

WE

**WE FASHION
IMPACT
REPORT
2025**

CONTENTS

Foreword	04
Who we are	06
Materiality assessment	09
Sustainability at WE Fashion	17
Targets & achievements 2025	21
Value chain transparency	26

STRENGTHENING THE ENVIRONMENTAL PERFORMANCE	37
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Climate change	39
Pollution	71
Water	83
Biodiversity and ecosystem	95
Resource use and circular economy	109

IMPROVING THE WORKING CONDITIONS	134
---	------------

Workers in the value chain	137
----------------------------	-----

OPTIMISING THE WAY WE WORK	167
-----------------------------------	------------

Own workforce	169
Consumers and end-users	183
Business conduct	197

CONTRIBUTING TO SOCIETY	209
--------------------------------	------------

Charitable contribution & product donations	211
---	-----

Appendix A - Detailed double materiality process	213
Appendix B - Methodologies	217
Colophon	219

FOREWORD

Over the past year, WE Fashion has operated in a rapidly evolving regulatory and geopolitical landscape. Ongoing tensions, combined with new trade measures such as tariffs in key markets, have continued to disrupt global supply chains. These developments reinforce our belief that strong partnerships and transparency across the value chain are essential. This report reflects our ongoing efforts to better understand our impact, the progress we've made and the ambitions guiding our next steps.

Against this backdrop, in 2025, WE Fashion launched its 2030 sustainability strategy, establishing a roadmap to address our most material impacts through 2030. The updated strategy builds on recent progress, provides clear direction for the years ahead and focuses on where we can make the greatest impact across our value chain.

At the same time, we renewed the design and structure of this Impact Report, enhancing clarity and accessibility for our stakeholders, while preparing for future reporting requirements.

In parallel, WE Fashion has invested heavily in preparing for the Corporate Sustainability Reporting Directive (CSRD), strengthening internal processes, governance and data collection in line with expected requirements. As regulations evolved, revisions to the CSRD framework and the introduction of the Omnibus proposals placed WE Fashion out of scope. However, our commitment to transparency remains unchanged. Reporting is not just about compliance – it helps guide our strategy, monitor progress and provide transparency on both achievements and challenges.

Alongside these developments, in 2025, WE Fashion further strengthened its climate ambitions by committing to the Science Based Targets initiative (SBTi). Under this framework, the company is formalizing its dedication to global climate action by submitting 1.5°C-aligned targets for validation.

We also set in motion a major IT transformation, including preparations for a company-wide transition to running our ERP in the cloud. As part of this transformation, specific requirements to support WE Fashion's due diligence processes have been embedded. This strengthened data infrastructure will provide deeper insights into the upstream supply chain and enable more robust sustainability reporting. Improved visibility across the value chain will also support closer collaboration with suppliers to address environmental and social challenges.

Despite ongoing uncertainties in the industry, WE Fashion remains committed to continuous progress. We will further strengthen our due diligence approach, enhance data and reporting capabilities and continue to work closely with partners across the value chain.

The Board of Directors would like to thank all colleagues, suppliers and partners for their continued commitment and collaboration.

BOARD OF DIRECTORS
WE EUROPE

WHO WE ARE

ABOUT US

WE Fashion is an omni-channel clothing brand with roots dating back to 1962, when it began as the Dutch menswear brand HIJ. Today, we design collections for men, women and kids, available in around 130 stores across the Netherlands, Belgium and Switzerland, as well as through our online platform and partners in more than 25 European countries.

Together with our 1,476 employees, we design, market and sell our collections in-house. Alongside our own brand, we also offer a curated selection of external brands, including Bad Boys, Salty Dog, Blue Ridge, Van Gils and WE STUDIO.

Our products are sourced through a network of international suppliers, most of whom we have worked with for many years. While we do not operate our own production facilities, these long-term partnerships enable us to maintain consistency and quality across our collections.

Our head office and European distribution centre are located in Utrecht, the Netherlands, with additional offices in Belgium and Switzerland.



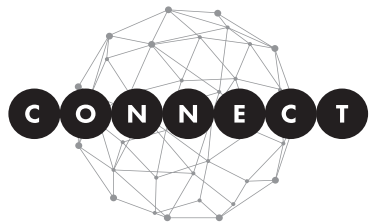
OUR CORE BELIEF AND VALUES

Embracing the belief that life is more fulfilling when lived and experienced with others, our motto 'Better Together' guides us in everything we do. With quality, style and service as our cornerstones, we empower our customers to express themselves confidently, connect authentically and wear the moment with pride.

To bring this to life, WE Fashion has established seven key company values that describe the attitude and characteristics of our organisation. They are summarised under the heading CONNECT:

- **Customer Focus** – We put our customers at the heart of everything we do.
- **Operational Excellence** – We act efficiently, responsibly and with integrity.
- **Newness Loving** – We stay relevant, innovative and curious.
- **Naturally Stylish** – We combine effortless style with conscious choices.
- **Engaging** - We inspire connection through meaningful stories and dialogue
- **Care** – We care for people, products and the planet.
- **Togetherness** – We believe collaboration creates lasting impact.

To emphasise our holistic approach to sustainability, we have integrated our responsibilities into our overall WE® business strategy. CARE was added to our CONNECT values in 2021, meaning that employees' commitment to WE CARE is assessed annually.



LEADERSHIP

Our head office manages many central activities, carried out by WE Europe B.V. The Board of Directors of WE Europe B.V. provides overall oversight and strategic direction for the organisation. Day-to-day operations are led by the Management Team, which consists, in 2025, of nine directors responsible for executing the company's strategy and managing business performance. The team meets biweekly to review progress and steer the business. In 2025, four of the nine Management Team members are female (44%). All members bring relevant experience from WE Fashion or other companies within the retail and apparel industry.

In addition, WE Fashion has a Senior Leadership Team (SLT), comprising members of the Management Team alongside department heads. The SLT is responsible for performance within their respective areas, including HR, CSR, Marketing and IT.

In 2025, the SLT consists of 31 members, of whom 17 are female (55%).

All SLT members participate in targeted training programmes to strengthen their leadership capabilities, as further outlined in the chapter on Own Workforce.

MATERIALITY ASSESSMENT

INITIAL RISK ASSESSMENT

For our previous sustainability strategy (2020–2025), we conducted a risk analysis to define our key priorities. This analysis was based on the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, focusing on potential negative impacts across our supply chain. These guidelines also support the implementation of due diligence, as outlined in the UN Guiding Principles on Business and Human Rights.

Based on stakeholder input, we identified key focus areas and set corresponding targets. These insights also helped shape our approach to engaging suppliers and factories across the supply chain.

DOUBLE MATERIALITY PROCESS

Risks are not static – conditions evolve, and new risks emerge. Building on our initial risk assessment, WE Fashion conducted a Double Materiality Assessment (DMA) in 2024 to prepare for the EU Corporate Sustainability Reporting Directive (CSRD), supported by a specialised consulting firm. A comprehensive risk assessment formed an integral part of this process.

The DMA provided a clear framework to assess our most relevant impacts, risks, and opportunities from both an impact and financial perspective. Throughout the process, we engaged with a broad range of stakeholders to evaluate these across key sustainability topics.

Following a structured seven-step approach, we identified the following sustainability topics and corresponding European Sustainability Reporting Standards (ESRS) as material

- **Climate Change (ESRS E1)**
- **Pollution (ESRS E2)**
- **Water and Marine Resources (ESRS E3)**
- **Workers in the Value Chain (ESRS S2)**
- **Business Conduct (ESRS G1)**
- **Biodiversity and Ecosystems (ESRS E4)**
- **Resource Use and Circular Economy (ESRS E5)**
- **Own Workforce ¹ (ESRS S1)**
- **Consumers and End-Users (ESRS S4)**

These outcomes form the foundation of our WE® Sustainability Strategy 2025-2030. Further details on the DMA can be found in Appendix A.

¹ Topic S1 (Own Workforce) was found not to be material. However, we have chosen to report on the relevant disclosure requirements, as we already have a solid management system in place.

STAKEHOLDER ENGAGEMENT

Understanding our key stakeholders is essential to effectively managing our sustainability impact. They both influence and are affected by our activities across the value chain, making their perspectives an integral part of our decision-making.

During the DMA, stakeholder input played a key role in identifying where our operations have the most significant impact and in shaping our sustainability priorities. We maintain regular and transparent engagement with our key stakeholders to ensure our approach remains aligned with evolving sustainability topics and expectations.

Below, we provide an overview of our key stakeholder engagements, outlining the type and purpose of each interaction.

SUPPLIERS (TIER 1)

We strive to build long-term partnerships with our suppliers. We monitor their environmental performance through online questionnaires such as the Higg Index, while working conditions are audited via the amfori Business Social Compliance Initiative (BSCI).

Through frequent one-to-one contact with our CSR and Buying teams, we identify areas for improvement with our direct suppliers. These engagements help us build responsible partnerships that meet our quality and sustainability standards.

EMPLOYEES

We support our colleagues through a wide range of training courses, clear policies and procedures (including the WE® Whistleblower Policy), and regular performance reviews. We foster an open culture for feedback via annual anonymous surveys, D&I council workshops and an active works council discussing employment and social issues.

CUSTOMERS

Customers reach us through customer service and in-store teams. We aim to resolve questions and complaints quickly and accurately to ensure a high level of customer satisfaction. We take product feedback seriously and use it to address issues with existing products and improve future collections. In-store, we enhance the shopping experience by offering personal style advice. Biannual meetings with store managers ensure that customer insights are shared across our retail network.

NGOs

As a Dutch textile company, we closely monitor NGOs specialising in the textile sector and actively collaborate with them to shape our CSR policies and support activities in production countries. We partner with both Dutch NGOs and local stakeholders, leveraging their insights and on-the-ground expertise. As part of our DMA, we consulted 13 NGOs.

GOVERNMENTAL ORGANISATION

We maintain ongoing dialogue with the Dutch government in its role as regulator and legislator. Through roundtable meetings and webinars, we stay informed on ESG-related legislative requirements.

MULTI-STAKEHOLDER INITIATIVES

We actively participate in multi-stakeholder initiatives such as Cascale (formerly the Sustainable Apparel Coalition), amfori, and the International Accord. By collaborating with industry partners, we ensure our policies and actions remain aligned with current standards and best practices.

TRADE UNIONS

We collaborate with trade unions such as FNV, as well as local unions in our production countries. Through constructive dialogue, we aim to address topics such as working conditions and employee rights.

TRADE ASSOCIATIONS

As members of INretail and Modint (since 2024), we participate in workshops on industry trends, CSRD and sustainability training via the Modint Academy. These memberships help us stay up to date on regulatory developments and strengthen our internal expertise. At the same time, we actively share our insights and experience with both organisations, contributing to broader industry progress.

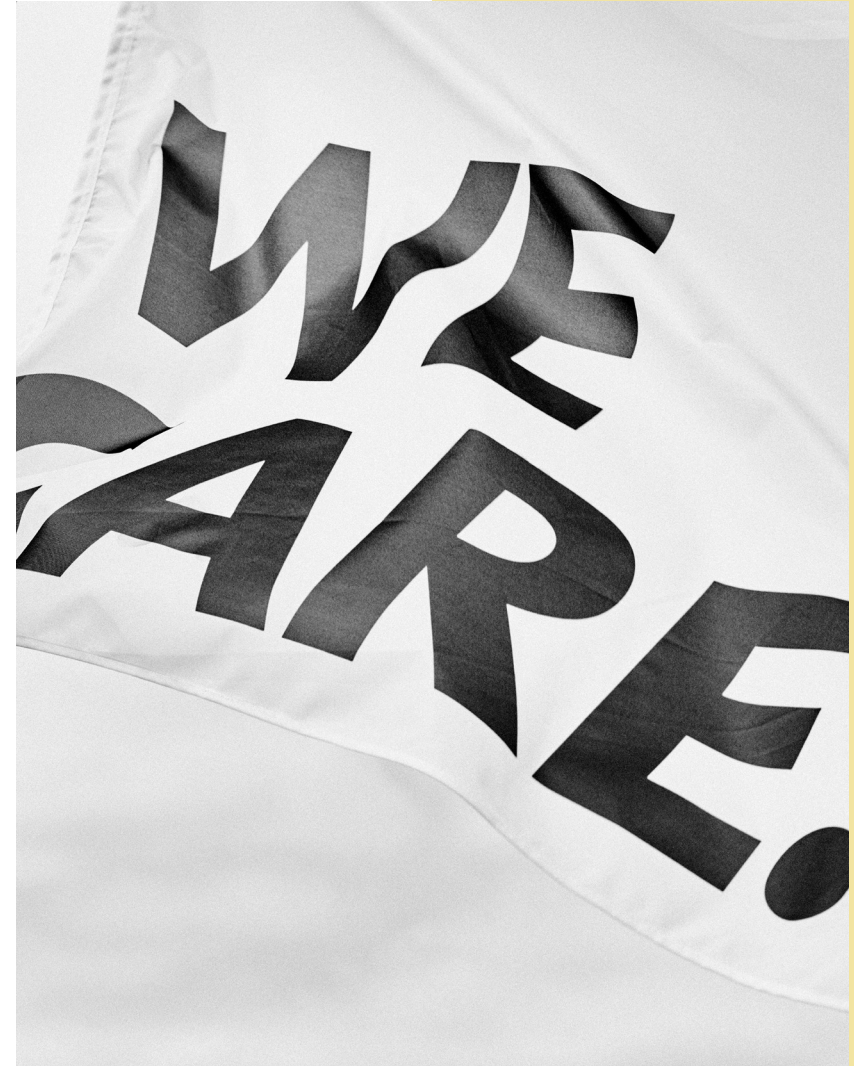
INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

To ensure these insights are embedded across the organisation, for each topic, we have assigned dedicated owners within the relevant business functions (including Buying, Design, Finance, HR, Legal, Marketing, Customer Service and IT). As the level of materiality varies across topics, so does the level of ownership and involvement.

Given that our greatest impact lies in the upstream value chain, we engage closely with director-level stakeholders in Buying. For other functions, such as Customer Service, we collaborate directly with the relevant department heads.

Our ESG Reporting Manager works closely with all topic owners, aligning on policies, actions, metrics and targets for each sustainability topic. Regular check-ins ensure alignment on progress, allow for updates on policy developments, and provide input on actions, metrics and targets. Through this structured approach, we ensure that risk management insights are effectively integrated into the relevant business functions.

The relevant risks per sustainability topic, including mitigation strategies and internal controls, are outlined in the respective chapters.





“Preparing for the CSRD requirements has been an important milestone in further structuring our sustainability approach. While we have long worked with risk analyses to identify relevant ESG topics, the CSRD – and our first Double Materiality Assessment (DMA) – provided a clear and robust framework to strengthen transparency, strategic alignment and accountability.

For us, CSRD has never been just a compliance obligation. It is an opportunity to reflect on our impact, deepen engagement across the Management Team and embed sustainability more firmly within the organisation.

The timing was natural, as several of our previous targets were reaching the end of their cycle – creating the right moment to define new ambitions for 2030. Even as regulatory developments suggested we might no longer formally fall within scope, we chose to continue the work, taking a pragmatic approach and aligning closely with our auditor.

Over the past two years, we have strengthened our team, improved reporting structures and invested in IT tools. I look back with pride at what we have built, both in terms of our team and our roadmap, while recognising that even achieving our 2030 goals is only part of the journey.

I encourage readers to look beyond the formal targets. Much is already happening across the organisation that reflects our ongoing commitment to responsible and transparent business.”

JOOST DE BONT

Head of Sustainability, **WE Fashion**

SUSTAINABILITY AT WE FASHION

VISION

We believe in a transparent fashion value chain where environmental, social and economic interests are balanced to drive positive change.

MISSION

To move towards this vision, we actively work to reduce our environmental footprint and strengthen our social impact across the value chain. We do this in close collaboration with our partners, while taking steps towards a more circular fashion industry.

STRATEGY

To translate our ambition into action, we operate through a structured sustainability strategy. Building on our previous framework (2020–2025), we continue to work with four strategic pillars. Following the outcomes of our Double Materiality Assessment (DMA), these pillars have been refined and aligned with our most material sustainability topics:

- Strengthening the environmental performance
- Improving the working conditions
- Optimising the way we work
- Contributing to society

This report provides a comprehensive overview of the impacts, risks, and opportunities we have identified, as well as the policies, targets, and actions that guide our sustainability approach.



STRENGTHENING THE ENVIRONMENTAL PERFORMANCE

- Climate change
- Pollution
- Water
- Biodiversity at ecosystems
- Resource use & circular economy



IMPROVING THE WORKING CONDITIONS

- Workers in the value chain



OPTIMISING THE WAY WE WORK

- Own workforce
- Consumers and end-users
- Business conduct



CONTRIBUTING TO SOCIETY

- Charitable contributions & product donations



SUSTAINABILITY GOVERNANCE

Sustainability at WE Fashion is led by a dedicated and independent sustainability team.

The team is responsible for identifying and managing our material impacts, risks, and opportunities, and for driving improvements across the organisation in close collaboration with other departments.

Governance is anchored at the highest level of the organisation. The Head of Sustainability oversees the implementation of our sustainability approach and reports directly to the CFO, who holds ultimate accountability for managing our impacts, risks and opportunities, as well as ensuring compliance with relevant policies.

To support this, compliance with the policies outlined in this report is monitored through regular checks of certificates, reports, questionnaires and product tests.

Collaboration across the business is essential. The sustainability team works closely with the Management Team – particularly the Buying directors – to share insights and support informed decision-making on strategy and operations.

To strengthen our capabilities, the sustainability team brings together expertise in environmental practices, ethical sourcing, ESG reporting, and quality. We invest in continuous learning through training programmes offered by industry partners (such as amfori BSCI, Cascale and Modint), participation in industry events, and ongoing engagement with stakeholders.

Regular sustainability updates to the Management Team, combined with biweekly one-on-one meetings between the Head of Sustainability and the CFO, ensure that sustainability expertise is effectively embedded in leadership and decision-making.

TARGETS & ACHIEVEMENTS 2025

VALUE CHAIN TRANSPARENCY

Map all upstream suppliers to achieve full traceability of the value chain

QUALITATIVE

TIER 1

100% of Tier 1 suppliers have conducted an environmental assessment by 2030.



100% of Tier 1 suppliers have a verified environmental assessment by 2030.



100% of Tier 1 suppliers have a verified social audit report by 2030.



TIER 2

75% of Tier 2 suppliers have conducted an environmental assessment by 2030.



70% of Tier 2 suppliers have a verified environmental assessment by 2030.



70% of Tier 2 suppliers have a verified social audit report by 2030.



ENVIRONMENTAL PERFORMANCE

TIER 1

100% of Tier 1 suppliers have fundamental environmental practices in place by 2030.



TIER 2

50% of Tier 2 suppliers have fundamental environmental practices in place by 2030.



CLIMATE CHANGE

SCIENCE-BASED TARGETS

52.4% reduction in absolute Scope 1 and 2 GHG emissions by FY2030 compared with a FY2019 base year



25.2% reduction in absolute Scope 3 GHG emissions by FY2030 compared with a FY2024 base year



TIER 1

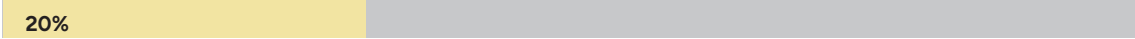
100% of Tier 1 suppliers have fundamental Energy & GHG emissions practices in place by 2030.



50% of Tier 1 suppliers monitor GHG emissions by 2030, including a baseline, targets and an improvement plan.



60% of Tier 1 suppliers have reduced overall Scope 1 and 2 GHG emissions by 2030.



100% of Tier 1 suppliers have phased out coal by 2030.



TIER 2

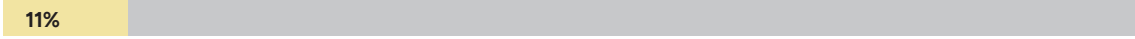
50% of Tier 2 suppliers have fundamental Energy & GHG emissions practices in place by 2030.



50% of Tier 2 suppliers monitor GHG emissions by 2030, including a baseline, targets and an improvement plan.



75% of Tier 2 suppliers have reduced overall Scope 1 and 2 GHG emissions by 2030.



100% of Tier 2 suppliers have phased out coal by 2030.



POLLUTION

50% of Tier 2 suppliers have fundamental Chemical Management practices in place by 2030.



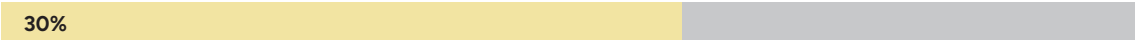
50% of Tier 2 suppliers are implementing the ZDHC MRSL by 2030.



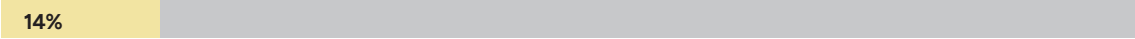
TARGETS & ACHIEVEMENTS 2025

WATER

50% of Tier 2 suppliers have fundamental Water Use practices in place by 2030.



100% of Tier 2 suppliers in water stressed areas have reduced (blue) water use by 2030.



RESOURCE USE & CIRCULAR ECONOMY

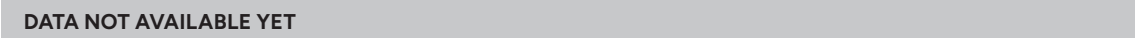
100% of our core materials are sourced as preferred fibres by 2030.



35% of our sourced materials are made from recycled fibres by 2030.



100% of our products will be designed according to a circular design strategy by 2030.



WORKERS IN THE VALUE CHAIN

WORKER VOICE AND EMPOWERMENT

100% of workers at our Tier 1 suppliers have access to an external grievance mechanism by 2030



30,000 workers in our upstream value chain are supported through projects on worker empowerment, wellbeing and social dialogue by 2030

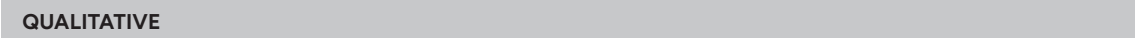


ENHANCING SUPPLIER ENGAGEMENT AND RISK GOVERNANCE

Strengthen our forced labour monitoring by developing a comprehensive plan covering identified high-risk upstream suppliers, regions and materials.



Enhance mitigation measures for forced labour risks across identified high-risk upstream suppliers, regions and materials.



