal materials is important to know. By registering this information, we can also check if materials do not come from excluded regions, such as Uzbekistan and Turkmenistan, or from excluded sources, such as mulesed merino sheep.

With the increase of using more sustainable materials, we receive more certifications that give us insight of the materials we use. All merino we used comes from South Africa, the cotton we used comes from many countries, but mainly from India, China, Cameroon and Mozambique.



**MAKING OUR BUSINESS
MORE SUSTAINABLE**



WE

MAKING OUR BUSINESS MORE SUSTAINABLE - RESULTS 2018

The well-being of employees in the stores and at the head office is high on the agenda. Together we work towards a sustainable future and a healthy company. The WE Academy has been established in 2015 to help employees of WE Fashion to grow and to develop further within the organisation. WE Fashion would like everyone to be proud to work for the company.

In our stores and head offices we use relatively little water, energy and chemicals. Yet WE Fashion wants to take responsibility for the reduction of water, energy and chemicals in its activities and to reduce CO₂ emissions. We also look critically at the waste that we produce, and make the separation process more efficient. Less is always better, and a lot of waste can also be recycled.



6	INVEST IN OUR EMPLOYEES	2018
6.1	WRITE A CODE OF CONDUCT FOR THE WE FASHION EMPLOYEES	5
6.2	MEASURE CSR ENGAGEMENT AMONG EMPLOYEES	1
6.3	DEVELOP A CSR MODULE FOR THE WE ACADEMY	5
6.4	PUBLISH INFORMATION IN RELATION TO ALL CSR GUIDELINES INTERNALLY	5
6.5	LAUNCH AND EMBRACE THE CONNECT VALUES	5
6.6	LAUNCH AND ROLL OUT OF A WIDE RANGE OF ONLINE TRAININGS	5
6.7	DEVELOP A TOP TALENT PROGRAM	5
6.8	CONNECT TO OUR NEW COLLEAGUES - ONBOARDING	5
6.9	DEVELOP EMPLOYEE ENGAGEMENT & EMPLOYEE HAPPINESS	3

7	REDUCE WASTE	2018
7.1	REDUCE THE NUMBER OF PLASTIC CARRIER BAGS HANDED OUT	5
7.2	DEVELOP PRODUCTS MADE OF RECYCLED MATERIALS	4
7.3	FIND SUITABLE PARTIES FOR VARIOUS WASTE STREAMS	4
7.4	ENCOURAGE REUSE AND RECYCLING AMONG CUSTOMERS	2
7.5	WRITE A PLAN TO REDUCE PRODUCT WASTE	4

8	REDUCE THE CO ₂ FOOTPRINT	2018
8.1	MEASURE CO ₂ EMISSIONS	5
8.2	INTRODUCE CARE LABELS WITH SAVINGS TIPS IN OUR CLOTHES	5
8.3	DRAW UP A CO ₂ REDUCTION PLAN FOR 2015-2020	3
8.4	REDUCE THE ENVIRONMENTAL IMPACT OF TRANSPORT AND LOGISTICS	1
8.5	INCREASE THE SUSTAINABILITY OF NON-COMMERCIAL ARTICLES	1
8.6	DEVELOP A POLICY FOR SUSTAINABLE PACKAGING MATERIALS	1

LEGENDA:
 1 not started
 2 not achieved - stopped
 3 started
 4 to plan
 5 achieved



COMMITMENT 6 INVEST IN OUR EMPLOYEES

We believe in the power of together. We are therefore happy to invest in our colleagues. WE Fashion believes that life together is more beautiful and that is reflected in the workplace. For example, in the way we work together and in our service; it's all about connecting with people around us.

6.1 CODE OF CONDUCT FOR THE WE FASHION EMPLOYEES

Status: achieved

The Code of Ethics was finalised and became a fixed component of the employment contract from 2016 onwards. The Code of Ethics will be reviewed in 2020.

6.2 MEASURE CSR ENGAGEMENT AMONG EMPLOYEES

Status: not achieved

The aim was to survey the employees 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 sustainability 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.

In 2019 the new WE sustainability strategy will be launched during the Kick-Off in September.

6.3 DEVELOP A CSR MODULE FOR THE WE ACADEMY

Status: achieved

The aim was to set up a CSR module in the WE 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, 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.

The CSR department has developed a CSR module for the WE Academy in 2018. The module will connect into the most up-to-date topics on CSR.

6.4 PUBLISH INFORMATION IN RELATION TO ALL CSR GUIDELINES INTERNALLY

Status: achieved

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.

The WE Code of Conduct for Suppliers, the WE Supplier Declaration, and all other policies and procedures concerning the use of sustainable materials, animal materials, and acceptance of social standards are published on the supplier portal, where both suppliers and WE Fashion employees have access to. Here colleagues can also find reports and publications from the sustainability department.

6.5 LAUNCH AND EMBRACE CONNECT AS A CENTRAL VALUE SYSTEM

Status: achieved

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.

Our CONNECT values are the heart of our organisation. What we stand for and how we work together, deal with each other and our customers and suppliers. Our employees are the ambassadors of our brand values. The CONNECT values were introduced within the organisation in 2016, and have been embedded in different activities:

- Performance Management: The annual Performance Management cycle is based on the CONNECT values and are therefore an integral part of the assessment system.
- Customer Journey: The CONNECT values are embedded within the Store Stars Customer experience program.
- Personality Questionnaire: The CONNECT values are implemented in the Personality and Preference Inventory Assessments (PAPI) which we are using not only for

applicants but also for the personal development of our employees.

- Get Together Drinks: Every 3 months we have a get-together event with drinks & bites, organised by one of the departments.

The CONNECT values will continue to be an important part of the company values for the next years.

6.6 LAUNCH AND ROLL OUT OF A WIDE RANGE OF TRAININGS FOR EMPLOYEES

Status: achieved

In 2018, in line with CONNECT, we implemented the WE Academy calendar with in company trainings, like improve your communication skills, you're on stage – presentation skills and become a life saver. Employees can register themselves.

In relation to the CONNECT values at the head-office and distribution centre in 2018 we started with monthly lunch and learns. In a session of one hour, employees will have an interactive lunch in which they learn things like happiness at work, professional flirting and social media. All related to one of the CONNECT values.

And several departments have had a DISC-training in 2018 to give an insight in their own and their team members "way of working". With this we want to achieve that employees will work better together by understanding the way someone can react or behave in certain situations.

6.7 DEVELOP A MENTORSHIP PROGRAM

Status: achieved

WE Fashion is well aware that talent has to be cherished and demands special attention. Everybody has his own talent that can be developed. Recognizing and naming exceptional talent within the organisation. The talent of today is the management of the future.

A program of special talent has been started in 2017, to recognise the available possibilities and increase the talent and competencies already present. These talents are joined with a member of the senior management, who mentors them in several specific tasks. The group of special talent has regular meetings to share learnings and show the growths they achieved.

In 2019 the first group will "graduate". After evaluation it will be decided if its current set up will be continued with a new group of talents in 2020.



6.8 CONNECT TO OUR NEW COLLEAGUES - ONBOARDING

Status: achieved

WE Fashion has developed an onboarding program for all newly hired talents. To make sure that everyone who starts working for WE Fashion will understand, feel and embrace our CONNECT values and feel welcome within our organisation. That they understand how WE works, what our biggest goals are and how our new colleagues can help to support this goal.

The new onboarding program has been successfully launched in 2018. Every first Monday of the month the new colleagues are welcomed by all other WE staff in the Townhall meeting, and have a very interactive day where they learn all about our company.

In 2019 we also started a pre-boarding program. First for Store managers, later on for other roles. The pre-boarding program will help the new employee to CONNECT to WE Fashion and be "up and running" in a more quick and efficient way.

COMMITMENT 7 REDUCE WASTE

We develop, transport and sell goods. During these activities we produce waste. This is mainly cardboard, plastic and paper, but also polyester window screens and textile waste. We aim to reduce the output of waste by looking for options to reuse or recycle the materials, but also by reducing the amount of materials that can become waste, such as packaging and samples.

7.1 REDUCE THE NUMBER OF PLASTIC CARRIER BAGS HANDED OUT

Status: achieved

WE Fashion has reduced the number of plastic carrier bags that are handed out in the shops with an average of 60% compared to 2015. Since 1 January 2016, retailers can't give away plastic carrier bags free of charge, as agreed by law in The Netherlands. The aim is to reduce the use of plastic bags, so less non-biodegradable plastics will end as waste 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 and charge €0,10 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.

Additionally, WE Fashion has asked all store staff to use the smallest plastic bags as possible, this way we reduce the total volume of plastic as well.