Further embed the assessment of all Tier 1 suppliers through a supplier scorecard integrating risk indicators, worker voice, audit insights and research (to strengthen consistent monitoring and targeted engagement).



Strengthen supplier engagement by conducting a biannual survey on purchasing practices, enabling structured feedback and continuous improvement.



SUPPLIER PERFORMANCE AND IMPROVEMENT (TIER 1)

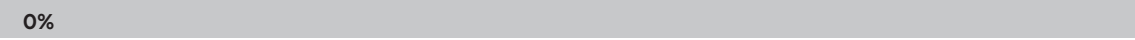
90% of Tier 1 suppliers have a high performance on their verified social audit reports by 2030



10% of Tier 1 suppliers have a moderate performance on their verified social audit reports by 2030



0% of Tier 1 suppliers have a low performance on their verified social audit reports by 2030



100% of Tier 1 suppliers with a low or moderate performance on their verified social audit reports have completed an improvement plan within 6 months by 2030



SUPPLIER PERFORMANCE AND IMPROVEMENT (TIER 2)

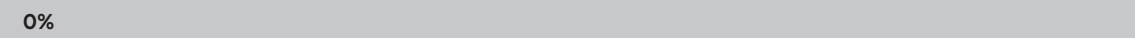
40% of Tier 2 suppliers have a high performance on their verified social audits report by 2030



60% of Tier 2 suppliers have a moderate performance on their verified social audit reports by 2030



0% of Tier 2 suppliers have a low performance on their verified social audit reports by 2030



OWN WORKFORCE

All managers receive training on inclusive leadership



We strive for a balanced male/female ratio and diversity of backgrounds throughout the company





VALUE CHAIN TRANSPARENCY

The apparel sector is a complex ecosystem, with multiple tiers of suppliers, traders, stores, distributors and transporters operating across numerous countries and regions. This makes gaining a full overview of our value chain a challenge.

That said, transparency remains a key priority. By mapping our value chain, we can better understand, address and mitigate our impact – and report on it more effectively. This supports our ambitions in sustainability, ethical sourcing and compliance with upcoming legislation, while also giving customers and stakeholders clearer insight into the origin and production conditions of our products.

STEPS TAKEN TOWARDS TRANSPARENCY

In recent years, WE Fashion has taken significant steps to improve transparency. A milestone in this journey was signing the [Transparency Pledge](#) in 2019, which promotes a common minimum standard for factory disclosure across the garment industry.

In line with this commitment, we publish an annual list of our Tier 1 factories on [our website](#), including details such as location, parent company and workforce size. To further enhance transparency, our factory list is also published on [Open Supply Hub](#). This platform provides stakeholders with access to detailed information about our upstream value chain

partners, enabling greater visibility and allowing them to raise concerns related to potential risks or impacts.

ENHANCING VALUE CHAIN TRANSPARENCY AND MONITORING

Building on our current approach, WE Fashion will take the next step in enhancing value chain transparency from 2026 onwards. Until now, Tier 2 supplier data has been collected via direct suppliers, without a direct link to purchase orders. From 2026, we will introduce a process to track lower-tier supplier involvement at purchase order level.

At the same time, we will continue to perform annual cross-checks to prevent unauthorised subcontracting, ensuring that supplier certificates and declared production locations reflect actual production sites. This will provide greater visibility across our upstream value chain and support more effective monitoring of environmental and social risks.

We have already started collecting purchase order-level data for key Tier 2 processes, such as weaving and laundering, and will gradually expand this to additional processes, including Tier 3 suppliers. This step-by-step approach will help us continuously improve transparency and strengthen our ability to address risks further upstream.



“WE Fashion has been an active member of amfori BSCI since its launch in 2003. As one of the earliest members of the network, the company has consistently prioritised fair working conditions across its upstream value chain, maintaining regular engagement through audits, platform access and member collaboration to drive continuous improvement.

Through amfori BSCI, WE Fashion benefits from a comprehensive social risk management system for suppliers. This helps minimise audit duplication and enables knowledge sharing on labour rights and ethical practices. It also supports the company’s sustainability ambitions in ethical sourcing, with supplier audits covering 13 performance areas, including fair remuneration, health and safety and the prevention of child labour.

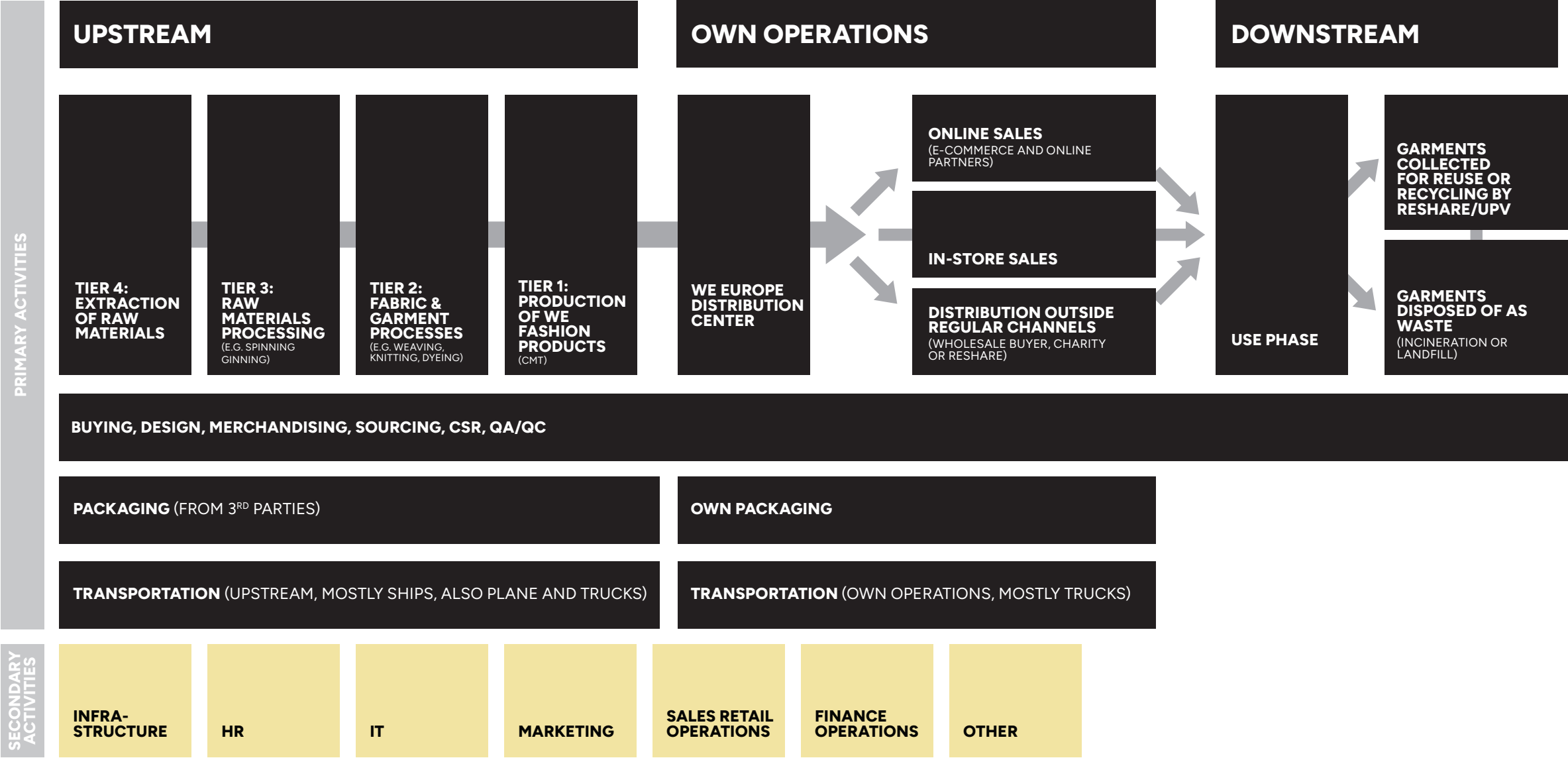
The company has made strong progress in supply chain due diligence, transparency and the adoption of tools. These efforts contribute to amfori BSCI’s mission by demonstrating how member-driven action can improve working conditions and support shared remediation.

Looking ahead, we expect WE Fashion to further strengthen its supplier data strategies, advance social targets such as fair labour standards and increase participation in amfori BSCI’s cross-brand initiatives to drive broader, collective impact.”

NORMA WOUTERS-SNELL

Network Representative for The Netherlands & Flanders amfori BSCI

SCHEMATIC OVERVIEW OF OUR VALUE CHAIN



MONITORING ENVIRONMENTAL PRACTICES

Through the WE Fashion Supplier Code of Conduct, we define the environmental principles that guide our suppliers. These principles require suppliers to actively prevent, mitigate and remediate their environmental impacts.

To strengthen this approach, we are currently updating the Code of Conduct. Tier 1 suppliers will be required to complete an environmental assessment for their factories using Cascale's Facility Environmental Module (FEM), with a similar approach planned for Tier 2 suppliers.

In addition to Higg FEM, we recognise equivalent standards and initiatives¹. Suppliers can also demonstrate compliance at purchase order level through valid transaction certification² of the product. The FEM questionnaire supports suppliers in establishing baselines, setting targets and driving continuous improvement.

Our broader ambitions for environmental practices across Tier 1 and Tier 2 suppliers are further detailed in the chapters on *Climate Change*, *Pollution and Water*.

MONITORING WORKING CONDITIONS

The WE Fashion Code of Conduct for Suppliers defines the social standards expected of all suppliers. To verify compliance, Tier 1 suppliers must demonstrate fair working conditions through a valid social audit report for their factories, a requirement that has been in place since 2015.

As a member of amfori BSCI, WE Fashion requires all suppliers to provide a valid social audit report for their factories, while also recognising equivalent standards and initiatives³. In certain regions, additional requirements apply. Tier 1 factories in Bangladesh and Pakistan must participate in the International Accord, and factories in Myanmar are required to join the MADE in Myanmar programme.

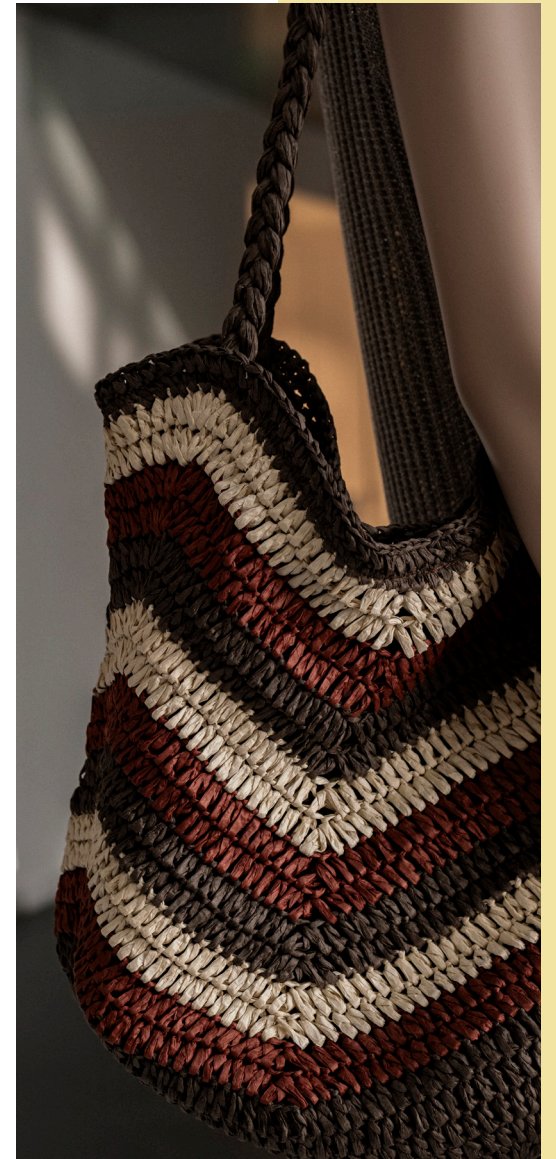
We are working towards a similar approach for Tier 2 suppliers, focusing on increasing access to social audit data to strengthen our oversight of working conditions and enable timely action where needed. Aligned with our risk-based due diligence approach – and in response to emerging regulations such as the EU Forced Labour Regulation – we will continue to expand monitoring further upstream in the value chain where risks are identified. Our ambitions in this area are further detailed in the chapter *Workers in the Value Chain*.

BUYERS TRAINING

To strengthen our monitoring efforts, the sustainability team provides training sessions for the buying teams throughout the year. In 2025, these sessions focused on introducing our new 2025–2030 sustainability strategy.

Buyers were briefed on relevant ESG legislation, key risks to consider in their day-to-day sourcing activities and our 2030 ambitions regarding supplier requirements. The sessions also provided practical guidance on collecting material transaction certificates and on effectively engaging suppliers to improve environmental practices and working conditions.

In addition, newly joined buyers received onboarding training covering our core environmental and social practices.



¹ Equivalent standards and initiatives: [amfori Business Environmental Performance Initiative \(BEPI\)](#), [EIM methodology of Jeanologia for denim products](#), and the [Leather Working Group \(LWG\)](#) for leather products

² Valid certifications [Global Recycled Standard \(GRS\)](#), [Global Organic Textile Standard \(GOTS\)](#), [Oeko-tex Step](#) and [Bluesign System](#)

³ Equivalent standards and initiatives: [SA8000 standard](#), [SEDEX-SMETA](#), [Worldwide Responsible Apparel Production \(WRAP\)](#), [Social Labour Compliance Program \(SLCP\)](#), and [Higg Facility Social Labour Module \(FSLM\)](#)

TARGETS

VALUE CHAIN TRANSPARENCY

Map all upstream suppliers to achieve full traceability of the value chain

QUALITATIVE

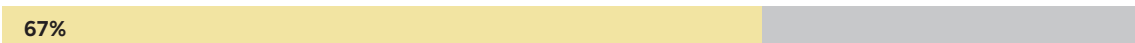
MONITORING ENVIRONMENTAL PRACTICES

TIER 1

100% of Tier 1 suppliers have conducted an environmental assessment by 2030



100% of Tier 1 suppliers have a verified environmental assessment by 2030



TIER 2

75% of Tier 2 suppliers have conducted an environmental assessment by 2030

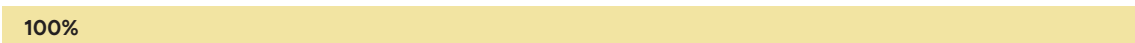


70% of Tier 2 suppliers have a verified environmental assessment by 2030

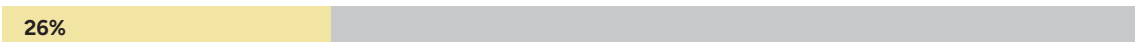


MONITORING WORKING CONDITIONS

100% of Tier 1 suppliers have a verified social audit report by 2030



70% of Tier 2 suppliers have a verified social audit report by 2030



METRICS

VALUE CHAIN TRANSPARENCY

Number of Tier 1 suppliers (including supplier located in EU countries)	128
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Number of Tier 1 suppliers (excluding supplier located in EU countries)	124
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Number of identified Tier 2 suppliers	469
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MONITORING ENVIRONMENTAL PRACTICES

Number of Tier 1 suppliers that have conducted an environmental assessment	59
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Number of Tier 1 suppliers with a verified environmental assessment	53
---	----

Number of identified Tier 2 suppliers that have conducted an environmental assessment	64
---	----

Number of identified Tier 2 suppliers with a verified environmental assessment	59
--	----

MONITORING WORKING CONDITIONS

Number of Tier 1 suppliers with a verified social audit report	124
--	-----

70% of Tier 2 suppliers have a verified social audit report by 2030	45
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BUYERS TRAINING

Buyers participated in an ESG training session organized by the Sustainability team (%)	100%
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"I've worked closely with WE Fashion for nearly three years, and during that time I've seen strong growth in both their sustainability team and their level of ambition. What started as a 'small but mighty' team has expanded, sharpened its focus and shown a clear commitment to collaborative action. WE Fashion is a highly engaged Cascale member – they actively contribute insights, ask critical questions and work constructively with both Cascale and industry peers.

Through Cascale, the company benefits from pre-competitive collaboration, standardised tools such as the Higg FEM and FSLM and ongoing thought leadership on evolving sustainability expectations. At the same time, they combine ambition with measurable progress. They have made clear advances in supply chain due diligence, transparency and data collection, and have moved from foundational to more progressive levels in their use of Higg tools. Their commitment to Science Based Targets is a significant milestone, reflecting strong alignment across the organisation.

Looking ahead, I encourage WE Fashion to build on this momentum by further strengthening data-driven action with suppliers, advancing climate targets and deepening collaboration with other brands through Cascale's climate initiatives."

ELLIE HACKWOOD

Senior Manager Brand & Retail Engagement, Cascale

STRENGTHENING THE ENVIRONMENTAL PERFORMANCE

This chapter sets out how we are improving our environmental performance across critical topics: climate change, pollution, water, biodiversity and ecosystems, and resource use and circular economy. These focus areas reflect our commitment to operating within planetary boundaries.

By aligning with science-based targets on greenhouse gas emissions and strengthening supplier engagement – both individually and collectively – we aim to deliver measurable impact.

Each section outlines our policies, targets, actions and metrics, and reports on our progress towards our 2030 ambitions. This approach provides transparency and accountability to our stakeholders.



Strengthening the environmental performance



Improving the working conditions



Optimising the way we work



Contributing to society

ASSESSING FUNDAMENTAL ENVIRONMENTAL PRACTICES

As a member of Casmile, WE Fashion adopts tools developed and maintained by the organisation, including the Higg Facility Environmental Module (Higg FEM). This tool provides a standardised framework to assess and improve environmental performance at supplier facilities.

The Higg FEM is structured around seven key categories, covering areas like energy use, emissions, water, waste and chemicals management. Across all categories, we expect our Tier 1 and Tier 2 suppliers to have fundamental environmental practices in place, demonstrated through successful completion of Level 1 of the assessment.

At this level, facilities show basic awareness of their environmental impact, establish essential processes and comply with legal requirements – forming the foundation for further improvement

Further details on performance can be found in the chapters Climate Change, Pollution and Water.

TARGETS

ENVIRONMENTAL PRACTICES

100% of Tier 1 suppliers have fundamental environmental practices in place by 2030



50% of Tier 2 suppliers have fundamental environmental practices in place by 2030



CLIMATE CHANGE

OUR GOAL ON CLIMATE CHANGE

We actively address climate change by reducing greenhouse gas (GHG) emissions across both our own operations and our wider value chain.

POSITIVE IMPACT

- Sourcing preferred materials with lower-carbon production methods reduces overall GHG emissions.

NEGATIVE IMPACT

- The extraction of raw materials – whether plant-based (such as cotton) or synthetic (such as polyester) – contributes to climate change.
- Energy-intensive production stages, from fibre and yarn to finished garments, generate significant GHG emissions.
- Emissions from our own operations arise mainly from energy use in stores, offices and transportation.



CLIMATE TARGETS

SCIENCE-BASED TARGETS

52.4% reduction in absolute Scope 1 and 2 GHG emissions by FY2030 compared with a FY2019 base year



25.2% reduction in absolute Scope 3 GHG emissions by FY2030 compared with a FY2024 base year



TIER 4 GHG EMISSIONS REDUCTION

100% of our sourced core materials are made from preferred fibres by 2030



35% of our sourced materials are made from recycled fibres by 2030



TIER 1 GHG EMISSIONS REDUCTION

100% of Tier 1 suppliers have fundamental Energy & GHG emissions practices in place by 2030



50% of Tier 1 suppliers monitor GHG emissions by 2030, including a baseline, targets and an improvement plan



60% of Tier 1 suppliers have reduced overall Scope 1 and 2 GHG emissions by 2030



100% of Tier 1 suppliers have phased out coal by 2030



TIER 2 GHG EMISSIONS REDUCTION

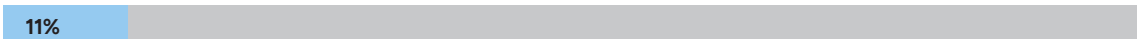
50% of Tier 2 suppliers have fundamental Energy & GHG emissions practices in place by 2030



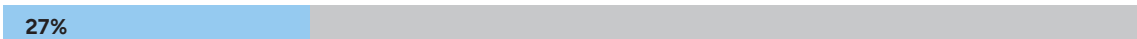
50% of Tier 2 suppliers monitor GHG emissions by 2030, including a baseline, targets and an improvement plan



75% of Tier 2 suppliers have reduced overall Scope 1 and 2 GHG emissions by 2030



100% of Tier 2 suppliers have phased out coal by 2030



INTRODUCTION

The fashion industry is a significant contributor to global climate change, accounting for roughly 1.78%⁵ of global greenhouse gas (GHG) emissions. This impact is largely driven by resource-intensive production processes across the value chain.

In our upstream supply chain, emissions stem from energy-intensive stages such as fibre production, yarn spinning, fabric manufacturing and garment assembly. In downstream activities, logistics, retail operations, and product use – including washing and care – further add to this impact. Our reliance on fossil fuel-based materials, such as polyester and polyamide, also increases our footprint due to their carbon intensity and resource demands.

As a fashion retailer operating across Europe, we recognise our role in addressing these challenges. Aligned with the EU Green Deal and the Paris Agreement, we are committed to reducing Scope 1, 2, and 3 emissions and building a more climate-resilient, decarbonised value chain. Building on this understanding, our double materiality assessment identifies climate change as a material topic for WE Fashion, from both an impact and financial perspective across the short, medium, and long term.

IMPACT MATERIALITY

- Positive impact (Upstream): Sourcing preferred materials with lower-carbon production methods reduces overall GHG emissions.
- Negative impact (Upstream): The extraction of raw materials – whether plant-based (such as cotton) or synthetic (such as polyester) – contributes to climate change.
- Negative impact (Upstream): Energy-intensive production stages, from fibre and yarn to finished garments, generate significant GHG emissions.
- Negative impact (Upstream): Emissions from our own operations arise mainly from energy use in stores, offices and transportation.



⁵ Source: [Apparel Impact Institute](#)

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Through our Double Materiality Assessment (DMA), we evaluated climate-related risks across our operations and value chain, focusing on both physical and transition risks. This included our internal activities as well as our upstream supply chain.