6.9 DEVELOP EMPLOYEE ENGAGEMENT & EMPLOYEE HAPPINESS

Status: started

WE Fashion wants its employees to be engaged and happy. Happy workers make a company thrive! In 2016 WE Fashion has started several initiatives to make life for employees within the WE Fashion community better. The WE Café offers fresh and healthy food, employees at the headquarters have the opportunity to do some exercise after a day at the office with Bootcamp or boxing. In 2018 WE Fashion started to recruit employees and their family and friends to feature in our campaigns. It is great to see colleagues shine as a model and represent the company in advertisements too!

In 2018 we started a collaboration with an external company to give all employees in the Netherlands a discount on their sports subscription.

7.2 DEVELOP PRODUCTS MADE OF RECYCLED MATERIALS

Status: to plan

The aim is to continue to research the use of recycled fibres in new products in the coming years, following on from a previous project in 2013. Then 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. The project did not lead to repeat orders.

In 2016, we joined the Fiber to Fiber project by ECAP (European Clothing Action Plan) and started the development of another series of jumpers for the Denim Highlight in autumn 2018, made from used recycled jeans and recycled T-shirts. Our goal was to use the highest recycled content as possible. We aimed at creating a new article that would consist of at least 50% recycled fibres. The result were four fashionable sweaters for Men made of two types of yarn, which fit perfectly within the existing range in terms of commerciality, quality and pricing. The yarns were made from 50% worn cotton jeans or t-shirts, mixed with 50% Tencel. The production of the sweaters took place in a factory in Bulgaria, which achieved the highest score (A) for the BSCI audit.

Thanks to the use of recycled cotton fibres, we reduced the use of water by 92%, the use of chemicals by 12% and the use of energy dropped by 8% in a regular production process.

In 2018, less than 1% of fibers were from recycled origin. The recycled materials that we used were cotton, polyamide and wool. We plan to achieve an uptake of recycled fibres in 2025 of 20%.



**Emile Bruls, Advisor Rijkswaterstaat
Leefomgeving Afval Circulair**

"On February 15, 2019 WE Fashion showed sweaters containing 50 % recycled post-consumer cotton at the event Circular Textiles - Ready to Market of the European Clothing Action Plan (ECAP). The development of these sweaters, sold in the stores in 2018, was supported by ECAP.

The Dutch governmental agency Rijkswaterstaat is a partner in ECAP, an EU funded LIFE project aiming at making the full life cycle of clothing more sustainable and circular. Part of ECAP are nine fiber-to-fiber pilots with international brands aiming to demonstrate the feasibility of the recovery of recycled fiber and to learn lessons to make it a common practice. The ECAP pilot is part of a long-term cooperation between Rijkswaterstaat and WE Fashion. The outline of the pilots were based on the lessons we learned in a previous project. Rijkswaterstaat is happy WE Fashion took this important role in developing garments with recycled fibers making the textile industry more circular."



7.3 FIND SUITABLE PARTIES FOR VARIOUS WASTE STREAMS

Status: to plan

We have assessed the waste streams we generate, and identified the biggest streams. These streams often have a value for others, so we looked which parties or charities would benefit most from the reuse of these materials, and then to transform the waste stream into a recycling stream.

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 and old

collections to Sam's Kledingactie, the Salvation Army and Caritas. We collect fabric scraps and worn out clothing, and we separately collect the in-store screens from our stores. For single shoe samples we found an excellent destination in the Dutch Shoe Academy in Utrecht, where students can do research on how these products are made.

There are still materials that have potential for recycling, such as coffee grounds, paper coffee cups, paper towels, POS material and office consumables. We remain focused to find a good destination for this waste.

	Tons	Share	Destination
Paper / cardboard	472	83%	Recycling
Plastic	120	21%	Recycling
Product waste (samples etc)	26	4%	Reuse and recycling (see 7.5 for more detail)
Instore banners	8	1%	Upcycling
Residual waste	48	8%	Residual waste disposal

7.4 ENCOURAGE REUSE AND RECYCLING AMONG CUSTOMERS

Status: to plan

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 recycling.

In 2012 WE Fashion had a collection program in the Netherlands where customers could hand in a bag of old clothing. In the past years not many customers were aware of this collection program, but it will be revived in 2019 as part of the new Sustainability Strategy.