The assessment confirms that both types of risk are material. Physical risks are mainly linked to supplier exposure to extreme weather events, such as heat and flooding, which can lead to increased costs. Climate change may also impact cotton yields, affecting raw material availability and pricing. Transition risks are primarily driven by evolving carbon regulations, energy price volatility, and rising expectations for low-carbon products.

While we do not currently conduct a quantitative climate scenario analysis, our focus remains on achieving measurable GHG emissions reductions through our science-based targets and climate transition plan. As part of the DMA, we carried out a qualitative assessment to evaluate the potential financial impact of climate-related risks and opportunities across different time horizons.

An overview of the identified risks and opportunities is presented on the right.

RISK	TYPE OF RISK	RISK DESCRIPTION
Increased severity of extreme weather events	Physical	The growing frequency and intensity of extreme weather events – such as floods, heatwaves and storms – can significantly disrupt operations and supply chains, leading to increased costs from emergency sourcing, expedited logistics and production delays.
Increased cost of raw materials	Physical	Climate change may lead to increased scarcity of key raw materials, putting pressure on production quality and driving up procurement costs. At the same time, the transition towards lower-impact materials and practices can create shortages and intensify competition for certified inputs.
Increased energy prices	Transition	As the economy transitions towards lower carbon emissions, energy prices – particularly for non-renewable sources – may rise, increasing operating costs and putting pressure on product margins.
Increased compliance costs	Transition	As climate-related regulations and policies continue to evolve, they may require operational changes, more comprehensive reporting and increased compliance costs. This calls for proactive strategic planning to ensure alignment and reduce the risk of penalties or reputational impact.
OPPORTUNITIES		OPPORTUNITIES DESCRIPTION
Better competitive position	-	By proactively complying with climate-related regulations, WE Fashion can strengthen its competitive position while minimising the risk of higher compliance costs in the future.
Access to capital	-	Progressing decarbonisation across our operations and supply chain enhances access to financing tied to climate-related targets.
Use of lower-emission technologies	-	Implementing energy-saving measures and resource-efficient practices reduces operational costs while directly lowering GHG emissions, supporting our science-based reduction targets.



OUR RESILIENCE IN RELATION TO CLIMATE CHANGE

Our double materiality assessment (DMA) highlights both physical and transition climate risks, including the growing severity of extreme weather events, rising raw material costs, energy price volatility and increasing regulatory pressure. These risks have far-reaching implications for material availability, cost control and supply chain resilience across the short, medium and long term.

In response, we have developed a comprehensive transition plan that addresses both our climate impact and the risks to our business. This plan brings together energy efficiency improvements, science-based targets and stronger engagement with suppliers on environmental performance – supporting financial stability while reinforcing our competitive position towards 2030.

At the same time, the assessment involves inherent uncertainties. These include the unpredictable nature of extreme weather, evolving regulations, shifting market demand for low-carbon products and future energy price developments. Additional uncertainty stems from data limitations in supplier emissions and unknown future technology costs, which may influence the accuracy of scenario outcomes and the effectiveness of planned actions.

Our ability to adapt to climate change is supported by targeted, proactive measures across our supply chain. Over time, we may reduce reliance on regions that are more vulnerable to climate-related disruptions. At the same time, increasing the share of preferred materials will help reduce dependence on virgin resources and manage supply volatility. By working closely with suppliers on renewable energy adoption and more energy-efficient production processes, we aim to share knowledge and collectively adapt to evolving standards and customer expectations.

OUR CLIMATE TRANSITION PLAN

SCIENCE-BASED TARGETS

We recognise the need to reduce climate impact across our full value chain and contribute to global climate goals. WE Fashion is formalizing its commitment to global climate action by submitting 1.5°C-aligned targets for validation by the Science Based Targets initiative (SBTi) in 2026.

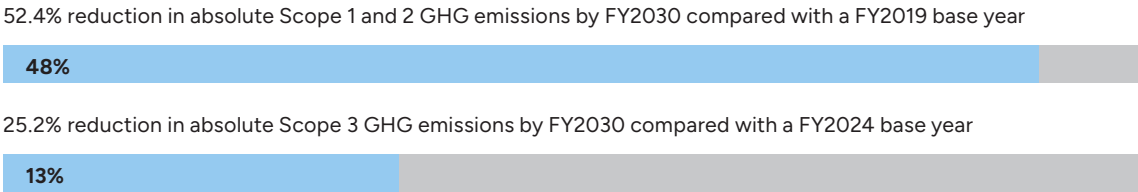
Our Scope 1 & 2 target follow a 1.5°C pathway, while our Scope 3 target was initially aligned with a well-below 2°C trajectory. Following the updated SBTi methodology, we revised both targets in 2026 to align fully with a 1.5°C pathway. These targets are currently being validated by SBTi and are already integrated into our long-term strategy.

To drive progress, we have defined specific targets across critical stages of our value chain, including Tier 4 (materials sourcing), Tier 2 suppliers (fabric and trim production, as well as garment finishing) and Tier 1 suppliers (assembly and manufacturing). Our materials sourcing target supports our buying teams in prioritising preferred materials, as further detailed in the chapter Resource Use & Circular Economy.

For Tier 1 and Tier 2 suppliers, our targets focus on measuring, reporting, and reducing emissions through actions such as renewable energy adoption and process efficiency improvements. Together, these efforts drive collaborative progress across our value chain towards our 2030 science-based ambitions.

TARGETS

SCIENCE-BASED TARGETS



BASELINE GHG EMISSIONS

In 2025, we restructured our GHG inventory, with external verification to ensure alignment with the GHG Protocol.

We selected 2019 as the base year for Scope 1 and 2 emissions, as it reflects a stable, pre-pandemic business environment. This provides a reliable reference point to measure progress, particularly as we have already implemented several impactful measures between 2019 and 2024:

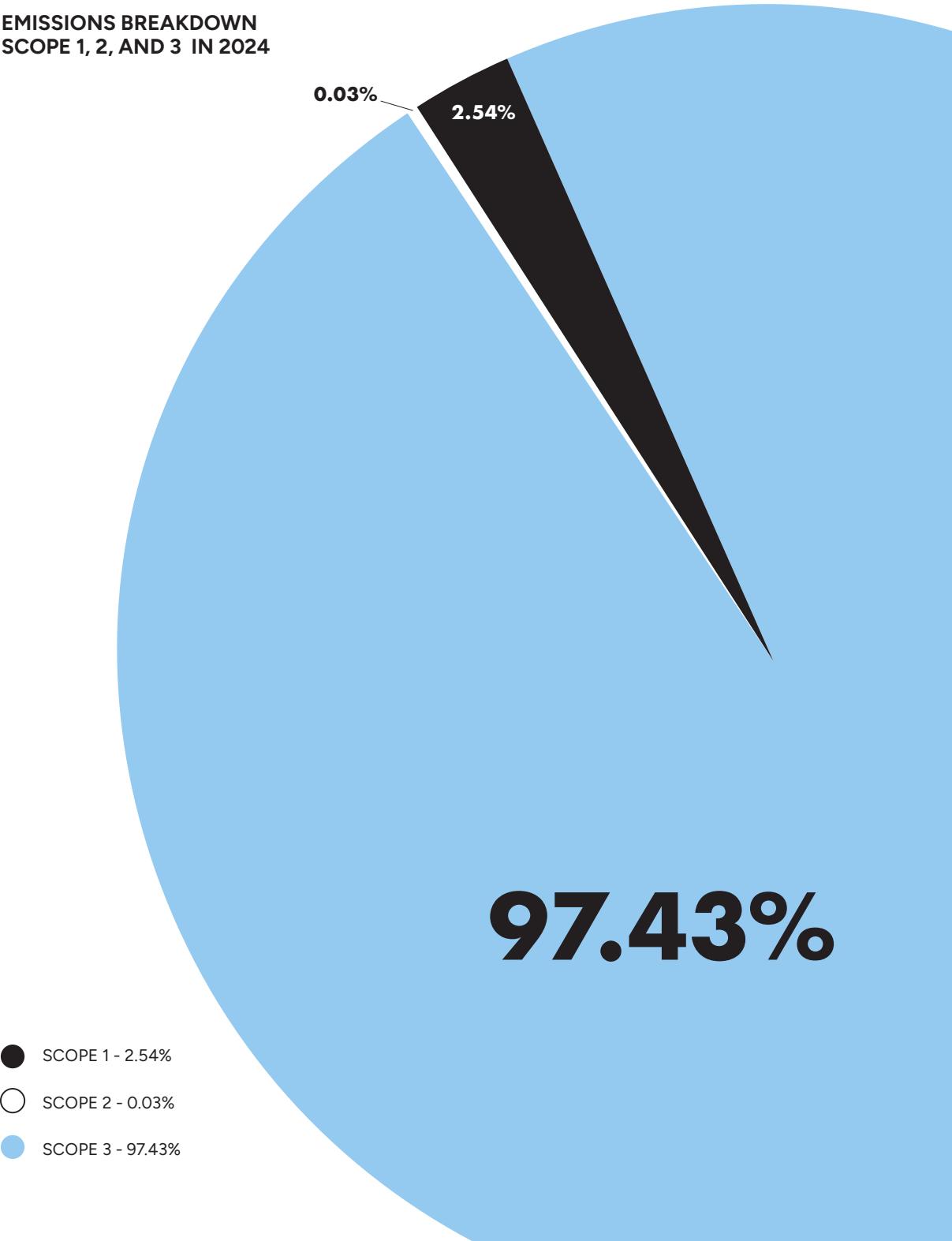
- Rolling out LED lighting across all retail stores
- Installing 3,280 solar panels at our central warehouse
- Transitioning to 100% green electricity across operations
- Electrifying most company cars and achieving 30% electric transport

We report Scope 2 emissions using a market-based approach, meaning emissions are calculated based on our electricity procurement choices, such as renewable energy contracts or certificates. This method reflects our direct efforts to reduce our energy-related footprint and support the transition to cleaner energy markets. For Scope 3 emissions, we selected 2024 as the base year, primarily due to improved data availability.

To support the submission of our SBTi targets, we developed a more complete understanding of our emissions inventory by collecting data on sources that were not previously included, such as emissions from purchased goods and services and the end-of-life treatment of sold products. This recalculation has enabled us to establish a robust baseline for tracking progress over time.

As is typical in the retail sector, the majority of our emissions occur within the value chain, particularly in processes related to garment production (reported under Purchased Goods & Services). In our base year, Scope 3 emissions accounted for 97% of our total carbon footprint. These emissions significantly exceed those from Scope 1 and 2 reflecting the scale and complexity of activities across our supply chain.

EMISSIONS BREAKDOWN
SCOPE 1, 2, AND 3 IN 2024



A closer look at garment production shows that Tier 2 processes (fabric and trim production, as well as finishing) have the largest impact, followed by Tier 4 (raw material extraction). Tier 1 (garment manufacturing) and Tier 3 (yarn spinning) contribute at a similar level.

GHG EMISSIONS BY UPSTREAM PRODUCTION
PROCESS IN THE BASE YEAR (2024)





“Over the past year, Anthesis has supported WE Fashion as a trusted sustainability partner, working closely to strengthen its climate strategy and build a robust foundation for long-term, measurable impact. Our collaboration has included developing a comprehensive Scope 3 baseline, reviewing and enhancing Scope 1 and 2 data, facilitating targeted reduction workshops and supporting the submission of near-term targets to the Science Based Targets initiative (SBTi). The strong material documentation already in place at WE Fashion has been a valuable asset, enabling accurate hotspot identification and well-supported target setting.

Throughout the year, we have seen consistent progress and a clear commitment to embedding sustainability into decision-making across the business. The insights generated provide greater clarity on where meaningful emissions reductions can be achieved, helping to close the gap between ambition and execution.

Looking ahead, the greatest opportunity lies in activating the supply chain and strengthening engagement with internal stakeholders to translate identified reduction pathways into measurable outcomes. This will be essential not only for decarbonisation, but also for advancing nature-positive and circular practices over time. We are confident that WE Fashion has both the ambition and the capabilities to progress its climate goals and continue its transition towards a more resilient and sustainable future.”

ELENOOR VAN ES

Senior Consultant, Anthesis

DECARBONISATION PLAN FOR OUR OWN OPERATIONS

Reducing GHG emissions from our own operations is a key priority. Our approach focuses on improving energy efficiency, accelerating electrification and gradually phasing out fossil fuel use.

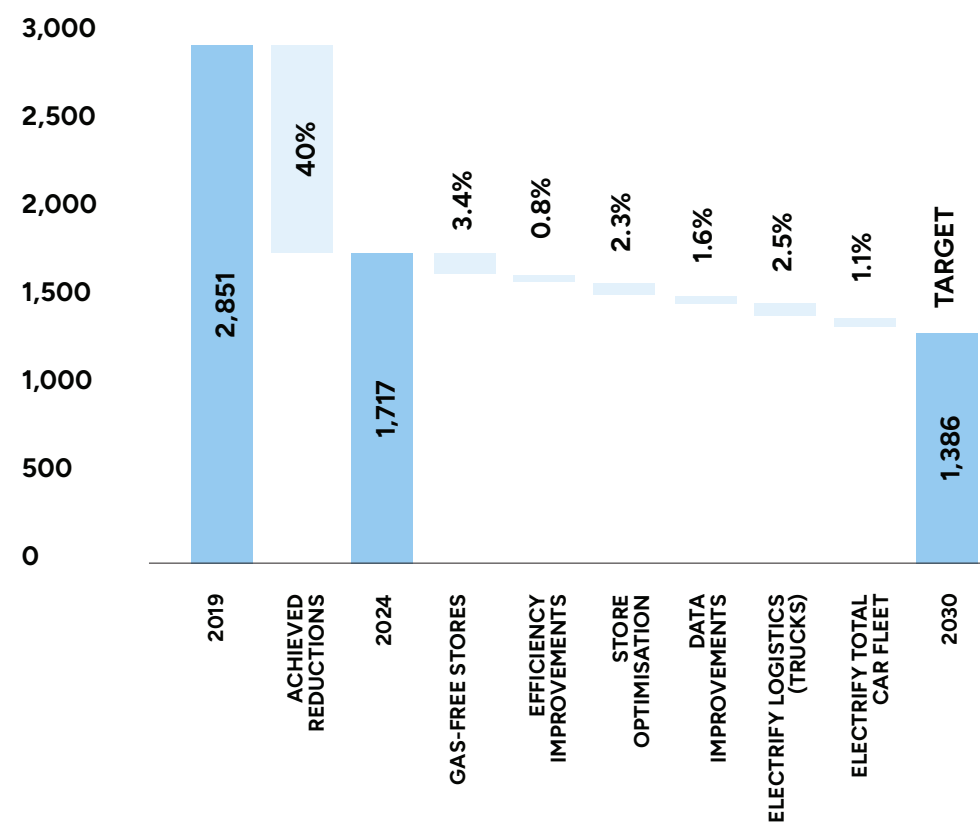
In selected stores, this includes replacing gas heating systems with electric heat pumps or connecting to district heating networks, supported by improved building insulation to reduce energy demand. At the same time, we continue to optimise our store portfolio to further enhance energy performance.

We are also taking steps to electrify our logistics operations by introducing more electric trucks and transitioning our lease fleet to fully electric vehicles. In parallel, we are improving the quality of our emissions data by working with energy suppliers to obtain more detailed and accurate information.

Together, these actions position us to achieve meaningful reductions in operational emissions aligned with a 1.5°C pathway.

An overview of the planned reduction measures for Scope 1 and 2 emissions from 2025 to 2030, including their estimated carbon reduction potential, is presented on the right.

REDUCTION MEASURES SCOPE 1 & 2 EMISSIONS (2025-2030)



Reduction Measure	Requirement	Reduction Potential (tCO ₂ e)
Implement fossil-free stores	Heat pumps, improved insulation and connections to district heating networks.	96
Improve energy efficiency	LED lighting, smart building management systems and insulation upgrades.	22
Optimise store portfolio	Regular reviews to ensure long-term profitability and alignment with climate ambitions.	64
Improve reported data	Smart meters, energy management software.	47
ELECTRIFY LOGISTICS (TRUCKS)	Charging infrastructure, subsidies and supplier collaboration.	72
Electrify total car fleet (with GOs for purchased electricity)	Reviewing lease contracts, charging infrastructure for international trips.	30

DECARBONISATION PLAN FOR OUR VALUE CHAIN

As most of our emissions occur within our value chain, we have developed a plan to reduce Scope 3 emissions, with a focus on raw materials and manufacturing. At the raw material level (Tier 4), we are increasing the use of preferred fibres with lower carbon footprints, such as recycled cotton and recycled polyester. By shifting towards lower-impact materials, we aim to reduce emissions from both extraction and production. Within manufacturing (Tier 1 and Tier 2), we work closely with suppliers to support their transition to renewable energy, improve resource efficiency and adopt cleaner production technologies.

With our new value chain targets on energy and GHG emissions, we require both existing and new direct suppliers to complete an environmental assessment, preferably using the Higg Facility Environmental Module. We aim for facilities to implement fundamental Energy & GHG practices, including identifying and tracking all energy sources (across operations and vehicles), reporting relevant GHG factors and providing metered or invoiced data at an appropriate frequency.

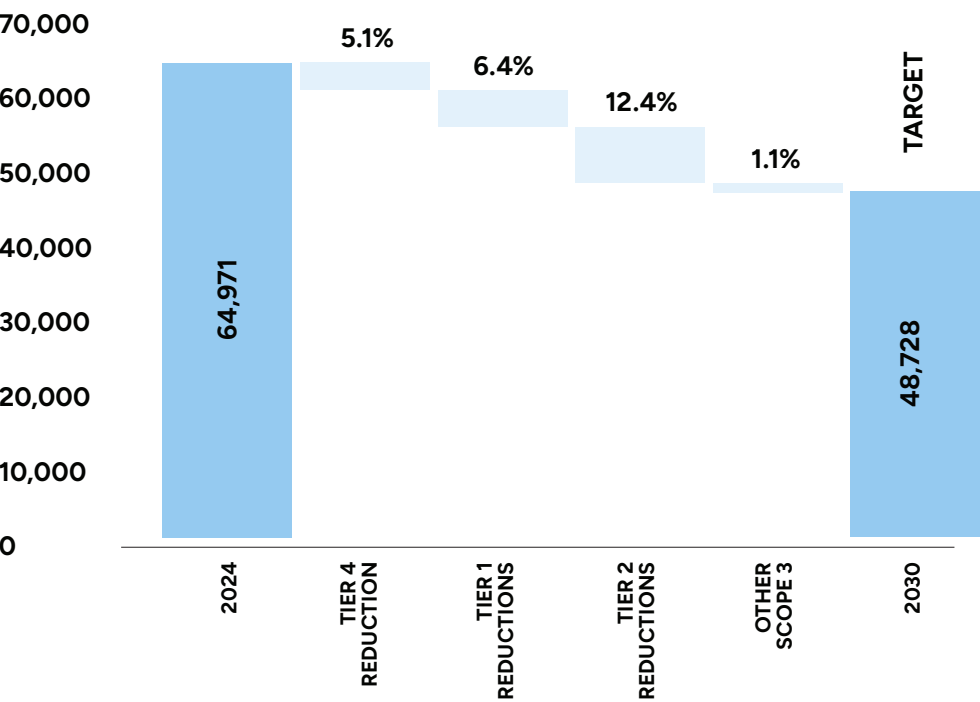
Beyond these fundamental practices, suppliers are expected to monitor GHG emissions by establishing a baseline, setting targets and developing improvement plans. They are also required to demonstrate reductions in Scope 1 and 2 emissions and to phase out coal use.

In addition, we require our direct suppliers to disclose information about their own suppliers (Tier 2) and to uphold equivalent environmental standards. This supports transparent dialogue and mutual accountability, enabling us to monitor progress in renewable energy adoption and energy performance. It also improves the accuracy of our emissions data by reducing reliance on secondary datasets.

Below is an overview of the reduction measures planned for our Scope 3 emissions between 2025 and 2030, including the estimated carbon reduction potential. These figures are based on currently available data and may vary as implementation progresses.

REDUCTION MEASURES SCOPE 3 EMISSIONS (2026-2030)

60



VALUE CHAIN CATEGORY	REDUCTION MEASURE	REDUCTION POTENTIAL (tCO ₂ e)
Tier 4: Source preferred materials	Secure preferred materials with certification (e.g. GRS, RCS, OCS, GOTS, BCI) and align closely with Buying teams to ensure availability.	3,300
Tier 1: Promote renewable energy adoption	Encourage factories to transition to renewable energy sources, such as solar and wind, through on-site installations or green energy contracts.	4,166
Tier 2: Promote efficiency improvements	Drive improvements through collaboration, incentives (e.g. renewable energy procurement agreements and certificates), technical support and active supplier engagement.	4,025
Additional efforts Tier 2	Introduce and test new technologies, propose equipment upgrades and provide training and capacity building to support process optimisation. Where relevant, explore partnerships with certification programmes (e.g. bluesign®, OEKO-TEX®, GOTS).	4,025
Other potential scope 3 measures ⁷	Explore alternative shipping methods and partnerships with waste processors, among other initiatives.	726
Electrify total car fleet (with GOs for purchased electricity)	Reviewing lease contracts, charging infrastructure for international trips.	30

⁷ These measures serve as illustrative examples only and require future evaluation.