7.5 WRITE A PLAN TO REDUCE PRODUCT WASTE

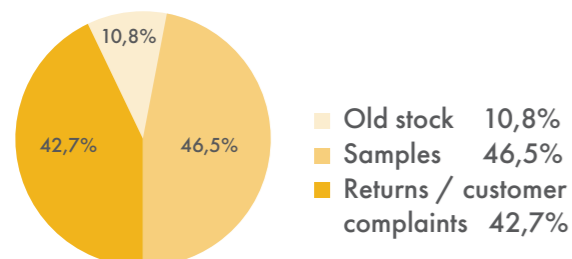
Status: to plan

There are various internal processes for minimising product waste, such as donating samples and damaged clothes to Sam's Kledingactie and selling samples during the sample sale. Between 2014 and 2016 we reduced the total amount of samples in our processes with 68%, by optimizing the internal procedures and share samples between departments.

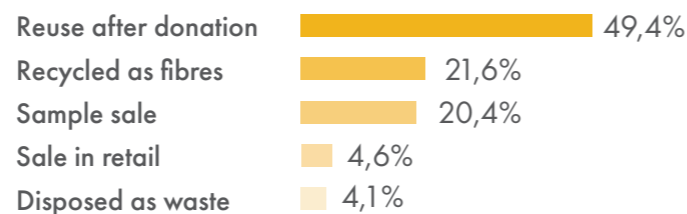
All textile that comes in, should go out as a valued material. The majority of textile waste goes to Sam's Kledingactie and Caritas, where the good garments are selected for reuse and other textiles are used for different resources, such as new fibres, but also as insulation materials. Only 4.1% of the textile donated ends up as waste.

COLLECTION AND RECYCLING OF PRODUCT WASTE IN 2018

Product waste resources:



Product waste destinations:



COMMITMENT 8 REDUCE THE CO₂ FOOTPRINT

WE Fashion wants to take responsibility for the reduction of water, energy and chemicals in its activities and to reduce CO₂ emissions. In the past years we took several steps to reduce the footprint of WE Fashion. We reduced the use of energy by installing LED lighting in the offices and the stores, and by installing solar panels on the roof of our warehouse.

8.1 MEASURE CO₂ EMISSIONS

Status: achieved

Every 5 years we measure the CO₂ emissions of our operations. The CO₂ emissions over 2015 of the activities of the head office, the country offices, the distribution centre in Utrecht and the shops were reported in the 2016 report, which include energy use and all sorts of transport. In the years between 2009 and 2015 we managed to reduce the carbon emissions with 32%.

The biggest contributors were the reduction in use of gas and electricity, a reduction in the company car fleet, and a switch to green electricity. The overall emissions of the operations of WE Fashion in 2015 were 10.194 tCO₂e.

Today, all electricity used in all countries where we are active is green. The next CO₂ measurement will be performed over the year 2019.

WE FASHION USE OF ELECTRICITY IN 2018

COUNTRY	BUILDINGS	KWH USE IN 2018	GREEN ELECTRICITY KWH	GREY ELECTRICITY KWH	SOURCE GREEN ELECTRICITY
Netherlands	HQ & DC	1.137.917	1.137.917		Partly Hydro, Partly Solar panels
Netherlands	Warehouse	106.850	106.850		Hydro
Netherlands	Stores	8.769.917	8.769.917		Hydro
Belgium	Office	69.699	69.699		Partly Hydro, partly Solar, partly Wind
Belgium	Stores	2.921.217	2.921.217		Partly Hydro, partly Solar, partly Wind
Germany	Office	Service charges	N/A		N/A
Germany	Stores	2.272.400	2.272.400		Hydro
Switzerland	Office	57.408	57.408		Partly Hydro, partly Solar, partly Wind
Switzerland	Stores	2.506.422	859.231	1.647.191	Hydro
France	Stores	159.274		159.274	None
Luxembourg	Stores	64.575	64.575		Partly Hydro, partly Solar, partly Wind

8.2 INTRODUCE WASHING LABELS WITH SAVINGS TIPS TO OUR CLOTHES

Status: achieved

We included 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 sustainably. Washing, drying and ironing clothing is often an intensive process whereby a great deal of water, energy and washing products are used.

The Clevercare logo has been added to our washing labels in 2016, and became visible for our customers in the Winter 2016 collection. The Clevercare label was developed in 2014 by 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.

As part of the 2019 launch of the new Sustainability Plan, we will launch an in-store campaign to help the customers how to clean and dry a garment with a low environmental footprint.