TARGETS

TIER 4 GHG EMISSIONS REDUCTION

100% of our sourced core materials are made from preferred fibres by 2030



35% of our sourced materials are made from recycled fibres by 2030



TIER 1 GHG EMISSIONS REDUCTION

100% of Tier 1 suppliers have fundamental Energy & GHG emissions practices in place by 2030



50% of Tier 1 suppliers monitor GHG emissions by 2030, including a baseline, targets and an improvement plan



60% of Tier 1 suppliers have reduced overall Scope 1 and 2 GHG emissions by 2030



100% of Tier 1 suppliers have phased out coal by 2030



TIER 2 GHG EMISSIONS REDUCTION

50% of Tier 2 suppliers have fundamental Energy & GHG emissions practices in place by 2030



50% of Tier 2 suppliers monitor GHG emissions by 2030, including a baseline, targets and an improvement plan



75% of Tier 2 suppliers have reduced overall Scope 1 and 2 GHG emissions by 2030



100% of Tier 2 suppliers have phased out coal by 2030



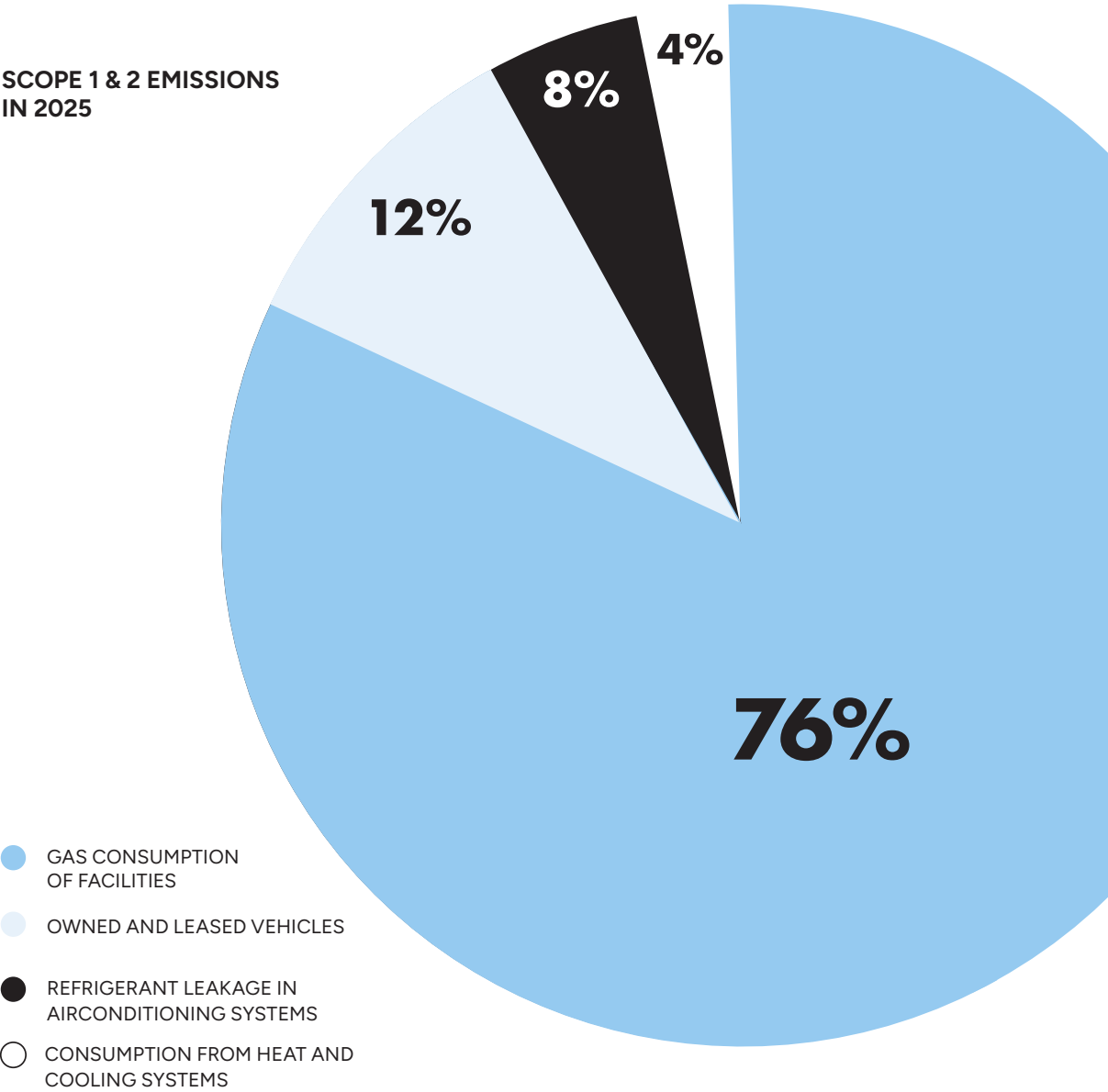
PROGRESS ON CLIMATE ACTION

EMISSIONS FROM OUR OWN OPERATIONS (SCOPE 1 & 2)

Compared to our 2019 baseline, Scope 1 and 2 emissions have decreased by 48%.
This reduction is driven by store closures, the transition to gas-free stores and improved data quality.

EMISSION SOURCE	2025 (tCO ₂ e)	2024 (tCO ₂ e)	2019 (tCO ₂ e)	2025 vs. 2019 progress (%)
SCOPE 1				
Gas consumption of facilities	1,119	1,419	1,987	-44%
Owned and leased vehicles	180	211	480	-62%
Refrigerant leakage in air-conditioning systems	111	67	148	-25%
SCOPE 1 GHG EMISSIONS (IN TONS CO ₂ e)	1,410	1,697	2,615	-46%
SCOPE 2				
Purchased electricity for facilities	0	0	49	-100
Purchased heat and cooling for facilities	61	20	187	-67%
SCOPE 2 GHG EMISSIONS (IN TONS CO ₂ e)	61	20	236	-74%
TOTAL SCOPE 1 & 2 GHG EMISSIONS (IN TONS CO ₂ e)	1,471	1,717	2,851	-48%

SCOPE 1 & 2 EMISSIONS
IN 2025



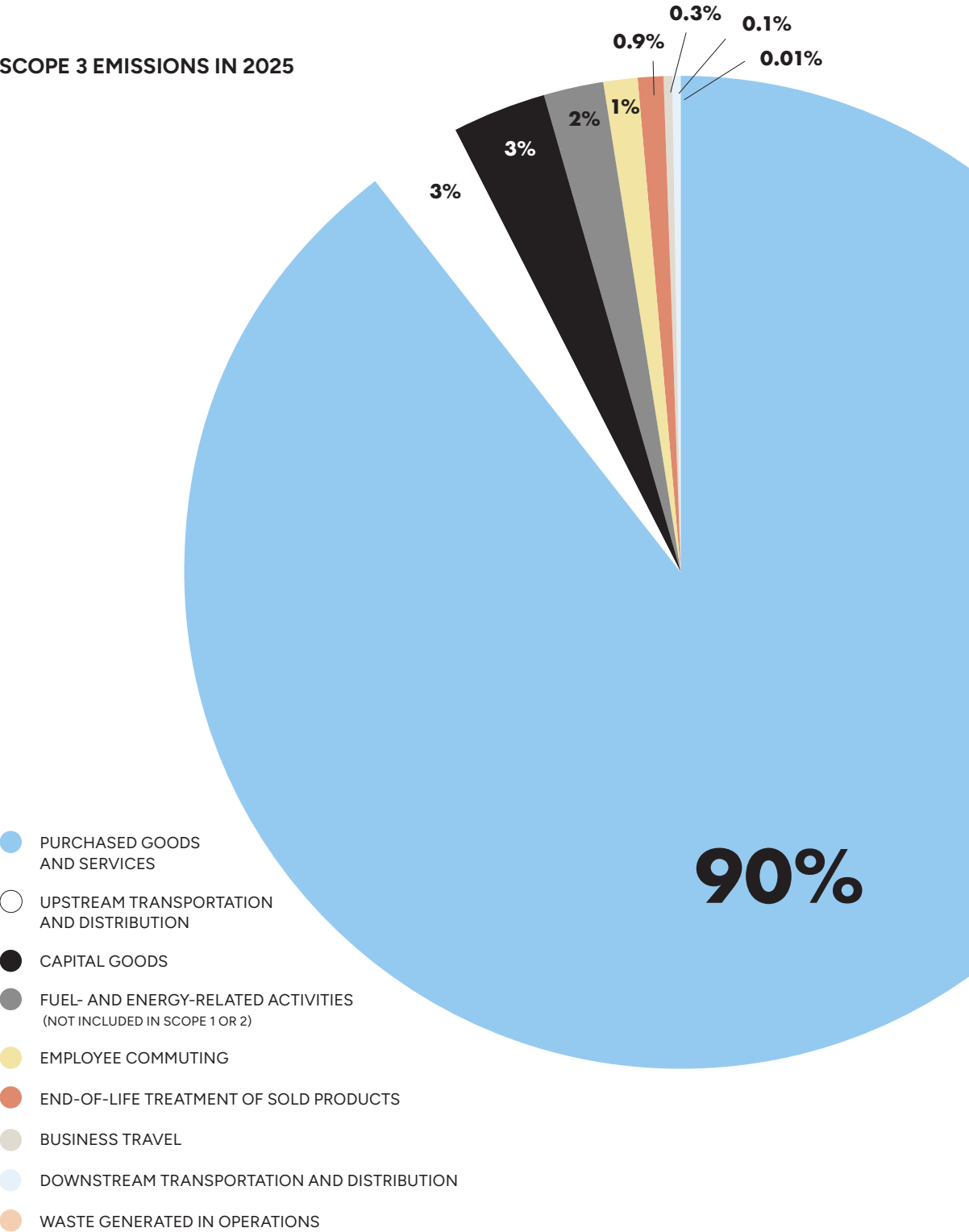
METRICS	2025
Number of gas-free stores	7
Number of electric trucks	2 out of 7
Share of electric lease fleet	89%
Share of purchased green electricity (including Renewable Energy Certificates, RECs)	100%

VALUE CHAIN EMISSIONS (SCOPE 3)

Compared to our 2024 baseline, Scope 3 emissions decreased by 13%, driven primarily by lower garment sourcing volumes and an increased share of preferred materials. Further details on preferred material sourcing can be found in the chapter *Resource Use & Circular Economy*.

SCOPE 3 CATEGORY	2025 (tCO ₂ e)	2024 (tCO ₂ e)	2025 vs. 2024 progress (%)
Purchased goods and services	50,529	57,741	-12%
Capital goods	1,511	2,295	-34%
Fuel- and energy-related activities (not included in Scope 1 or 2)	1,017	1,602	-37%
Upstream transportation and distribution	1,840	1,748	5%
Waste generated in operations	3	4	-25%
Business travel	174	217	-20%
Employee commuting	778	808	-4%
Upstream leased assets	-	-	-
Downstream transportation and distribution	76	69	10%
Processing of sold products	-	-	-
Use of sold products	-	-	-
End-of-life treatment of sold products	513	487	5%
Downstream leased assets	-	-	-
Franchises	-	-	-
Investments	-	-	-
Scope 3 GHG emissions (in tons CO ₂ e)	56,441	64,971	-13%
Total scope 1, 2 and 3 GHG emissions (in tons CO ₂ e)	57,912	66,688	-13%

SCOPE 3 EMISSIONS IN 2025





CLIMATE GOVERNANCE

Our climate transition plan is governed by the Head of Sustainability, who reports directly to the CFO. Together with the ESG Reporting and Project Manager, they monitor progress on our science-based targets and provide regular updates to ensure climate considerations are embedded in executive decision-making.

We assess all investment decisions against our climate objectives, ensuring that capital expenditure supports long-term decarbonisation. At the same time, we actively collaborate with industry coalitions and multi-stakeholder initiatives to support broader sector transformation and to advance renewable energy and preferred material innovation within the fashion industry.

DEPENDENCIES

The effectiveness of our climate transition plan depends on several critical factors, both within our operations and across our value chain. A key dependency lies in the ability of our suppliers to implement energy efficiency measures and transition to renewable energy. As most of our Scope 3 emissions originate from activities beyond our direct control, progress depends on suppliers adopting cleaner technologies, investing in renewable energy infrastructure and improving production efficiency. While we actively support this transition through training, technical assistance and engagement programmes, progress may vary across suppliers. Financial constraints and reliance on grid-based

energy can limit the pace of change, while differences in national energy mixes may either support or hinder emissions reductions.

Another key dependency relates to the balance between primary and secondary data sources. Obtaining primary Scope 3 emissions data from suppliers remains challenging due to inconsistencies in data quality, reliability and availability across our complex supply chain. Suppliers are often required to provide detailed environmental data to multiple brands, which can strain capacity and lead to incomplete or inconsistent reporting. To address this, WE Fashion focuses on the widely adopted Higg Facility Environmental Module (FEM), which provides a credible and standardised framework for measuring and verifying supplier performance. At the same time, we continue to rely on secondary data sources while working towards improved data maturity across our value chain.

Finally, our transition plan also depends on infrastructure and technology developments within our own operations. Measures such as replacing gas heating with heat pumps or district heating, electrifying our fleet and improving building insulation are subject to regulatory approvals and local grid capacity. Delays in implementation or limitations in renewable electricity availability may temporarily slow progress in reducing emissions.

“Since 2015, we have been actively reducing the carbon footprint of our own operations through a series of targeted initiatives, including the installation of 3,280 solar panels at our distribution center, the transition to 100% green electricity across all operating countries, the electrification of 93% of our car lease fleet, and the conversion of 30% of our transport fleet to electric trucks. Together, these actions have resulted in a 40% reduction in our Scope 1 and 2 emissions by 2025, demonstrating strong progress toward our climate ambitions.

In 2024, we conducted a Double Materiality Assessment, which confirmed climate change as a material topic for our business and reinforced the need for a more structured climate transition plan. Building on our progress to date, we remain committed to further reducing emissions from our own operations through measures such as replacing gas heating systems in stores, improving building insulation, and continuing the electrification of our vehicle fleet.

At the same time, we recognize that the largest share of our greenhouse gas emissions lies within our value chain. Given the significant impact of these Scope 3 emissions, addressing them is equally important. We are therefore taking targeted action to reduce our indirect footprint by increasing the use of preferred lower-impact materials and setting clear expectations and reduction targets for our suppliers.

Our climate transition plan provides a clear roadmap for reducing emissions across both our own operations and our value chain in line with our commitment to the Science Based Targets Initiative (SBTi).”

SIMCHA KNOL

CFO & COO, **WE Fashion**



OUR GOAL

We aim to reduce the direct and indirect release of pollutants into air, water, or soil during garment production and use, thereby limiting risks to human health and the environment.

POSITIVE IMPACT

- Together with our Tier 2 suppliers, we actively reduce the use of hazardous chemicals by choosing lower-impact dyes and treatments instead.
- Through product testing, we help ensure our garments are safe to wear and limit exposure to harmful substances during everyday use.

NEGATIVE IMPACT

- Conventional cotton farming often relies on fertilisers and pesticides that can pollute soil, groundwater and surface water.
- Certain chemicals used during production and processing can end up in the air and water, impacting both the environment and human health.
- During domestic washing, synthetic fabrics such as polyester and nylon release microplastics, which contaminate rivers, lakes and oceans.

KEY POLICIES

- [WE Fashion Preferred Materials Policy](#)
- [WE Fashion Restricted Substances List \(RSL\)](#)

TARGETS

REDUCTION OF POLLUTION DURING THE EXTRACTION OF RAW MATERIALS (TIER 4)

100% of our core materials are sourced as preferred fibres by 2030



REDUCTION OF POLLUTION DURING MATERIALS MANUFACTURING (TIER 2)

50% of Tier 2 suppliers have fundamental Chemical Management practices in place by 2030



50% of Tier 2 suppliers are implementing the ZDHC MRSL by 2030



INTRODUCTION

The production and use of clothing leave a clear environmental footprint, contributing to pollution of air, soil and, most notably, water. Within the textile industry, water pollution stands out as a major challenge. [The European Parliament](#) estimates that dyeing and finishing processes alone are responsible for around 20% of global clean water pollution. In response, the EU has introduced several regulations aimed at reducing pollution, including initiatives such as the [European PFAS ban](#).

The impact doesn't stop once a garment leaves the factory. During everyday washing, synthetic materials such as polyester and nylon release microplastics into wastewater. These tiny particles travel through rivers and oceans, where they build up over time. Each year, an estimated half a million tonnes of microplastics settle on the ocean floor, accounting for up to 35% of all microplastic pollution in the oceans, according to the [Plastic Soup Foundation](#).

While the scale of the problem is becoming increasingly clear, the textile industry still lacks a standardised and widely accepted method to accurately measure microplastic release and fully assess its effects on the environment and human health. Even so, WE Fashion recognizes microplastic pollution as a critical issue and remains committed to addressing it. Once an industry-wide measurement framework is established, WE Fashion aims to actively reduce the negative impacts of microplastics.

In this context, the double materiality assessment confirms pollution as a material impact topic for WE Fashion, with relevance in the short, medium and long term. It identifies a range of upstream and downstream impacts related to air, water and soil pollution, effects on living organisms and food resources, substances of (very high) concern, and microplastics. Although pollution-related risks and opportunities were assessed from a financial perspective, these were deemed immaterial and are therefore excluded from this chapter.

IMPACT MATERIALITY

- Positive impact (Upstream): By working closely with Tier 2 suppliers, WE Fashion helps to reduce the use of hazardous chemicals by selecting lower-impact dyes and treatments instead.
- Positive impact (Downstream): Through product testing, WE Fashion contributes to the safe use of garments and helps minimise consumer exposure to harmful chemicals during wear.
- Negative impact (Upstream): Conventional cotton farming can pollute soil, groundwater and surface water through the use of fertilisers and pesticides.
- Negative impact (Upstream): Hazardous chemicals used during production and processing can pollute air and water, negatively affecting the environment and human health.
- Negative impact (Downstream): During domestic washing, synthetic fabrics such as polyester and nylon release microplastics, which contaminate rivers, lakes and oceans.

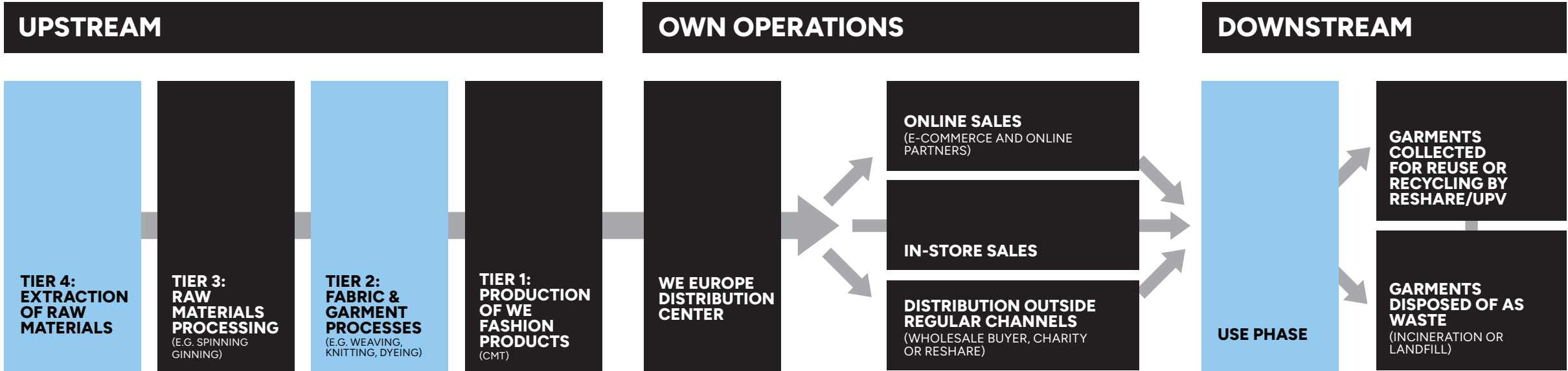


OUR APPROACH TO POLLUTION MANAGEMENT

In line with our commitment to prevent and reduce pollution and to phase out substances of (very high) concern, WE Fashion has defined a clear set of policies, targets, actions and metrics. These focus on the parts of our value chain that contribute most to pollution. A schematic overview of the value chain is provided below, highlighting the stages where pollution risks are highest.

Based on our double materiality assessment, pollution mainly occurs at three stages of the value chain. These insights form the basis of our three key objectives:

- **REDUCING UPSTREAM POLLUTION AT TIER 4 (RAW MATERIAL EXTRACTION)**
This includes addressing the use of (hazardous) synthetic pesticides in cotton farming for cotton garments and in forestry practices for wood pulp used in viscose.
- **REDUCING POLLUTION AT TIER 2 SUPPLIERS (MATERIAL MANUFACTURING)**
This mainly relates to water pollution caused by dyes, finishing agents and chemicals released during wet processing.
- **REDUCING POLLUTION DURING THE USE PHASE OF GARMENTS**
This focuses on limiting chemical exposure during everyday wear and washing⁸.



⁸ Once an industry standard on microplastics is established, we will integrate this topic into our approach.

POLLUTION DURING RAW MATERIAL EXTRACTION (TIER 4)

POLICIES

Reducing pollution starts at the very beginning of our value chain, with raw materials. To address upstream pollution risks at Tier 4, WE Fashion works with the WE Fashion Preferred Materials Policy. This policy reflects our commitment to sourcing raw materials in a more ethical and responsible way, including the use of Better Cotton, organic cotton and preferred alternatives for man-made cellulosic fibres.

Better Cotton plays an important role in reducing pollution. Its ambition is to cut the use of synthetic pesticides by Better Cotton Farmers and workers by at least 50% by 2030. This will be achieved through the phase-out of highly hazardous pesticides that negatively affect human health and the environment, combined with the use of an Integrated Pest Management (IPM) approach to crop protection⁹.

Alongside this, WE Fashion sources smaller volumes of organic cotton. Organic farming supports pollution reduction, as the use of synthetic pesticides is prohibited¹⁰.

The Preferred Materials Policy also encourages the use of preferred alternatives for man-made cellulosic fibres. Fibres such as Tencel Modal, Tencel Lyocell and Lenzing Ecovero are produced using resource-efficient technologies with high recovery and recycling rates of chemicals and solvents. These fibres are EU Ecolabel certified, meaning their production processes limit the use of substances that are harmful to human health and the environment¹¹.

TARGET

REDUCTION OF POLLUTION DURING THE EXTRACTION OF RAW MATERIALS (TIER 4)

100% of our core materials are sourced as preferred fibres by 2030



ACTIONS

Our actions on the use of Better Cotton and organic cotton are covered in the chapter on *Water*, and those concerning preferred man-made cellulosic fibres are addressed in the chapter on *Biodiversity*. Please refer to the respective chapters to learn more about our efforts regarding these topics.

METRICS

Please refer to our metrics on our sourced materials in chapter *Resource Use & Circular Economy*.

⁹ Source: [Pesticides & crop protection in cotton farming: what Better Cotton is doing](#)
¹⁰ The use of pesticides is linked to various negative impacts that include human- and eco-toxicity impacts. Organic farming also prohibits the use of synthetic fertilizers. The in-efficient use of fertilizers by cotton farmers, leads to reduced soil and water quality via increased nitrogen concentrations (eutrophication) or nutrient deficiencies.
¹¹ Source: [Sustainability | TENCEL™ Responsible Fiber Production](#) and [Viscose Fibers For Fabrics and Textile | LENZING™ ECOVERO™](#)

POLLUTION DURING MATERIALS MANUFACTURING (TIER 2)

POLICIES

WE Fashion addresses pollution impacts linked to materials manufacturing (Tier 2) through a combination of policies. One of the documents guiding this approach is the WE Fashion Code of Conduct for Suppliers⁵, which includes environmental protection as a core principle for direct suppliers. We recognise that the current Code of Conduct requires improvement, as it does not yet specifically address pollution-related topics for Tier 2 suppliers. An updated version is therefore being developed, which will include more detailed requirements across several pollution-related impact areas, such as waste and resource use, emissions to air, wastewater management, and chemical management. The updated policy will also clarify how both Tier 1 and Tier 2 suppliers are expected to demonstrate compliance.

To support this, suppliers must provide verified environmental assessment results, demonstrating the implementation of fundamental chemical management practices. These include maintaining chemical inventories, applying ZDHC procedures for handling, storage, and disposal, providing worker training, implementing spill response plans and ensuring compliance with the ZDHC MRSL.

These environmental assessments also support suppliers in monitoring and managing the volume and quality of wastewater streams, reducing (hazardous) waste, and limiting emissions to air, soil, and water.

Additional requirements apply to specific product categories. For example, suppliers of denim are encouraged to use the EIM methodology developed by Jeanologia, while suppliers of leather goods must source from Leather Working Group–certified tanneries. These certified tanneries meet minimum standards for environmental management systems, chemical management, restricted substance compliance (including chromium VI) and wastewater treatment. As a result, the use of substances of (very high) concern, as well as pollution to air and water, is reduced or mitigated.

TARGETS

REDUCTION OF POLLUTION DURING MATERIALS MANUFACTURING (TIER 2)

50% of Tier 2 suppliers have fundamental Chemical Management practices in place by 2030



50% of Tier 2 suppliers are implementing the ZDHC MRSL by 2030



ACTIONS

Actions related to supplier monitoring are described in the chapter *Value Chain Transparency*.

METRICS

Metrics related to supplier monitoring are reported in the chapter *Value Chain Transparency*.

⁵ The WE Fashion Code of Conduct also contains requirements on occupational health and safety. These requirements include the wearing of personal protective equipment to protect workers from chemical spills, evacuation and emergency drills and procedures, etc. More detail on the occupational health and safety is provided in the chapter on Workers in the value chain.

POLLUTION DURING GARMENT USE

POLICIES

Keeping our clothes safe to wear is just as important as how they are made. Through the WE Fashion Restricted Substances List (RSL), we aim to reduce or ban substances of (very high) concern. The RSL applies to all WE Fashion products and must be followed by all direct suppliers.

To ensure these standards are met, WE Fashion carries out regular risk-based product testing. The RSL restricts or bans a wide range of chemical substances¹³ and is fully aligned with EU REACH legislation, drawing on expertise from [Afirm](#) and [Modint](#). By applying the RSL, we help protect both the environment and the health of consumers from risks associated with hazardous chemicals.

If testing reveals non-compliance, WE Fashion works together with Modint to assess the appropriate course of action. This may include withdrawing products from the market or initiating a recall. Recalled items are either safely destroyed or, where possible, modified and donated for reuse, depending on the nature of the issue, to prevent environmental and/or health risks.

TARGETS

No quantitative targets have been defined for this topic. Please refer to our policies and actions for further information on our approach.

ACTIONS

Our actions focus on maintaining compliance with REACH and applying industry best practices through the restriction and elimination of substances of (very high) concern via the RSL. In the coming year, we will review our chemical management processes to further strengthen our risk-based approach, supported by the expertise of Modint.

Looking ahead, we will continue to update the RSL where necessary to ensure ongoing compliance with REACH and to support the transition towards safer alternative chemicals. We will also continue to inform and onboard new suppliers on our RSL requirements. For wet processing suppliers, we will monitor progress as they work towards implementing the ZDHC MRSL.

Lastly, we will stay informed about newly developed, industry-recognised methods for measuring microplastic release. Based on these insights, we will assess appropriate measures to address microfibre shedding during the use phase of our garments.

METRICS

No metrics have been established for this topic.

¹³ Specific substances: alkylphenols and bisphenols, formaldehyde, heavy metals (e.g., chromium and cadmium), AZO Dyes, carcinogenic dyes and certain types of disperse dyes, chlorinated benzenes and toluene's, perfluorooctane sulfonate (PFOS) and perfluorooctane acid (PFOA), phthalates and volatile organic compounds (VOC).

OUR GOAL

We aim to reduce water consumption and discharges across our entire value chain, from natural fibre cultivation through textile processing to garment manufacturing.

POSITIVE IMPACT

- Improved water management and more efficient techniques at farm and processing level can help minimise water use and withdrawals, safeguarding aquatic ecosystems.
- WE Fashion can collaborate with suppliers and support industry initiatives to improve water management and reduce water consumption and withdrawals.

NEGATIVE IMPACT

- The cultivation of cotton and the dyeing and finishing of apparel are water-intensive processes, contributing to the depletion of local water resources.

KEY POLICY

- [WE Fashion Preferred Materials Policy](#)

TARGETS

REDUCTION OF WATER CONSUMPTION DURING THE EXTRACTION OF RAW MATERIALS (TIER 4)

100% of our core materials are sourced as preferred fibres by 2030



REDUCTION OF WATER CONSUMPTION DURING MATERIALS MANUFACTURING (TIER 2)

50% of Tier 2 suppliers have fundamental Water Use practices in place by 2030



100% of Tier 2 suppliers in water-stressed areas have reduced their (blue) water use by 2030



INTRODUCTION

Water is fundamental to both society and the global economy. It is essential for people, industries and ecosystems – including the apparel sector. However, water resources are under increasing pressure due to over-abstraction, climate change and the rapid loss of freshwater ecosystems.

These developments not only harm the environment but also create business risks, such as reputational damage and potential loss of brand value. In addition, water availability is expected to become increasingly constrained in many key apparel manufacturing regions. This may affect the production of fibres and fabrics, lead to rising water costs and disrupt supply chains. As a result, WE Fashion’s double materiality assessment identifies water as a material topic from both an impact and financial perspective across the short, medium and long term.

IMPACT MATERIALITY

- Positive impact (Upstream): Improved water management and more efficient techniques at farm and processing level can help minimise water use and withdrawals, safeguarding aquatic ecosystems.
- Positive Impact (Upstream): WE Fashion can collaborate with suppliers and support industry initiatives to improve water management and reduce water consumption and withdrawals.
- Negative impact (Upstream): The cultivation of cotton and the dyeing and finishing of apparel are water-intensive processes, contributing to the depletion of local water resources.

FINANCIAL MATERIALITY

- Opportunity (Upstream): By adopting water-efficient farming and production processes, WE Fashion can achieve cost savings while safeguarding the availability of key inputs within the supply chain.
- Risk (Upstream): Climate change may reduce water availability, leading to shortages that could disrupt production processes and increase water prices. This may result in higher costs for suppliers and price increases for water-intensive crops such as cotton.
- Risk (Upstream): Water scarcity may also lead to stricter regulations, resulting in additional compliance requirements and increased costs.



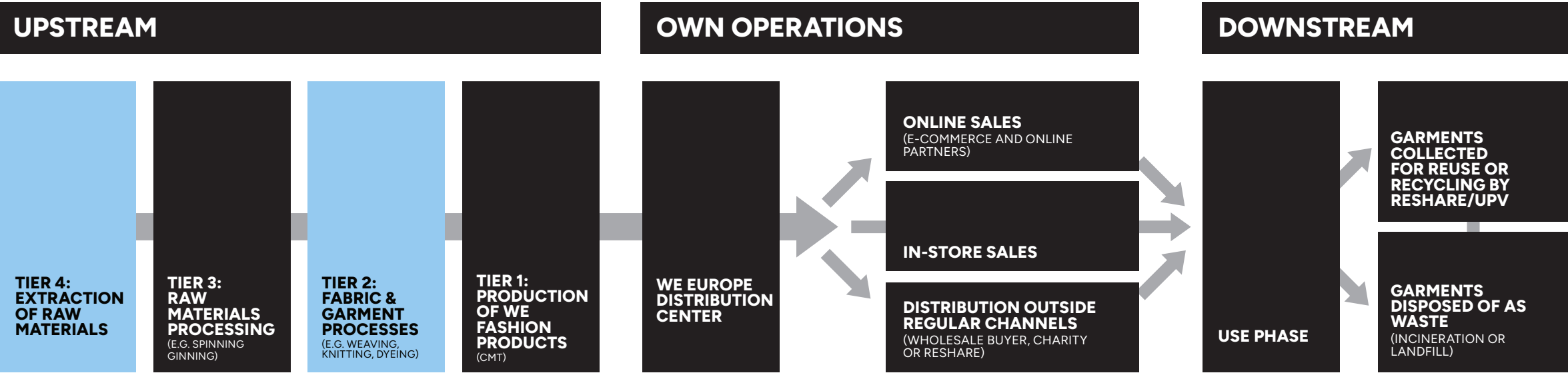
OUR APPROACH ON WATER MANAGEMENT

To reduce upstream water consumption and withdrawals, we have established policies, targets, actions and metrics that focus on the most water-intensive stages and processes within our value chain. We stay informed through regular participation in water-related seminars and webinars, as well as by reviewing reports and studies from expert organisations such as the [World Wildlife Fund \(WWF\)](#), [Solidaridad](#), [Textile Exchange](#), consultants, academia and other relevant stakeholders.

A schematic overview of our value chain is presented below, with the most water-intensive stages highlighted in blue.

Based on the above, we have defined two key objectives related to water. The first focuses on reducing upstream water consumption at Tier 4, specifically in raw material extraction, with an emphasis on cotton farming. The second focuses on reducing water consumption at Tier 2, during materials manufacturing.

For both objectives, we have established dedicated targets, actions, and metrics to drive and monitor progress.



WATER REDUCTION IN RAW MATERIAL EXTRACTION (TIER 4)

POLICIES

WE Fashion manages upstream water-related impacts during raw material extraction (Tier 4) through a range of complementary policies. These policies reflect our commitment to more ethically and responsibly sourced materials. Some of the preferred materials included in this approach require less water than their conventional alternatives – most notably Better Cotton.

Better Cotton supports both large and small cotton farmers in using water more efficiently on rainfed and irrigated farms. This enables higher yields while reducing water consumption. In addition, it helps farmers improve their livelihoods and build resilience to climate change, as pressure on water resources continues to increase. A key element of the Better Cotton approach is the development of a Water Stewardship Plan at farm level. This plan supports farmers in mapping and understanding their water resources, managing soil moisture and applying efficient irrigation practices¹⁴.

In addition to sourcing Better Cotton, we aim to increase the use of recycled cotton. While recycling contributes to a more circular economy, it also significantly reduces water use. The largest proportion of the water footprint in the lifecycle of cotton fabric production is associated with raw material extraction (e.g. cotton farming), contributing between 66.5% and 81.7% of the total water footprint of fabric production from conventional cotton¹⁵. By using recycled cotton, this water-intensive stage is largely avoided, as fibres from post-industrial waste or used garments are reused as input for yarn and fabric production.

For more details on our sourcing of recycled materials, please refer to the chapter *Resource Use & Circular Economy*.

TARGET

REDUCTION OF WATER CONSUMPTION DURING THE EXTRACTION OF RAW MATERIALS (TIER 4)

100% of our core materials are sourced as preferred fibres by 2030



ACTIONS

In 2025, we maintained a 100% share of preferred cotton, including Better Cotton. A key action was the continuous monitoring of Better Cotton Claim Units on the WE Fashion Better Cotton Platform against claimed Better Cotton volumes.

In addition, we continued to educate our buying teams and suppliers on the benefits and procedures associated with preferred cotton, including Better Cotton. As this operates under a mass balance system, products may not physically contain Better Cotton.

Through the fees we pay for sourcing Better Cotton, we contribute to field-level projects and farmer capacity building via the Better Cotton Growth and Innovation Fund (GIF).

In the years ahead, we will continue our work with Better Cotton and repeat the actions outlined above on an annual basis. WE Fashion will also undergo audits by the Better Cotton organisation every three years, with the next audit scheduled for 2027, to assess our internal processes and accounting methods.

METRICS

Please refer to our metrics on our sourced materials in chapter *Resource Use & Circular Economy*.

¹⁴ Source: [Water stewardship: how Better Cotton is improving water use in cotton production](#)
¹⁵ Source: [Life cycle environmental impact assessment of cotton recycling and the benefits of a Take-Back system - ScienceDirect](#)

WATER REDUCTION IN MATERIALS MANUFACTURING (TIER 2)

POLICIES

Our key policy on water consumption is the WE Fashion Code of Conduct for Suppliers. This Code outlines the social, safety and environmental principles that all Tier 1 suppliers are required to meet and must be signed by every direct supplier producing goods for WE Fashion.

One of the principles focuses on environmental protection, requiring suppliers to assess the significant environmental impacts of their operations and to establish effective policies and procedures that reflect their environmental responsibility. We recognise, however, that the current Code of Conduct requires improvement, as it does not yet specifically address water-related topics.

As described in the chapter Value Chain Transparency, we are currently developing a new Two-Way Code of Conduct for suppliers. This updated policy will include more specific requirements on water use, based on the Higg FEM and equivalent standards. All Tier 1 suppliers will be required to sign this new document. Given that dyeing, washing and finishing processes at Tier 2 are particularly water-intensive, we will require our Tier 1 suppliers to communicate and enforce these requirements across their own supply chains, including suppliers and sub-suppliers involved in yarn, fabric or garment processing.

Through environmental assessments, we gain insight into how individual facilities perform in terms of water use. We expect facilities to implement fundamental water management practices, including identifying and monitoring water sources, separating domestic and production use, ensuring compliance with groundwater abstraction regulations and maintaining leak detection and monitoring systems.

For further details on our supplier engagement and transparency efforts, please refer to the chapter *Value Chain Transparency*.

TARGETS

REDUCTION OF WATER CONSUMPTION DURING MATERIALS MANUFACTURING (TIER 2)

50% of Tier 2 suppliers have fundamental Water Use practices in place by 2030



100% of Tier 2 suppliers in water-stressed areas have reduced (blue) water use by 2030



ACTIONS

For actions related to supplier monitoring, please refer to the chapter *Value Chain Transparency*.

METRICS

REDUCTION OF WATER CONSUMPTION DURING MATERIALS MANUFACTURING (TIER 2)

Number of identified Tier 2 suppliers located in water-stressed areas





“Since 2015, WE Fashion has partnered with us to support the Better Cotton Initiative’s (BCI™) mission of improving cotton farming practices globally. Being part of BCI enables the company to invest in strengthening farmers’ capacity to adopt more sustainable practices, improving lives and livelihoods.

By sourcing BCI Cotton, WE® supports the implementation of BCI programmes, which provide field-level advice and training on more sustainable farming practices. Our experienced programme partners work directly with farmers, supporting them in effectively implementing the Principles and Criteria of the BCI Standard System.

WE Fashion has demonstrated its commitment to sourcing more sustainable cotton through clear targets on preferred materials.”

SEYMA KARACAY

Membership and Supply Chain Manager, Better Cotton Initiative

BIODIVERSITY AND ECOSYSTEMS

OUR GOAL

Protecting biodiversity and natural ecosystems is an important topic for WE Fashion. We aim to reduce our impact by increasing the use of preferred materials that place less pressure on natural habitats and help preserve flora and fauna.

POSITIVE IMPACT

- By sourcing preferred materials – like Better Cotton, responsible wool and preferred viscose – we support more responsible production practices that help reduce impacts on biodiversity.
- Animal welfare is recognised as a distinct and important topic. Guided by OECD principles and strong customer expectations, we address this through dedicated policies and targeted actions.

NEGATIVE IMPACT

- The extraction of raw materials such as cotton, wool and viscose can lead to land-use change, including deforestation, soil degradation and erosion, contributing to biodiversity loss.

KEY POLICIES

- [WE Fashion Preferred Materials Policy](#)
- [Animal welfare policy](#)

TARGET

LIMIT LAND-USE CHANGE IN RAW MATERIAL EXTRACTION (TIER 4)

100% of our core materials are sourced as preferred fibres by 2030



INTRODUCTION

Biodiversity – defined by the [World Wildlife Fund \(WWF\)](#) as “all the different kinds of life you will find in one area” – is fundamental to human well-being, environmental health, and economic stability. It underpins essential resources such as food, medicine, energy, fresh air, and clean water.

Despite its importance, biodiversity is under increasing pressure. WWF’s [Living Planet Report 2024](#) indicates that wildlife populations have declined by an average of 73% between 1970 and 2020. This trend is echoed in the [Global Risks Report 2025](#) of the World Economic Forum, which ranks biodiversity loss as the second most significant global risk over the next decade. These developments highlight growing concerns that ecosystems may reach critical tipping points, leading to irreversible impacts.

The loss of biodiversity, combined with climate change and water scarcity, can affect the availability of key materials – particularly raw ones like cotton, wool and viscose. This may lead to supply chain disruptions and increased costs. For this reason, WE Fashion’s double materiality assessment identifies biodiversity as a material topic from both an impact and financial perspective, particularly in the medium and long term.

IMPACT MATERIALITY

- Positive impact (Upstream): By sourcing preferred materials such as Better Cotton, responsible wool, and more sustainable viscose, WE Fashion supports production practices that help reduce biodiversity impacts.
- Positive impact: Recognising its importance, animal welfare requires a distinct and focused approach within corporate policy. Guided by OECD principles and its prominence in customer dialogue, WE Fashion prioritises this topic through dedicated policies and targeted actions.
- Negative impact (Upstream): Biodiversity loss linked to land-use change (including deforestation, soil degradation and erosion) from raw material extraction (cotton, wool and viscose), combined with limited knowledge and financial means among producers to improve their practices.

FINANCIAL MATERIALITY

- Opportunity (Upstream): By using alternative raw materials with a lower impact on biodiversity, WE Fashion can diversify its product range, attract green financing and new customers, and create new revenue streams.
- Risk (Upstream): Biodiversity loss can disrupt raw material availability and supply chain stability, leading to higher production costs.
- Risk (Upstream): Biodiversity loss can result in reputational risks and reduced access to green and affordable capital.
- Risk (Upstream): Stricter regulations on biodiversity conservation may result in higher compliance costs.

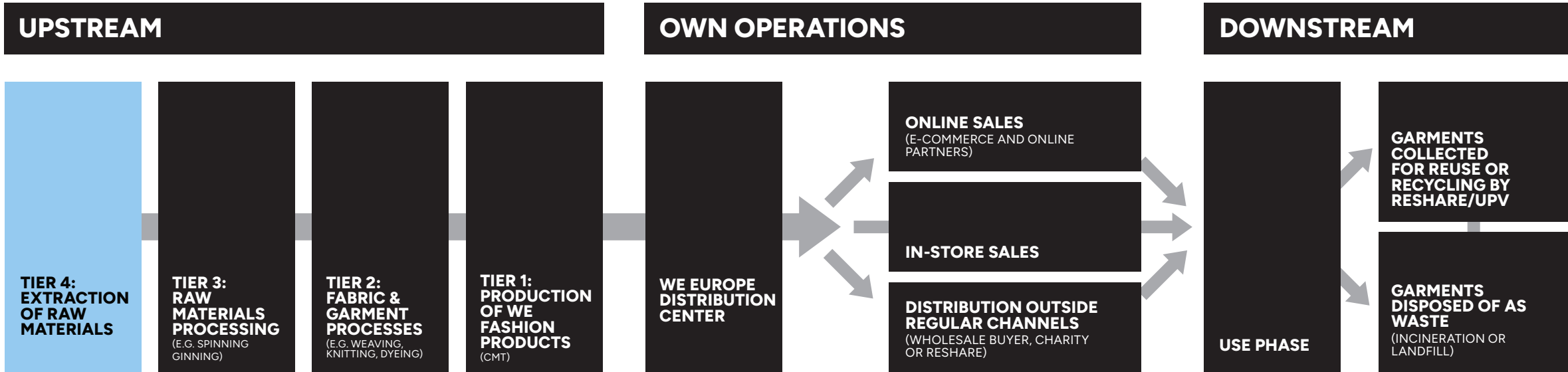
OUR APPROACH ON BIODIVERSITY AND ECOSYSTEMS

Reducing our impact on biodiversity starts with clear policies, targets, actions and metrics. These are focused on the first stage of our value chain and centre around preferred fibre groups, including cotton, animal-derived fibres and man-made cellulosic fibres (MMCFs) such as viscose, modal and lyocell.

To stay informed, we actively engage with biodiversity-related insights through webinars and by reviewing research from leading organisations such as [World Wildlife Fund \(WWF\)](#), [Canopy](#), [Textile Exchange](#) and the [Science Based Targets Network](#), alongside input from peers, producers and research institutes.

The schematic below provides an overview of our value chain, highlighting the initial stage – marked in blue – as the key focus of our efforts.

Please note that the policies, targets, actions and metrics related to Better Cotton and recycled cotton are not included in this chapter, as they are covered in the chapters on Water (Better Cotton) and Circular Economy (recycled cotton). However, they do contribute to our overall biodiversity objectives.





“At Lenzing, we greatly value our strong and collaborative relationship with WE Fashion, built on transparency, innovation, and a shared ambition to advance sustainability across the textile industry. As a long-term supplier of low-impact specialty fibres, we support the company by providing responsibly sourced materials such as TENCEL™ Lyocell, TENCEL™ Modal, and LENZING™ ECOVERO™ viscose fibres. Through continuous guidance in fabric sourcing, we help ensure that their product ranges increasingly incorporate fibres with lower environmental footprints and certified responsible origins.

We have seen significant progress in WE Fashion’s sustainability journey, particularly in its commitment to traceability and raw material transformation. The proactive use of LenzingPro, our digital provenance system, reflects a strong dedication to verifying fibre identity and improving supply chain transparency. This closely aligns with Lenzing’s ESG ambitions to drive industry-wide accountability and promote biodiversity-friendly material choices.