8.3 DRAW UP A CO₂ REDUCTION PLAN FOR 2015-2020

Status: started

In the past years, we have not drafted a specific CO₂ Reduction Plan. Instead, carried out changes to contribute to the European Energy Efficiency Directive (EED). The aim of this Directive is to help to realise the European target to reduce European energy consumption by 20% by 2020.

The steps we took to reduce the use of energy in our operations include a LED-lighting plan for all stores, the placement of 800 solar panels on the roof of our warehouse, and the change to 100% green electricity in all our operations. With these measures, we meet the requirements that our company has to meet according to the EED. The new CO₂ Reduction Plan will also include the offsetting of our carbon emissions.

8.4 REDUCE THE ENVIRONMENTAL IMPACT OF TRANSPORT AND LOGISTICS

Status: not started

The environmental impact of transport and logistics is important, and has been included in the CO₂ measurements that were performed in 2009 and 2015. The new CO₂ Reduction Plan will also include measures on the reduction of the environmental impact of transport and logistics.

8.5 INCREASE THE SUSTAINABILITY OF NON-COMMERCIAL ARTICLES

Status: not started

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.

Due to other priorities and other assignments of the sustainability team this action has not been carried out.

8.6 DEVELOP A POLICY FOR SUSTAINABLE PACKAGING MATERIALS

Status: not started

Although we do not use a great amount of consumer packaging in store, we need packaging for some goods in the stores, and for all goods to transport. We use a sustainable choice already for some of the materials, like our carrier bags (made of 30% recycled plastic), the e-commerce boxes (made of recycled materials), and polybags (partially made from recycled plastic).

There is still room for improvement to use more sustainable packaging materials. In 2019, we will be drawing up a policy for sustainable packaging materials based on the Dutch Industry Plan for Sustainable Packaging, that is currently in development by the sector associations.



GIVING BACK TO SOCIETY - RESULTS 2018

WE Fashion supports different charities every year. In recent years, we have mainly provided support to children in the countries where we produce. Children are the future of these countries and we believe that education is one of the best tools to break the vicious circle of poverty.

With the WE Get Together Foundation we focus on projects that create an active involvement between employees, customers and suppliers of WE Fashion. The emphasis is on social projects in the countries where WE Fashion produces, but also in the countries where WE Fashion is operationally active. Themes that are supported by the Foundation include prosperity, health, education, environment and emergency aid.

The money for donations comes from the sample sales and incidental fundraising by our employees. We also donate samples and worn clothing to Sam's Kledingactie and Caritas.

9	SUPPORT CHARITIES	2018
9.1	ORGANISE FUND-RAISING ACTIVITIES	4
9.2	DRAW UP A CHARITY POLICY PLAN	5
9.3	DEVELOP A VOLUNTEER'S PROGRAM FOR EMPLOYEES	1
9.4	DEMONSTRATE TOLERANCE VIA GET TOGETHER COMMUNICATION	5

LEGENDA:

- 1 not started
- 2 not achieved - stopped
- 3 started
- 4 to plan
- 5 achieved

GIVING BACK TO SOCIETY



COMMITMENT 9 SUPPORT CHARITIES

The WE Get Together Foundation supports charities that work towards a better life for everyone by improving the standard of living, the environment in which people live, their health and the education of their children. In the event of emergency relief, we will provide support when people are in need.

9.1 ORGANISE FUND-RAISING ACTIVITIES

Status: to plan

The aim is to regularly organise activities in order to raise sufficient money for charities and actively involve personnel in the work. Over the past 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 special fundraising activities for the food bank.

WE Fashion supports charities in the long-term so the fund-raising activities will continue in the coming years.

9.2 DRAW UP A CHARITY POLICY PLAN

Status: achieved

In autumn 2016 the WE Get Together Foundation has been established. The focus of the WE Get Together Foundation is social and environmental oriented goals, with themes such as prosperity, health, education, environment and emergency aid. The board of the foundation is made up of 3 WE Fashion employees, they are independent and make decisions for the foundation together.

In 2017 and 2018, all colleagues were invited to choose the charities. We had great response and could support several charities in these years.

Monique Arends - Sam's Kledingactie Foundation

"The two main goals of Sam's Kledingactie Foundation are to generate a growing cash flow for charity projects and to make an important contribution to sustainability. As the oldest charitable clothing collector in the Netherlands, Sam's Kledingactie Foundation has a large group of loyal volunteers who have been committed to collecting clothing for over 50 years. In addition, collaborations with partners who also pursue a sustainable goal are of great importance for Sam's Kledingactie Foundation. WE Fashion is one of these partners with which the foundation cooperates to realize joint goals. WE Fashion donates almost all of its unsaleable textiles to the foundation. Sam's then assess the donation on wearable clothing, recyclable clothing and cleaning rags. Thanks to the cooperation with reliable buyers of Sam's Kledingactie, almost the entire donation is marketed, so that both parties generate money for charities. WE Fashion is a highly valued partner for the Foundation. Due to the long-standing cooperation, each other's expectations and objectives are clear and they are met in complete transparency. The Sam's Kledingactie Foundation hopes that the collaboration with the WE Fashion may continue for many years to come."



DONATIONS HAVE BEEN MADE TO THE FOLLOWING CHARITIES

Kinderfonds Mamas supports the MAMAS of South Africa: strong, impressive women who stand up for children in severe poverty.

Childline India, a toll-free telephone helpline for street children in distress.

The Friendship Foundation Bangladesh to support to Rohingya refugees from Myanmar.

Sheltersuit Foundation, they distribute a waterproof and windproof coat which can be transformed into a sleeping bag to homeless people and refugees for free.

RRDF Foundation aims to help the poorest people in India, in particular, to a better life.

The Ocean Cleanup Foundation, develops advanced technologies to rid the world's oceans of plastic.

Cordaid mobilises global networks, resources and knowledge to tackle root causes of conflict and fragility in some of the most conflict-affected countries



9.3 DEVELOP A VOLUNTEER'S PROGRAM FOR EMPLOYEES

Status: not started yet

WE would like to develop a plan to encourage voluntary work among our employees. 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 due to other priorities in the past years, but will keep this on the agenda for the coming years.



9.4 DEMONSTRATE TOLERANCE VIA BETTER TOGETHER COMMUNICATION

Status: achieved

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.

WE Fashion stands for inclusiveness and real contact, with fashion that lets you tune in and connect with others. A message that in the current era where the differences between people are emphasized and where communication is mainly via social media, can provide a little warmth.

WE Fashion has completely changed the campaigns, the new collections are shown by our own employees and fans. Models were unnecessary, because this campaign is about real people. A call was made internally and on social media to everyone who was interested, and a selection was made of employees and fans. The images show the versatility of the collection and the power of WE Fashion to connect people.



LINKING THE WE FASHION CSR STRATEGY TO THE SDG'S

The sustainable development goals (SDGs) are a new, universal set of goals, targets and indicators that UN member states will be expected to use to frame their agendas and political policies over the next 15 years. WE Fashion supports several of the Sustainable Development Goals (SDG's).

The goals and actions as described by WE Fashion in the CSR Strategy directly impact the targets of the SDG's as listed below. With our plan we are joining the global sustainability agenda. The aim is to make more progress together.

LINKING THE WE FASHION CSR STRATEGY TO THE SDG'S



- IMPROVING THE SUPPLY CHAIN
- MAKING BETTER PRODUCTS
- MAKING OUR BUSINESS MORE SUSTAINABLE
- GIVING BACK TO SOCIETY



SDG GOAL 4 QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Child labour is seen as one of the worst forms of human rights infringements. The topic is one of the key principles of the WE Code of Conduct, of audits of the Business Social Compliance Initiative (BSCI) and of the Agreement on Sustainable Garment and Textile. Child labor remains an important item on our agenda in the coming years, our efforts in projects and pilots are focussing on ending child labour in all tiers of our supply chain.

Link to WE Fashion memberships:

- Amfori Business Social Compliance Initiative
- Agreement on Sustainable Garment and Textile

Link to actions in the WE Fashion CSR strategy:

- 1.1 The WE Fashion code of conduct for suppliers
- 1.4 Supervise and approve supplier performance
- 1.6 Expand social suppliers management to lower levels in the supply chain
- 2.3 Engage in projects to mitigate child labour in our supply chain

SDG GOAL 5 GENDER EQUALITY

Achieve gender equality and empower all women and girls

Gender equality is a basic human right, women should have the same access to education, health, and economic welfare as men. With equal chances families and communities will thrive.