Looking ahead, we encourage WE Fashion to continue expanding the use of circular and low-impact fibres and to maintain its ambitious approach to biodiversity and ecosystem protection. We look forward to further strengthening our partnership through innovation, data transparency and ongoing sourcing support.”

JUTTA MARIA SCHÖRGHUBER

Business Development Manager, Lenzing Group

LIMIT LAND-USE CHANGE IN RAW MATERIAL EXTRACTION (TIER 4)

POLICIES

WE Fashion addresses biodiversity-related impacts, risks and opportunities in upstream sourcing through its Preferred Materials Policy, which reflects its commitment to preferred raw material sourcing. The policy includes materials that help reduce biodiversity impacts, such as Better Cotton, recycled cotton, responsible wool, mohair and alpaca, responsibly sourced MMCFs and more responsible leather.

BETTER COTTON

Better Cotton supports our efforts to reduce water consumption while also contributing to the prevention of deforestation, land degradation and land conversion. Better Cotton farmers are required to implement a Biodiversity Management Plan that promotes and conserves biodiversity on and around their farms. This plan consists of five key elements: the identification and mapping of biodiversity resources, the identification and restoration of degraded areas, the promotion of beneficial insect populations through an Integrated Pest Management plan, the implementation of crop rotation and the protection of riparian areas¹⁶.

RECYCLED COTTON

The use of recycled cotton supports our goal of increasing the share of recycled fibres, as outlined in the Resource Use and Circular Economy chapter. At the same time, it contributes to preventing deforestation, land degradation and land conversion. The growing global demand for cotton fibre and the expansion of agricultural land required for its production are key drivers of habitat and biodiversity loss. By using recycled cotton as a primary input, we help reduce this pressure on natural ecosystems. On average, replacing conventionally grown cotton with recycled cotton can reduce land use by approximately 5 m² per kilogram of cotton¹⁷. These land-use savings create opportunities for alternative uses, such as preserving natural landscapes and protecting wildlife.

MAN-MADE CELLULOSIC FIBERS (MMCF'S)

The man-made cellulosic fibres (MMCFs) we source include viscose, modal and lyocell, all of which are derived from wood pulp. In line with our biodiversity goals, we aim to ensure that our MMCFs are not linked to ancient or endangered forests and do not

contribute to forest degradation or habitat loss due to unsustainable sourcing or poor land management.

To support this, WE Fashion prioritises fibre producers such as Lenzing and Birla, using their branded MMCFs, including Lenzing™ ECOVERO™ and Livaeco™ by Birla. Both companies have sourcing policies in place to ensure that the wood pulp used is derived from responsibly managed forests, in line with recognised standards such as FSC certification.

LEATHER WORKING GROUP (LWG)

WE Fashion sources leather from tanneries certified by the Leather Working Group (LWG). As leather is a by-product of the meat industry, it can be linked to deforestation through livestock farming and the production of feed crops such as soy and grains.

To address this, the LWG aims to achieve deforestation- and conversion-free (DCF) leather by 2030 and collaborates with Textile Exchange and other industry stakeholders through the Deforestation-Free Call to Action. This initiative calls on brands to commit to sourcing leather from deforestation-free supply chains.

Beyond this, our policies on preferred leather and MMCFs play an important role in supporting compliance with the EU Regulation on Deforestation-free Products (EUDR). Although WE Fashion is not directly in scope, the regulation applies to suppliers working with leather and wood-based materials. By aligning with these requirements, our policies help suppliers meet legal obligations and reduce compliance risks across the value chain.

¹⁶ Riparian areas are lands along the edges of rivers, streams, lakes and other water bodies.

¹⁷ Source: [Life cycle environmental impact assessment of cotton recycling and the benefits of a Take-Back system - ScienceDirect](#)

ANIMAL-DERIVED FIBRES

Responsibly sourced animal-derived fibres, including wool, mohair, and alpaca, play an important role in supporting our biodiversity ambitions. When sourcing these materials, we prioritise certified options in line with the Responsible Wool Standard (RWS), Responsible Mohair Standard (RMS), and Responsible Alpaca Standard (RAS)¹⁸. These standards are closely aligned and share common criteria⁴ for responsible land management.

ANIMAL WELFARE

In addition to protecting biodiversity, these certifications also play an important role in promoting animal welfare by ensuring ethical treatment throughout the supply chain. At WE Fashion, all products must be produced without cruelty or harm to animals.

To strengthen this commitment, we partnered with FOUR PAWS in 2022 to update our [Animal Welfare Policy](#), addressing key risks in materials such as leather and merino wool. We have taken proactive steps by banning fur, exotic skins, angora wool and down, and continue to improve

standards for other animal-derived materials to ensure humane treatment.

More information on our approach can be found in the Preferred Materials section in the chapter *Resource Use & Circular Economy*.

ACTIONS

Increasing the use of preferred fibres that limit land-use change in raw material extraction is a key focus area. For garments containing MMCFs, we prioritise sourcing from producers such as Lenzing and Birla, which also supports verification of chain-of-custody requirements.

In the case of animal-derived fibres, we aim to expand the use of more animal-friendly wool, mohair and alpaca. We ensure compliance by continuously verifying certifications against the Responsible Wool, Mohair and Alpaca Standards (RWS, RMS, RAS), with valid scope and transaction certificates required at garment and purchase order level.

METRICS

For further details on material-related metrics, please refer to the chapter *Resource Use & Circular Economy*.

TARGET

LIMIT LAND-USE CHANGE IN RAW MATERIAL EXTRACTION (TIER 4)

100% of our core materials are sourced as preferred fibres by 2030



¹⁸ Other similar standards accepted by WE Fashion include: ZQ Merino, NATIVA.
⁴ Criteria: soil erosion, soil compaction, soil organic matter, overgrazing, livestock stocking rates, proactive co-existence planning, wildlife corridors, protection measures of native vegetation and aquatic ecosystems, fertilizer management, an Integrated Pest Management plan and the development of a Biodiversity Management Plan.



“The relationship between WE Fashion and VIER VOETERS is that of a trusted animal welfare advisor. Since 2021, we have worked together to strengthen the company’s animal welfare policies, with a focus on topics such as live lamb cutting, the use of down and the broader reduction of animal-derived materials. In this collaboration, VIER VOETERS provides expertise on animal welfare standards and supports WE Fashion in advancing its sustainability ambitions.

We have seen first-hand WE Fashion’s commitment to improving animal welfare within the fashion industry. It is encouraging to see that in 2022, WE® banned the use of down, established a clear and time-bound commitment to sourcing live lamb cut-free wool and remains open to incorporating plant-based alternatives to leather.

We are also pleased to note that WE Fashion scores ‘green’ in two out of four categories in our brand directory. For both fur and down, the company has achieved the highest possible rating.”

NIKKI TUITEN

CAMPAIGNER, VIER VOETERS

RESOURCE USE AND CIRCULAR ECONOMY

OUR GOAL

We aim to reduce reliance on virgin raw materials, embed circular design principles, and encourage reuse, repair and recycling of textiles.

NEGATIVE IMPACT

- Clothing at end-of-life contributes to growing textile waste
- The use of virgin materials places pressure on finite natural resources
- Packaging adds to overall waste generation

POSITIVE IMPACT

- Increasing the share of recycled materials helps reduce resource use and supports a more circular system
- The Digital Product Passport improves transparency on materials, design choices, and product impact

KEY POLICY

- [WE Fashion Preferred Materials Policy](#)

TARGETS

PREFERRED MATERIALS

100% of our core materials are sourced as preferred fibres by 2030



35% of our sourced materials are made from recycled fibres by 2030



CIRCULAR DESIGN

100% of our products will be designed according to a circular design strategy



INTRODUCTION

In the past 15 years, global clothing production has approximately doubled²⁰, largely driven by the growth of the global middle class. This rapid increase has placed significant pressure on natural resources, including cotton for natural fibres and oil for synthetic materials.

At the same time, the fashion industry still largely operates within a linear “take-make-use-dispose” model, resulting in substantial waste once garments reach the end of their lifecycle. As a fashion retailer, we recognise the importance of reducing our reliance on finite resources and contributing to the transition towards a circular economy.

For this reason, our double materiality assessment identifies resource use and circular economy as a material topic from both an impact and financial perspective across the short, medium, and long term.

IMPACT MATERIALITY

- Positive impact (Upstream, end-of-life): Increasing the share of recycled materials helps reduce resource use and supports a more circular system
- Positive impact (Online sales, in-store sales): The Digital Product Passport improves transparency on materials, design choices, and product impact
- Negative impact (Downstream): Clothing at end-of-life contributes to growing textile waste
- Negative impact (Upstream): The use of virgin materials places pressure on finite natural resources
- Negative impact (Own operations, downstream): Packaging adds to overall waste generation

FINANCIAL MATERIALITY

- Risk (All stages): Non-compliance with emerging environmental regulations on circularity, waste management, and landfill use may result in additional costs, fees and reputational damage
- Risk (Online sales, in-store sales): The implementation of the Digital Product Passport (DPP) may create a reporting burden due to extensive data requirements and the need for full value chain transparency, making data collection complex, time-consuming, and costly



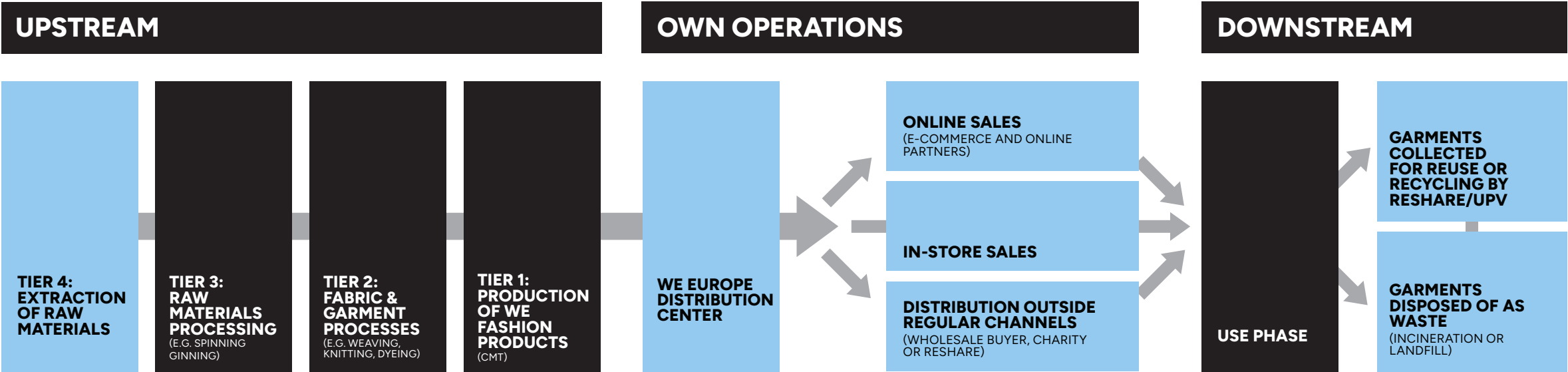
³⁰ Source: [Ellen MacArthur Foundation](#)

OUR APPROACH TO RESOURCE USE AND CIRCULAR ECONOMY

Our approach to resource use and circularity is built around three focus areas. We aim to increase the use of preferred materials, embed circular design principles into our collections and extend product lifecycles through reuse, repair and recycling.

To support these focus areas, we have defined clear targets, actions and metrics that enable us to track progress over time. Our efforts are primarily directed at the upstream stages of our value chain, supported by the policies and initiatives outlined in earlier sections.

The schematic overview below illustrates our value chain, highlighting the upstream stages where we concentrate our actions on resource use and circular economy.



PREFERRED MATERIALS

POLICIES

WE Fashion reduces upstream impacts by prioritising fibres and materials with a lower environmental footprint than conventional alternatives. While these preferred materials offer improvements, we recognise that they are not without impact.

Our material-related impacts, risks, and opportunities are managed through the [WE Fashion Preferred Materials Policy](#), which is based on the [Modint Fiber Matrix](#) and the [Textile Exchange Fibers and Materials Matrix](#).

The policy defines what we consider preferred materials and requires the use of credible third-party certification or sourcing schemes. By increasing the share of these materials, we aim to reduce reliance on conventional resources while maintaining a high level of product quality.

TARGETS

PREFERRED MATERIALS

100% of our core materials are sourced as preferred fibres by 2030



35% of our sourced materials are made from recycled fibres by 2030



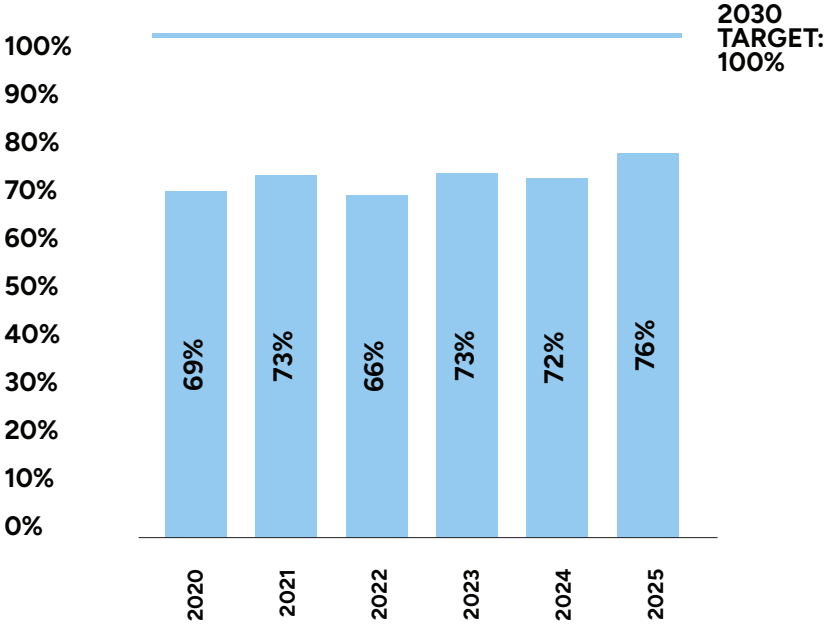
ACTIONS

In 2025, we introduced internal targets for our buying divisions to increase the use of preferred and recycled fibres in the materials we source. These targets are guided by our GHG reduction pathway towards our 2030 science-based targets, as well as by what we consider realistically achievable.

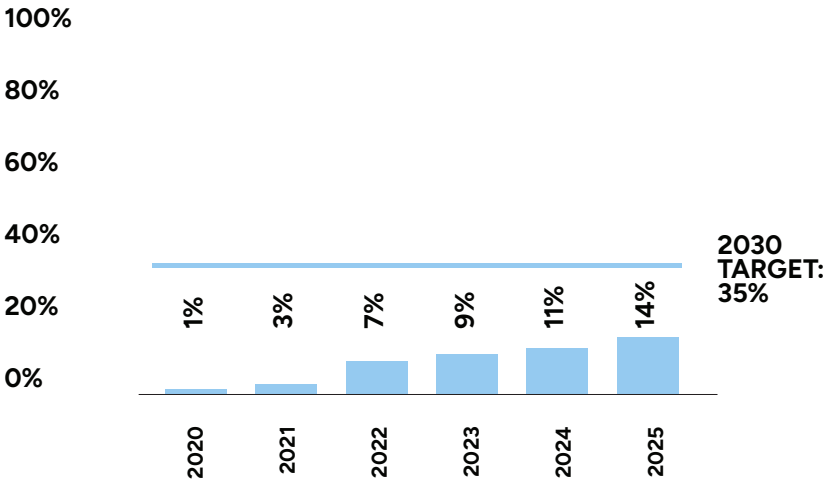
Looking ahead, we will continue to monitor the share of preferred and recycled materials and ensure that all related claims are supported by appropriate certifications. At the same time, ongoing improvements to our IT systems will make data collection and monitoring more efficient, reducing administrative effort. This enables our sustainability team to focus more on close collaboration with buying teams, supporting better material choices and more informed supplier decisions.