Link to WE Fashion memberships:

- Amfori Business Social Compliance Initiative
- Agreement on Sustainable Garment and Textile

Link to actions in the WE Fashion CSR strategy:

- 1.1 The WE Fashion code of conduct for suppliers
- 1.4 Supervise and approve supplier performance
- 1.6 Expand social suppliers management to lower levels in the supply chain

SDG GOAL 6 CLEAN WATER AND SANITATION

Ensure availability and sustainable management of water and sanitation for all

Our aim is to reduce the volume of water used by our suppliers during the wet processing stages in manufacturing and to improve the quality of water discharge in factories. By procuring Better Cotton (BCI), we support farmers to use less water in cotton cultivation.

Link to WE Fashion memberships:

- Agreement on Sustainable Garment and Textile
- Platform Circulaire Economie
- Better Cotton Initiative
- Leather Working Group

Link to actions in the WE Fashion CSR strategy:

- 3.1 Enable suppliers to realise environmental improvements, via projects
- 3.2 Reduce the use of water, energy and chemicals in production
- 4.3 Integrate Better Cotton into our collection
- 4.8 Create a policy on sustainable leather
- 5.1 Develop a plan tackling the use of hazardous chemical substances

SDG GOAL 8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Via the BSCI membership we enable factories producing for WE Fashion to offer workers decent work, enduring labour rights and safe and secure working conditions.

Link to WE Fashion memberships:

- Agreement on Sustainable Garment and Textile
- Amfori Business Social compliance Initiative
- Accord on fire and building safety in Bangladesh

Link to actions in the WE Fashion CSR strategy:

- 1.4 Supervise and approve supplier performance
- 1.6 Expand social suppliers management to lower levels in the supply chain
- 2.1 Actively participate in the Accord on fire and building safety in Bangladesh

SDG GOAL 10 REDUCED INEQUALITIES

Reduce inequality within and amongst countries

The WE Fashion Code of Conduct states that all workers should receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted.

Link to WE Fashion memberships:

- Agreement on Sustainable Garment and Textile
- Amfori Business Social Compliance Initiative
- Better Cotton Initiative

Link to actions in the WE Fashion CSR strategy:

- 1.4 Supervise and approve supplier performance
- 2.2 Develop a roadmap for achieving a living wage

SDG GOAL 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

This goal aims at the reduction in use of natural resources, at reducing waste and educating consumers in responsible consumption.

Link to WE Fashion memberships:

- Agreement on Sustainable Garment and Textile
- Platform Circulaire Economie
- Better Cotton Initiative
- Leather Working Group

Link to actions in the WE Fashion CSR strategy:

- 3.1 Enable suppliers to realise environmental improvements, via projects
- 3.2 Reduce the use of water, energy and chemicals in production
- 4.2 Buy products made from sustainable materials
- 4.3 Integrate Better Cotton into our collection
- 4.8 Create a policy on sustainable leather
- 5.1 Develop a plan tackling the use of hazardous chemical substances
- 7.2 Develop products made of recycled materials

SDG GOAL 13 CLIMATE ACTION

Take urgent action to combat climate change and its impact

We are aware of the carbon footprint of all activities in our supply chain. In 2009 and in 2015 we conducted a carbon footprint analysis of our own operations, we have set a target for more sustainable cotton to reduce the footprint at farmer level, we are looking at the impact in wet processing stages and we are working on a Life Cycle Analysis (LCA) of a few basic products.

Link to WE Fashion memberships:

- Platform Circulaire Economie
- Better Cotton Initiative
- Leather Working Group

Link to actions in the WE Fashion CSR strategy:

- 3.1 Enable suppliers to realise environmental improvements, via projects
- 5.6 Measure the ecological footprint of the most important products
- 8.1 Measure CO₂ emissions
- 8.4 Reduce the environmental impact of transport and logistics

SDG GOAL 17 PARTNERSHIPS FOR THE GOALS

Strengthen the means of implementation and revitalise the partnership for sustainable development.

A successful sustainable development agenda requires partnerships between governments, civil society and the private sector. WE Fashion seeks since many years cooperation with multi-stakeholder partnerships to share knowledge and expertise in support of the SDGs

Link to WE Fashion memberships:

- Agreement on Sustainable Garment and Textile
- Accord on fire and building safety in Bangladesh
- Amfori Business Social Compliance Initiative
- Platform Circulaire Economie
- Better Cotton Initiative
- Leather Working Group

Link to actions in the WE Fashion CSR strategy:

- 5.2 Seek verification of our activities in the supply chain

ACKNOWLEDGEMENTS

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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