METRICS | TARGET PROGRESS 2020-2025

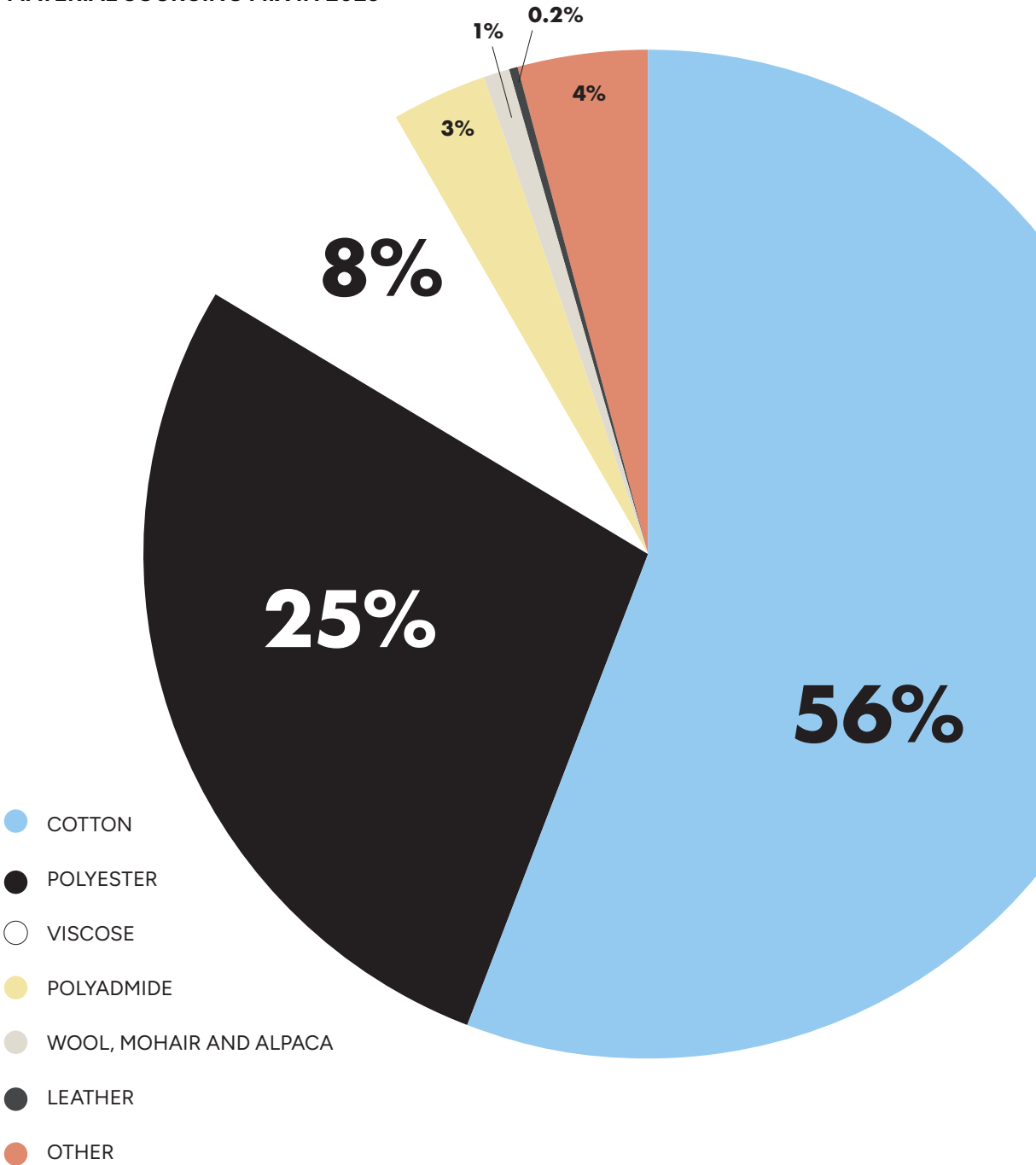
SHARE OF CORE MATERIALS SOURCED AS PREFERRED FIBRES 2020-2025



SHARE OF SOURCED MATERIALS MADE FROM RECYCLED FIBRES 2020-2025

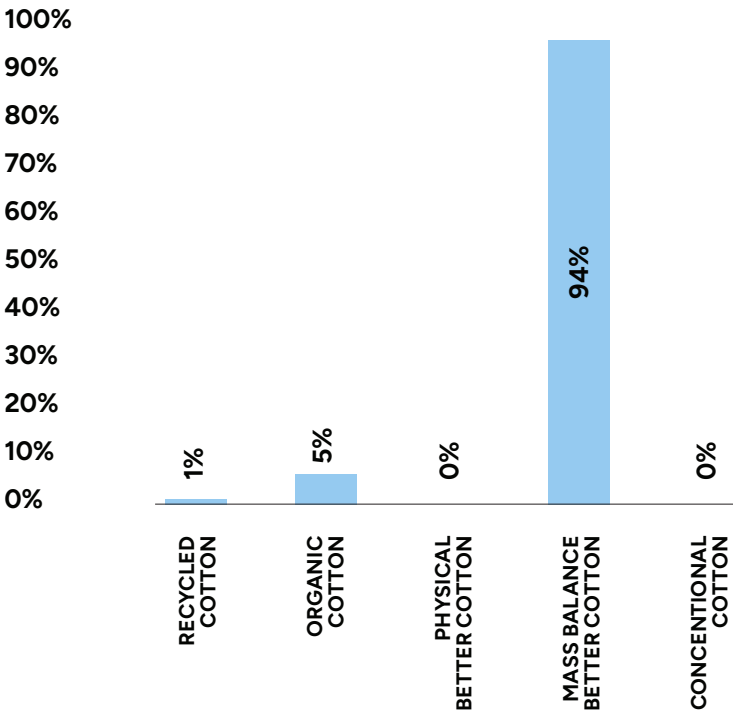


MATERIAL SOURCING MIX IN 2025

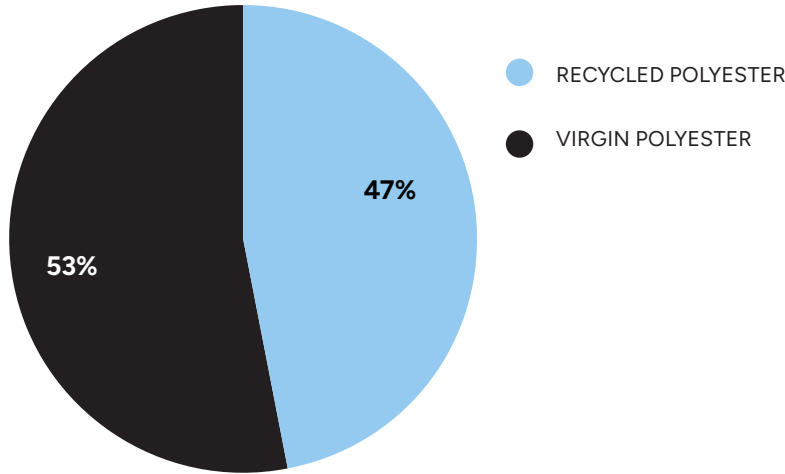


MATERIAL SOURCING MIX IN 2025

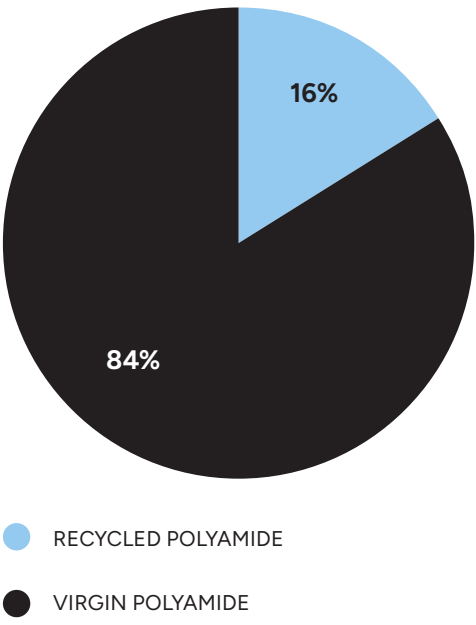
COTTON SOURCING MIX IN 2025



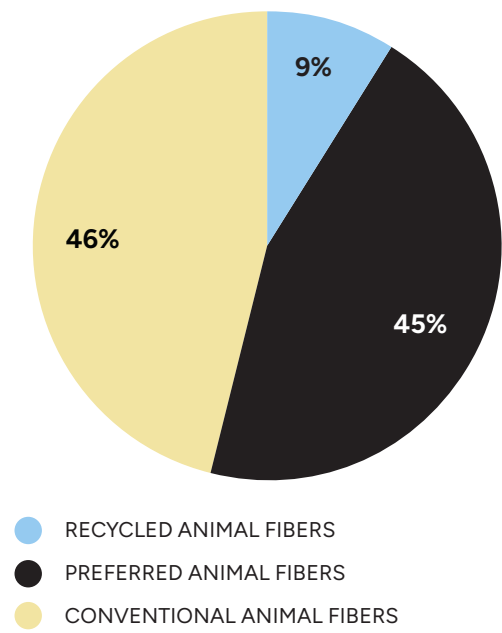
POLYESTER SOURCING MIX IN 2025



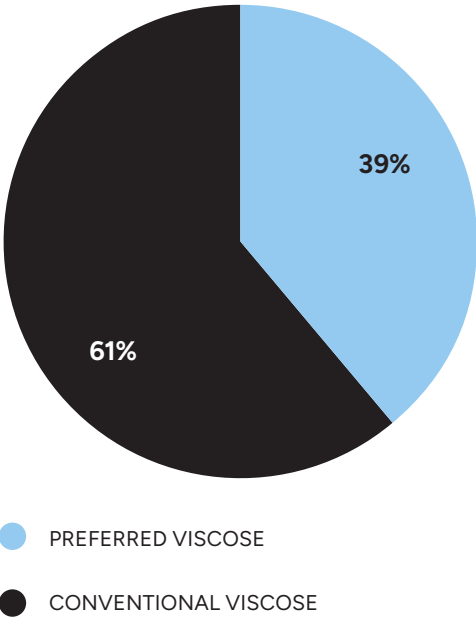
POLYAMIDE SOURCING MIX 2025



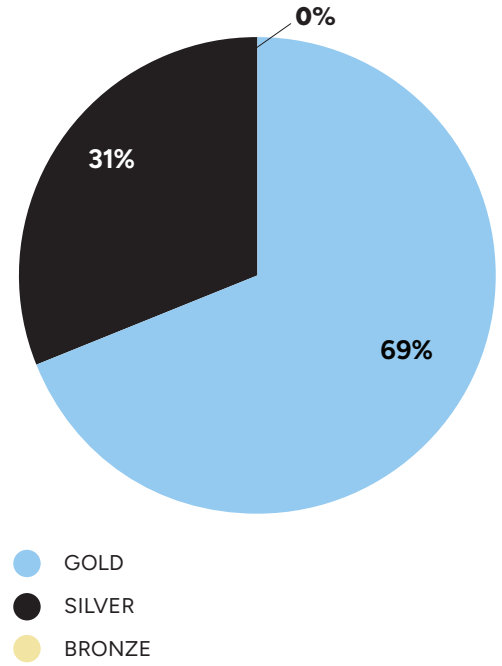
ANIMAL FIBERS SOURCING MIX IN 2025 (WOOL, MOHAIR AND ALPACA)



VISCOSE SOURCING MIX IN 2025



LWG CERTIFICATION LEVELS OF TANNERIES SUPPLYING LEATHER IN 2025



“As a dedicated partner in sustainable packaging and supply chain solutions, Mainetti works closely with WE Fashion to enhance the sustainability of in-store and logistics materials.

Mainetti has long supplied both new and reused clothes hangers, as well as polybags made from recycled materials. In addition, we collect used hangers from the distribution centre once they are returned from stores and sort them by model for reuse. This process significantly extends product lifecycles and reduces the need for virgin raw materials. Hangers that can no longer be reused are granulated into raw material and repurposed in the production of new ones, reflecting our closed-loop approach.

WE Fashion’s ambitious sustainability targets continue to drive investments in innovation, material optimisation and supply chain transparency at Mainetti. By prioritising circularity, traceability and the reduction of virgin plastics, the company directly contributes to our environmental objectives, including CO₂ emissions reduction, waste minimisation and increased use of recycled content.

We recognise the strong progress WE Fashion has made in integrating circularity and biodiversity into its strategy, and we look forward to continuing our partnership in the years ahead.”

MARJOLEIN VAN AERLE

Account Manager Benelux, Mainetti



POLICIES

Garment design plays a crucial role in our transition towards a circular economy. As the starting point of our product lifecycle, it influences how long garments last, how easily they can be repaired or recycled, and how efficiently resources are used. Our goal is to extend product lifecycles while maximising resource efficiency.

In the absence of a universal industry standard, we take inspiration from the [Ellen MacArthur Foundation](#), which envisions a system where products are used more, made to be made again and produced from safe, recycled or renewable inputs.

However, circular design involves balancing trade-offs. Durable products can be harder to recycle, while recyclable products may lack longevity or functionality. To navigate this, we design with the product’s intended use in mind, applying any of these four distinct strategies:

1. Made to last

Products designed for frequent use, with durability as a priority. This refers to a range of options, such as high-quality materials, strong stitching, reinforced seams and/or securely attached components.

2. Made for easy repair

Products designed to be easily restored during their lifecycle. This refers to a range of options, such as accessible construction, replaceable components and/or clear repair guidance.

3. Made for recycling

Products designed for end-of-life recyclability, typically using mono-materials. This refers to a range of options, such as using a single fibre type for at least 80% of the product weight and/or minimising components that may hinder recycling.

4. Made for versatility

Products designed to extend their lifecycle through adaptable use. This refers to a range of options, such as adjustable features and/or designs suited for multiple occasions or growth (e.g. kidswear).

TARGET

CIRCULAR DESIGN

100% of our products will be designed according to a circular design strategy

DATA NOT AVAILABLE YET

ACTIONS

In 2025, we began developing our circular design approach through a cross-functional team of buying, design and sustainability experts. This resulted in four circular design strategies, based on product use and supported by clear design principles.

From 2026 onwards, we will embed these strategies into our design process by training and supporting designers and buyers across all product categories. The initial phase will focus on building familiarity and continuously refining the approach.

To introduce the programme, we will host a dedicated training session in collaboration with Modint (our knowledge partner), followed by hands-on working sessions with product teams. These sessions will focus on identifying existing examples and applying circular design strategies to new items, starting with the Summer 2027 collection.

We will also enhance our IT systems to track circular design choices at product level, enabling us to monitor progress towards our 2030 ambitions.

METRICS

We have not yet established formal metrics for circular design. Once available, we will report on progress through a percentage breakdown of products aligned with each circular design strategy.

REUSE, REPAIR AND RECYCLING

POLICIES

WE Fashion actively manages waste generated across its operations to reduce environmental impact and support circularity. Our primary waste streams include packaging, residual waste and product-related textiles from customer collections, returns, and samples. Our approach prioritises reduction, reuse, repair and recycling wherever possible.

PRODUCT PACKAGING

We prioritise packaging solutions with recycled content and choose certified materials wherever possible, such as FSC-certified or EU Ecolabel options. All paper and cardboard used in our operations are FSC-certified.

In our e-commerce activities, we use plastic bags with 50% recycled content and boxes made from 80% recycled paper. In-store, our carrier bags also contain 50% recycled material, and customers are encouraged to reuse them. Clothing hangers are either reused or recycled and turned into new ones, supporting a more circular approach.

WASTE FROM OPERATIONS

Across our operations, waste mainly consists of cardboard and plastic from distribution packaging, alongside construction waste, paper waste, and residual waste generated in offices and stores. We work with our waste processor to recycle materials wherever possible. Any remaining

non-recyclable waste is converted into energy through waste-to-energy (WtE) incineration, contributing to electricity generation and district heating.

GARMENT COLLECTION, REUSE AND UPCYCLING

Since 2019, we have been collecting used clothing from customers in our stores, all of which is donated to ReShare, the textile recycling and reuse division of The Salvation Army.

Depending on their condition, garments are resold at affordable prices in ReShare stores or exported to other markets. Others are directed towards recycling processes, including upcycling and downcycling. Additional sorting may take place in Eastern Europe for local resale and distribution to markets in Africa and Asia, although exact volumes are not tracked. ReShare indicates that garments collected through our stores are typically of higher quality than those from municipal collection systems.

Despite these efforts, not all garments can be successfully reused or recycled. The textile recycling market is currently facing significant challenges, with limited demand for post-consumer recycled materials due to constraints related to quality, availability and price. As a result, a large portion of collected garments is still treated as waste.

In such cases, garments are discarded through waste-to-energy incineration in the Netherlands. This controlled approach helps prevent unregulated

disposal and reduces the risk of textiles ending up in landfill. Ongoing industry collaboration aims to improve recycling outcomes, as further discussed in the next paragraph.

STICHTING UPV TEXTIEL

In 2023, the European Extended Producer Responsibility (EPR) for textiles came into force. This regulation makes producers – such as manufacturers and importers – responsible for the collection, reuse and recycling of textile waste.

To date, two member states where WE Fashion sells its products directly – France and the Netherlands – have implemented this regulation at a national level. In France, Refashion was established to manage waste prevention and the end-of-life of textile products on behalf of the industry. In the Netherlands, the EPR has been implemented through the “Uitgebreide Producentenverantwoordelijkheid” (UPV). Following this Dutch regulation, [Stichting UPV Textiel](#) was established to develop a circular textile value chain through a collective approach. WE Fashion has been actively involved from the outset, participating in expert groups and holding a position on the board.

The foundation aims to ensure that 50% of all textile products placed on the market are reused or recycled by 2025. This target increases to 75% by 2030 and 100% by 2050. For the latest developments and results, please refer to the [Stichting UPV Textiel](#) website.

GARMENT REPAIR

Since 2024, we have offered a 365-day guarantee on all our products, demonstrating our confidence in their durability and quality. If a customer reports a defect – such as poor seams, broken zippers or fabric issues – the item is sent to our tailoring

partner for repair. Once restored, the item is returned to the customer.

If repair is not possible, the customer receives a refund or a comparable product. The defective item is then donated to ReShare and processed through their sorting system. By doing so, we aim to prevent garments from being discarded as waste.

GARMENTS DISTRIBUTED OUTSIDE REGULAR CHANNELS

We continuously generate leftover stock, particularly from end-of-season inventory. These goods are primarily sold to wholesale buyers for resale or donated through the WE® Get Together Foundation to charitable organisations and ReShare. For more information on the organisations we support, please refer to the chapter *Product Donations and Charitable Contributions*.

In addition, employees at our head office and distribution centre can purchase sample stock at reduced rates. Together, these channels ensure that products retain their value through reuse.

Only a small portion of product waste remains after these prioritised pathways. This mainly consists of non-resalable customer returns – often damaged – and design or development samples that are not suitable for wear. These items are also sent to ReShare, where they are processed through the same sorting system as clothing collected and donated from stores.

TARGETS

No quantitative targets have been set for this topic. Please refer to our policies and actions for further information.

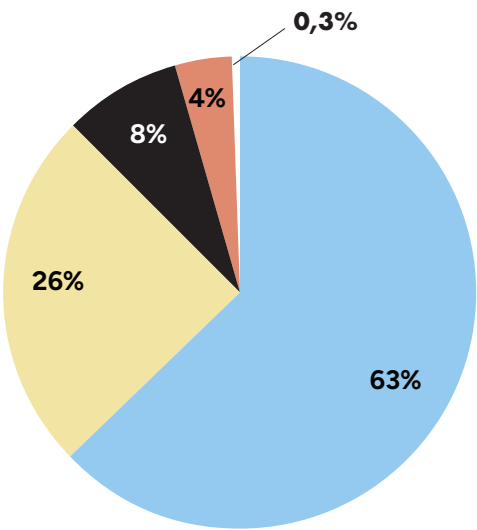
ACTIONS

As a participant in Stichting UPV Textiel, we have fulfilled our obligation to declare the volume of textiles placed on the Dutch market. This data has been fully verified by an external accountant. Based on the reported volumes, we pay an annual textile management fee, which contributes to the collective system for collection, sorting, reuse and recycling, as well as to innovation and knowledge sharing across the sector.

In 2025, we have started preparing for the implementation of the Digital Product Passport (DPP), as required under the EU Ecodesign for Sustainable Products Regulation (ESPR). This includes developing unique digital identifiers for garments to track sustainability data – such as material composition, carbon footprint and circularity metrics – across the value chain. In 2026, we will begin pilot programmes on selected product lines, integrating DPPs through QR codes to provide transparent lifecycle information.

METRICS

WASTE STREAMS 2025



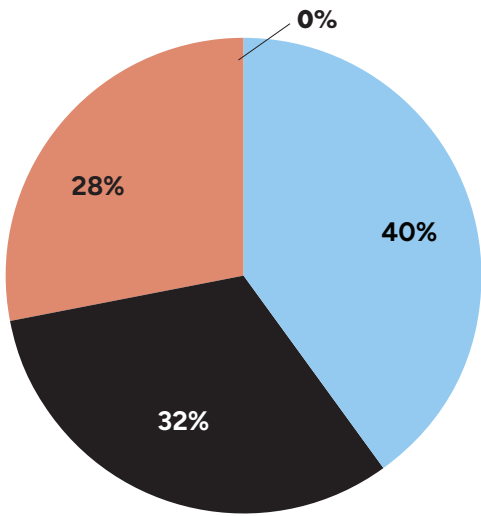
- CARDBOARD WASTE

RESIDUAL WASTE

PLASTIC WASTE
- CONSTRUCION WASTE

PAPER WASTE

DESTINATIONS OF PRODUCTS OUTSIDE REGULAR SALES CHANNELS

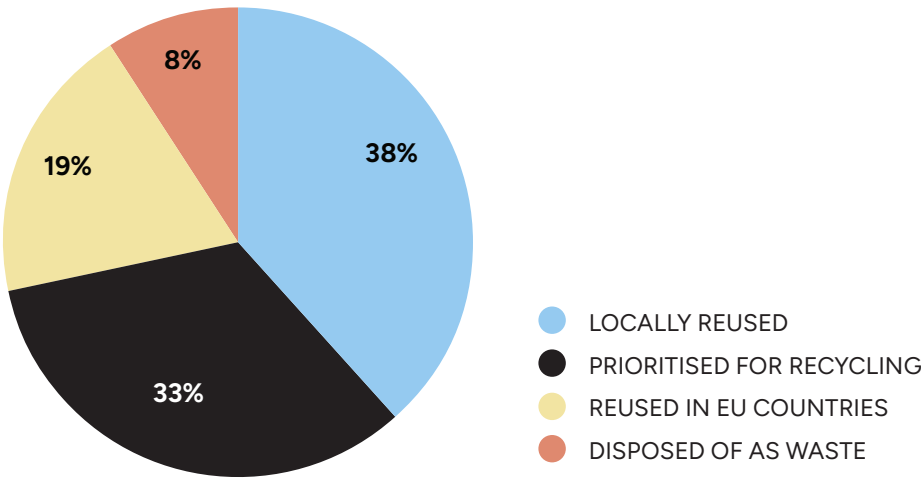


- DONATED TO CHARITY

SOLD TO WHOLE-SALE BUYERS
- DONATED TO RESHARE

DISPOSED OF AS WASTE

DESTINATIONS OF DONATED GARMENTS TO RESHARE



METRICS	2025
Total weight of cardboard packaging waste from the distribution centre (kg)	453,800
Total weight of plastic packaging waste from the distribution centre (kg)	54,910
Total weight of construction waste from offices and stores (kg)	26,642
Total weight of paper waste from offices and stores (kg)	1,950
Total weight of residual waste from offices and stores (kg)	181,963
TOTAL WEIGHT OF WASTE FROM THE DISTRIBUTION CENTRE, OFFICES, AND STORES (KG)	719,265
Share of waste directed for recycling (%)	75%
Share of waste directed to waste-to-energy incineration (%)	25%
Total weight of garments donated to ReShare (kg)	20,870
Share of donated garments collected through in-store garment collect programme (%)	32%
Share of donated garments from end-of-season inventory, damaged returns, and non-reusable samples (%)	68%
Total weight of products disposed of as waste (kg)	0

“Modint has been working closely with WE Fashion as both a strategic partner and an independent knowledge hub in the areas of circular design, sustainability, product compliance and sector advocacy. Our collaboration is hands-on and practice-oriented, combining training, expert input and ongoing engagement to translate regulatory and sustainability requirements into concrete design, sourcing and product development decisions.

The company distinguishes itself through its proactive approach to EU legislation, such as CSRD and ESPR, and by embedding compliance and sustainability across its design, sourcing and buying teams, rather than treating them as standalone topics.

WE Fashion is making substantial progress in integrating circular design principles, regulatory readiness and internal ownership. Its active participation in sector-wide dialogue and collaboration strongly aligns with Modint’s vision of accelerating a more circular, transparent and future-proof textile value chain.”

MIRIAM GEELHOED

Senior Consultant, Modint



“Salvation Army’s ReShare and WE Fashion have been collaborating for several years on a structured approach to textile reuse. The collection process is efficient: WE® gathers textiles from its stores and consolidates them at a central location, after which ReShare collects them on a monthly basis. ReShare then carefully assesses and sorts both post-consumer textiles and overstock items to determine whether they can be reused or recycled.

During the sorting process, each garment is individually evaluated to assess its quality and identify the most suitable next destination. The consistent quality of WE Fashion items makes them well suited for emergency aid or for sale through our nationwide ReShare Stores. In these stores, clothing is offered at affordable prices, with proceeds contributing to the social mission of the Salvation Army.

We document data for every sorted shipment and provide transparent quarterly reports detailing volumes and destinations, including reuse within the Netherlands and across Europe, as well as recycling. This approach provides WE® with clear insight into the impact of its donated textiles and supports its sustainability reporting.

Through this collaboration, the organisation demonstrates that reusing both worn and unworn clothing in the Netherlands is a realistic and scalable sustainability solution. In a market where residual flows are often commercialised, WE Fashion has consciously chosen an approach that combines circular value with social impact.”

RALPH LOOIJ

Teamleider Accountmanagement, ReShare





IMPROVING THE WORKING CONDITIONS

134

INTRODUCTION

We are committed to continuously improving working conditions across our upstream value chain. Although WE Fashion does not own factories, we partner with specialised suppliers – many of whom produce for multiple brands and with whom we have built long-term relationships.

In an industry that employs millions of people, poor working conditions unfortunately remain a reality. We see long-term supplier relationships as essential to addressing these challenges. Through daily one-on-one engagement, regular meetings, compliance collaboration and training programmes, we aim to create an open environment that supports continuous improvement in labour conditions.

At the same time, we recognise that meaningful change requires a broader perspective. We therefore collaborate not only with suppliers, but also with stakeholders who represent workers and bring specialised expertise. By gathering information through multiple channels, we strengthen our understanding of factory conditions and improve our ability to identify and mitigate risks. As a relatively small player in the textile industry, we also rely on collective action through multi-stakeholder initiatives to drive systemic change.

Ultimately, our ambition is to achieve structural improvements across the entire value chain, covering all factories involved in producing our goods and materials. To support this, we have defined clear policies, targets, actions and metrics for the years ahead.



Strengthening
the environmental
performance



Improving
the working
conditions



Optimising
the way we
work



Contributing
to society



“WE Fashion has been a signatory of the Bangladesh Accord since its inception in 2014. By doing so, the company has demonstrated a strong commitment to ensuring worker safety at its factories, through independent safety inspections, the resolution of worker complaints and the establishment of functional safety committees.

WE Fashion’s factories in Bangladesh show an average remediation rate of 86%. When the Accord expanded to Pakistan, WE® was among the first brands to sign the Pakistan Accord agreement in 2023, thereby extending its support for worker safety to its factories in Pakistan.

We encourage WE Fashion to continue its proactive engagement, together with other Accord signatory brands, towards the full remediation of life-saving improvements and the continued safeguarding of worker health and safety at its supplier factories in Bangladesh and Pakistan.”

KOEN OOSTEROM

Head of Signatory Engagement, International Accord

WORKERS IN THE VALUE CHAIN

OUR GOAL

At WE Fashion, we aim to strengthen safe and fair working conditions throughout our entire value chain – from our Tier 1 suppliers to upstream production stages.

POSITIVE IMPACT

- WE Fashion contributes to improved working conditions through factory monitoring (via amfori BSCI, other social audits, MADE in Myanmar and the International Accord), the implementation of corrective actions with factories, trainings and projects – often in collaboration with local NGOs and labour unions.
- Heightened human rights due diligence processes in high-risk countries (Myanmar) contribute to safer and fairer workplaces.
- Buyer training on responsible purchasing practices supports informed dialogue with suppliers and helps drive continuous improvement.

KEY POLICIES

- [Code of Conduct for Suppliers](#)
- [Forced Labour Policy](#)
- [Child Labour Policy](#)
- [Preferred Materials Policy](#)

NEGATIVE IMPACT

- The production of WE Fashion products may be linked to potential negative impacts, including child labour, forced labour, inadequate wages, limited freedom of association and health & safety hazards.

TARGETS

WORKER VOICE AND EMPOWERMENT

100% of workers at our Tier 1 suppliers have access to an external grievance mechanism by 2030



30,000 workers in our upstream value chain are supported through projects on worker empowerment, wellbeing and social dialogue by 2030



ENHANCING SUPPLIER ENGAGEMENT AND RISK GOVERNANCE

Strengthen our forced labour monitoring by developing a comprehensive plan covering identified high-risk upstream suppliers, regions and materials



Enhance mitigation measures for forced labour risks across identified high-risk upstream suppliers, regions and materials



Further embed the assessment of all Tier 1 suppliers through a supplier scorecard integrating risk indicators, worker voice, audit insights and research (to strengthen consistent monitoring and targeted engagement)

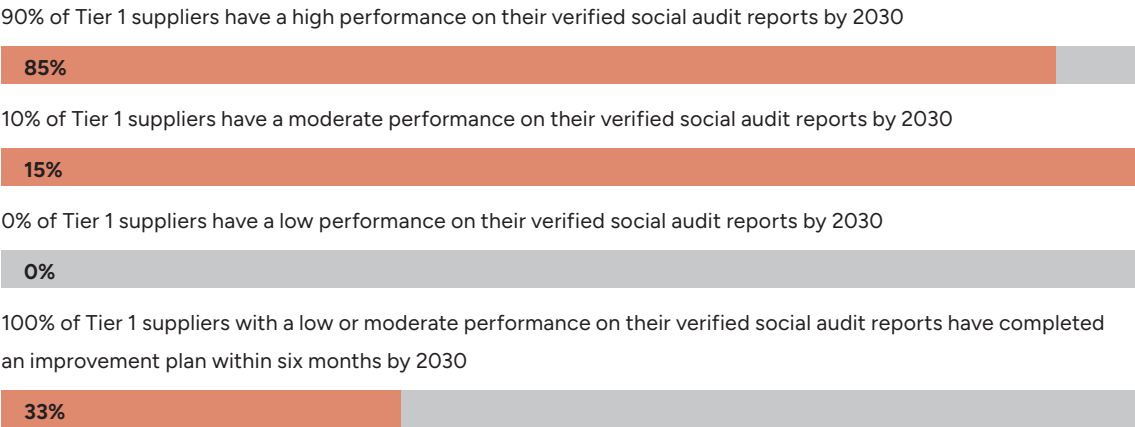


Strengthen supplier engagement by conducting a biannual survey on purchasing practices, enabling structured feedback and continuous improvement

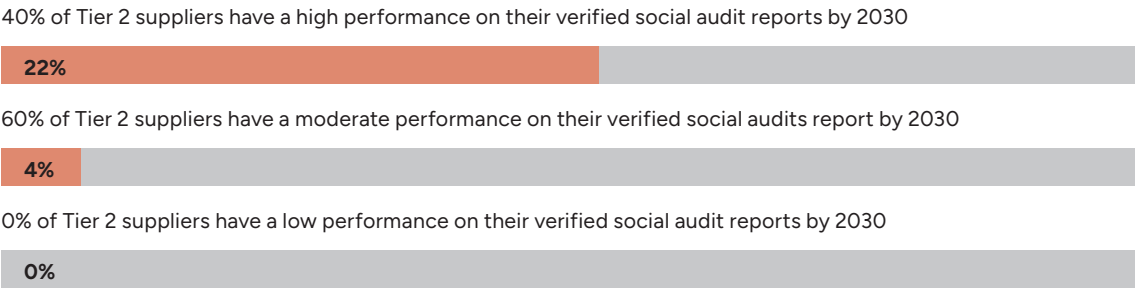


TARGETS

SUPPLIER PERFORMANCE AND IMPROVEMENT (TIER 1)



SUPPLIER PERFORMANCE AND IMPROVEMENT (TIER 2)



According to [the International Labour Organization \(ILO\)](#), the garment sector a significant role in economic and social development. It provides employment to millions of workers worldwide, particularly young women. At the same time, the ILO highlights that work in the sector is often uncertain and unsafe, showing that challenges around decent working conditions still persist globally. Despite growing global attention to worker safety and fair working conditions, pressure on low production costs and intense competition continue to challenge the respect for workers' rights. Stakeholders such as [SOMO](#) and the [Fair Wear Foundation](#) report ongoing issues, including low wages, precarious employment, gender-based harassment and discrimination, health and safety violations, limited freedom of association, and the presence of child and forced labour.

Although WE Fashion does not meet the thresholds of the EU Corporate Sustainability Due Diligence Directive (CSDDD) and is therefore not legally required to comply, we voluntarily aim to align our social practices with international standards. These include the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

We believe that respect for all workers in our supply chain is essential. Everyone involved in the production of our products deserves safe, fair and dignified working conditions, where their rights are respected and their wellbeing is protected. Upholding these standards is not only about compliance, but also reflects our values. At the same time, we recognise that this is not yet the reality everywhere, which is why we have put measures in place to identify, prevent and mitigate risks.

WE Fashion has been working to improve social conditions in its supply chain for over 20 years. We joined the [amfori Business Social Compliance Initiative \(BSCI\)](#) more than two decades ago, published our first CSR report in 2011, and since 2015 have only worked with suppliers who provide transparency on working conditions through audits. In 2016, WE Fashion joined the [Dutch Agreement on Sustainable Garments and Textiles](#) (Convenant Duurzaam Kleding en Textiel). This initiative ran until the end of 2021 and brought together multiple stakeholders, based on the OECD Guidelines, to support and assess brands – through an independent secretariat – on their due diligence approach. Our objective remains to structurally improve working conditions across factories and materials in our upstream value chain.

At the same time, we recognise that poor working conditions may also pose risks to our business. Non-compliance with local labour laws and regulations at national and EU level (such as the [Forced Labour Regulation](#)) can lead to legal consequences, including fines or the seizure of goods. Being linked to issues such as child or forced labour can also significantly damage our reputation and brand value. In addition, poor working conditions can impact

operational stability through higher worker turnover, lower productivity, and potential supply chain disruptions. Conversely, when workers' rights are respected and working conditions are safe and fair, this contributes to greater worker loyalty, improved productivity and stronger supplier relationships.

The double materiality assessment of WE Fashion confirms that workers in the value chain are a material topic, with both impact and financial relevance in the short, medium and long term.

IMPACT MATERIALITY

- Positive impact: WE Fashion contributes to improved working conditions through the monitoring of factories (via amfori BSCI, other social audits, MADE and the International Accord), the implementation of corrective actions with our factories, training programmes, and projects – often in collaboration with (local) NGOs and labour unions.
- Positive impact: Enhanced due diligence processes in high-risk countries (such as Myanmar) contribute to improved working conditions.
- Positive impact: Through training, we enable our buyers to engage with suppliers on improving working conditions. Buyers are trained on responsible purchasing practices.
- Negative impact: The production of WE Fashion products may be linked to potential negative impacts, including child labour, forced labour, inadequate wages, limited freedom of association and health and safety hazards.

FINANCIAL MATERIALITY

- Risk: Failure to comply with social and/or human rights laws at local or EU level may lead to legal consequences, including fines and the seizure of goods.
- Risk: Public reports on health and safety hazards (including exposure to toxic substances), cases of child labour or other social issues at factories where WE Fashion produces its garments may cause reputational damage and result in decreased sales.
- Risk: Unsafe and unfair working conditions for suppliers' workers may lead to an unstable workforce (e.g. high turnover), decreased productivity, lower product quality, higher costs and potential delivery delays.

OUR STRATEGY FOR WORKERS IN OUR UPSTREAM VALUE CHAIN

Our strategy builds on our long-standing commitment to respect and protect workers in our supply chain. We aim to identify, prevent and mitigate adverse impacts, while also contributing to positive outcomes such as improved working conditions and stronger worker representation.

UNDERSTANDING RISKS AND OPPORTUNITIES

We are aware of the actual and potential impacts, risks and opportunities related to workers' wellbeing in our upstream value chain. Many supplier countries face structural challenges, such as political instability, limited government effectiveness, weak regulatory enforcement and gaps in the rule of law. These conditions increase the risk of labour rights violations and can particularly affect vulnerable groups, including women, migrant workers and seasonal or temporary labour in cotton farming.

Insights from NGO research, trade unions, and audit findings help us identify both individual incidents (such as health and safety accidents) and more structural labour risks.

RESPONSIBLE PURCHASING AND SUPPLIER COLLABORATION

We recognise that the purchasing practices of apparel brands – such as pricing, lead times, forecasting and order changes – can significantly impact working conditions in supplier factories. For example, they can influence production pressure, working hours and wage levels.

Our strategy reflects this understanding by training our buyers on responsible purchasing practices, fostering long-term supplier relationships and maintaining ongoing monitoring. While we do not have direct operational control over the factories where our products are made, these relationships enable us to work closely with suppliers to support continuous improvements in working conditions over time.

HUMAN RIGHTS DUE DILIGENCE AND UPSTREAM RISK MANAGEMENT

Since 2019, we have been collecting used clothing from customers in our stores, all of Addressing risks is an integral part of our broader human rights due diligence approach. We require suppliers to implement social management systems and monitor

progress through audits, corrective action plans, training programmes and ongoing dialogue. To enhance supply chain transparency, we disclose our Tier 1 suppliers on [Open Supply Hub](#). This allows stakeholders to access information about production locations and supports external scrutiny and collaboration.

Beyond Tier 1 factories, we have been mapping lower-tier partners for several years and are increasingly focusing on analysing social audit results at these facilities as well. In addition, our policy excludes cotton sourced from regions associated with state-imposed forced labour, and we source Better Cotton to support improved environmental and social conditions for farmers and workers.

Together, these measures form an integrated strategy that strengthens our supply chain, mitigates negative impacts and supports positive social outcomes.

HUMAN RIGHTS DUE DILIGENCE AND ENGAGEMENT

To put our strategy for workers in the value chain into practice, WE Fashion applies a human rights due diligence (HRDD) approach in line with

international guidelines such as the UN Guiding Principles on Business and Human Rights²¹ and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct²². Through this approach, we seek to identify, prevent and mitigate both potential and actual impacts on workers in our upstream value chain.

Within this framework, we strive to understand potential risks to workers, maintain dialogue with relevant stakeholders and monitor working conditions across our value chain. Where issues are identified, we work with suppliers and other stakeholders to support appropriate follow-up, remediation and improvements – within the scope of our role as a buyer. As WE Fashion does not own or operate production facilities, collaboration with suppliers, worker representatives and external stakeholders is essential in this process.

The sections below describe the key elements of this approach, including social audits and their follow-up, stakeholder engagement, heightened HRDD in Myanmar, grievance mechanisms and initiatives that support social dialogue and worker wellbeing.

²¹ [UN - Guiding principles on business and human rights](#)

²² [OECD - Due diligence for responsible business conduct](#)

SOCIAL AUDITS AND FOLLOW-UP

One of the ways by which we monitor working conditions, is through social audits. The majority of our tier 1 suppliers use amfori BSCI. To reduce audit fatigue for factories, we also accept other third-party audits, such as the [Social Accountability 8000 \(SA8000\) certification](#), [Sedex Members Ethical Trade Audit \(SMETA\)](#), [Worldwide Responsible Apparel Production \(WRAP\) certification](#), [Social Labour Convergence Program \(SLCP\)](#) and the [Higg Facility Social Labor Module \(FSLM\)](#). Additionally,

Tier 1 factories in Bangladesh and Pakistan are obligated to participate in the International Accord, while Tier 1 factories in Myanmar are expected to retrieve a certificate of completion of the MADE Social Compliance Programme.

We only work with Tier 1 suppliers in high-risk countries that have a valid third-party social audit, meaning the audit is not expired. For new Tier 1 suppliers that are not yet part of our supply chain, we only accept the above-mentioned audits if they are valid for at least three months and have achieved at least a moderate or high score. A “high” score corresponds to an A or B rating in social audits, a “moderate” score to a C rating and a “low” score to a D or E rating. These classifications are primarily based on BSCI audit results. Scores from other audit frameworks are systematically converted to this scale using an internal methodology. For further details on this methodology, please see Appendix B.

Based on the findings from these assessments, improvement plans are developed in collaboration with suppliers, outlining actions, timelines and responsibilities. Factories that receive a low or moderate score are required to submit a corrective action plan within 60 days after the audit. This requirement has been part of WE Fashion’s due diligence approach for several years.

As of 2025, we are further strengthening our focus on continuous improvement by increasing engagement with suppliers that show moderate – and in some cases low – audit performance. While suppliers are still required to submit a corrective action plan within 60 days, we place greater emphasis on active follow-up and implementation, recognising that meaningful improvements may take time. Over a period of up to six months, we closely monitor progress and engage with suppliers to support effective and sustained remediation. Where needed, we collaborate with our buying department to facilitate the development and implementation of these improvement plans.

To further strengthen our approach, WE Fashion is developing a supplier scorecard in 2026. This scorecard will integrate risk indicators, worker voice, audit insights and relevant research, supporting a more structured and consistent assessment of all Tier 1 suppliers. While these elements have long been part of our due diligence approach, including social audits, contextual risk analysis and internal guidance on audit interpretation (such as identifying potential red flags), they have not previously been consolidated into a single framework.

The scorecard formalises and systematises these components, enabling more consistent monitoring of supplier performance and clearer identification of areas where progress may be slower. This initiative forms an integral part of our human rights due diligence, supporting the ongoing identification, prevention and mitigation of adverse impacts across our value chain. While our monitoring activities have historically focused mainly on Tier 1 suppliers, WE Fashion is progressively expanding its human rights due diligence approach further upstream, starting with Tier 2 suppliers involved in key production processes. This expansion supports better identification and mitigation of potential human rights

risks beyond the final manufacturing stage.

In the coming years, we will focus on increasing the share of certified or monitored Tier 2 suppliers, while progressively improving performance in key impact areas covered by recognised social standards. As visibility of our Tier 2 suppliers improves, we will extend the same systematic mapping and monitoring to Tier 3 suppliers, gradually increasing transparency across the value chain.

Strengthening upstream visibility and risk monitoring also supports our preparation for upcoming regulatory requirements, including the EU Forced Labour Regulation. While this is a long-term process, prioritising Tier 2 allows us to build a solid foundation for meaningful and sustainable improvements further upstream.

STAKEHOLDER ENGAGEMENTS

WE Fashion maintains ongoing engagement with a wide range of stakeholders, including experts, NGOs, trade unions and industry organisations, to stay informed about risks and opportunities affecting workers. This engagement takes place at different levels, ranging from regular dialogue and collaboration to more occasional exchanges and the monitoring of publications and developments. Key stakeholders include trade unions such as [Mondiaal FNV](#), [IndustriALL](#) and [Uni Global Union](#); NGOs including [Arisa](#), [Awaj Foundation](#), [Cividep](#), [Clean Clothes Campaign](#), [Solidaridad](#), and [UNICEF](#); and industry organisations such as [Modint](#) and [Inretail](#).

We also participate in sector and multi-stakeholder initiatives, including [amfori BSCI](#), [Cascale](#), [Better Cotton](#), the [International Accord](#) and [MADE in Myanmar](#). These engagements help us stay informed about relevant developments, complement insights from our assessments and provide additional

context to the material topics identified in our double materiality assessment. Beyond information sharing, participation in these initiatives contributes to collaborative efforts aimed at driving tangible improvements for workers in global supply chains and supporting responsible business practices in production countries. They also support our ongoing efforts to align with international human rights standards.

HEIGHTENED HUMAN RIGHTS DUE DILIGENCE IN MYANMAR

Myanmar is considered a very high-risk country following the 2021 military coup. In February 2021, the military seized power from the elected government of Aung San Suu Kyi after disputing election results. A state of emergency was declared, civilian leaders were detained and nationwide protests and ongoing armed conflict followed. Following the coup, companies faced difficult decisions on whether to continue operations in Myanmar or withdraw, balancing potential risks against the impact on local workers. After consultation with local stakeholders – including the Multi-Stakeholder Alliance for Decent Employment in the Myanmar apparel industry (MADE in Myanmar), worker representatives and insights from the 2022 Ethical Trade Report – WE Fashion concluded that withdrawal would likely have the greatest negative impact on workers. We therefore chose to continue working with suppliers in Myanmar, while implementing heightened human rights due diligence, including participation in the MADE in Myanmar programme.

A key component of MADE in Myanmar is the SMART Factories programme, which consists of both a social compliance and an environmental performance programme. Together, these aim to

strengthen responsible business conduct through on-site assessments, capacity building and tailored improvement plans.

The social compliance programme supports factories in identifying risks, improving labour practices and strengthening management systems. It covers areas such as wages and benefits, working hours, occupational health and safety and freedom of association. Through training, advisory support and corrective action plans, factories are supported in driving continuous improvement. The environmental performance programme provides targeted support to improve environmental impact, covering areas such as energy efficiency, water management, waste reduction and chemical safety. Factories receive assessments, advisory services and participate in workshops to measure and reduce their environmental footprint, implement best practices and comply with international standards. The programme also provides insight into reduction opportunities, including associated costs and potential savings.

MADE in Myanmar is largely funded by the European Union and implemented with industry partners, with additional contributions from participating brands. Assessments are conducted by local specialists who work directly with factories to support remediation and continuous improvement, in close collaboration with brands. This approach contributes to long-term capacity building and responsible business practices.

To strengthen local engagement, WE Fashion is represented through its sourcing partner, Woolvet. The Managing Director of Woolvet is also a Board Member of EuroCham Myanmar, a business chamber facilitating dialogue and sharing updates on economic, social and regulatory developments. In addition, WE Fashion's CSR team participates in EuroCham Myanmar's Garments Advocacy Group

to stay informed on the evolving situation. In addition to EuroCham, amfori BSCI audits and the MADE programme, WE Fashion gathers insights from multiple sources, including engagement with worker representatives, reports, media and the Business & Human Rights Resource Centre. These insights range from sector-wide developments to specific factory-level cases.

GRIEVANCE MECHANISMS

Audits play an important role in identifying potential risks at factories, followed by mitigation measures where needed. However, audits may not always capture all possible negative impacts. To complement audits, WE Fashion aims to provide workers with safe and effective channels to report concerns, including the amfori [Speak for Change](#) platform and the [International Accord Complaints Mechanism](#).

These channels meet the criteria of the UN Guiding Principles, including accessibility, predictability, trustworthiness and protection against retaliation. Currently, Speak for Change operates in Vietnam, Türkiye, Bangladesh, Cambodia and parts of India, while the Accord mechanism focuses on health and safety issues in Bangladesh and Pakistan. From 2026 onwards, the Accord mechanism will gradually expand its scope to cover additional (non-occupational health and safety) complaints in Bangladesh. All factories in Bangladesh where WE Fashion produces are expected to be covered by this expansion by September 2026.

WE Fashion may also receive complaints or concerns from external institutions, such as the [Business and Human Rights Resource Centre](#) and the [Dutch National Contact Point for the OECD Guidelines for Responsible Business Conduct](#). In addition, all our Tier 1 suppliers are published on [Open Supply Hub](#), allowing workers or their representatives to report perceived breaches directly. From 2025 onwards,

we will disclose the number of complaints received, their status and our involvement in remediation.

In line with our target, we aim to ensure that by 2030 all workers at our Tier 1 suppliers have access to an external grievance mechanism, covering all sourcing countries, regardless of their risk level. WE Fashion recognises the inherent limitations of external grievance mechanisms and remains committed to ongoing dialogue to improve their effectiveness. While complaints are welcomed from all stakeholders, our ambition is to support mechanisms that are locally embedded and accessible to workers in their own country and language.

SOCIAL DIALOGUE

Prevention of negative impacts is just as important as remediation. WE Fashion promotes constructive dialogue between workers and factory management to support more open and collaborative working environments, for example through social projects. Strong social dialogue contributes to improved worker wellbeing, reduced absenteeism and turnover, increased productivity and quality, and ultimately to more sustainable business growth²³.

We have invested in social initiatives that strengthen worker empowerment and wellbeing for many years and remain committed to advancing safe and fair labour practices. During 2025, we have been exploring opportunities for new projects and potential collaborations. While preparatory work is ongoing, no projects have started yet, and therefore this target currently remains at zero.

GOVERNANCE OF HUMAN RIGHTS DUE DILIGENCE

Oversight of WE Fashion’s human rights due diligence (HRDD) approach for workers in the value chain sits with the Head of Sustainability, who reports directly to the CFO and maintains regular contact with Buying Directors through dedicated meetings and updates. Day-to-day follow-up is managed by the Ethical Sourcing Specialist, with insights and lessons learned feeding into policy updates, enhancements to improvement plans processes and the development of training for buyers on responsible purchasing practices. This governance structure supports the monitoring and continuous development of WE Fashion’s HRDD approach, helps ensure alignment with our broader strategy and relevant international standards, and ensures that insights from audits, stakeholder engagement and remediation efforts are reflected in our purchasing decisions and supplier interactions.



²³See : [Social Dialogue Report 2024 Chapter 4](#)



“We support WE Fashion in staying grounded and context-aware regarding local legal and regulatory frameworks, while helping to identify, mitigate and remediate human rights risks. Through direct engagement with suppliers, we help improve social performance, monitor potential abuses and provide practical pathways for corrective action. This approach reduces risk while promoting more resilient and responsible production systems.

Over 2024 and 2025, we have observed clear progress in WE Fashion’s sustainability efforts. Social and environmental performance across its Myanmar suppliers has improved meaningfully. Importantly, WE Fashion has applied both corrective and positive leverage – driving remediation where needed, while also rewarding higher-performing factories, including those investing in renewable energy solutions such as rooftop solar and biomass systems.

Looking ahead, we encourage continued practical collaboration, with a focus on sustained improvement rather than disengagement, ensuring that challenges are addressed constructively and workers remain protected.”

JACOB A. CLERE

Team Leader, EU-funded MADE in Myanmar
(Multi-Stakeholder Alliance for Decent Employment in Myanmar)

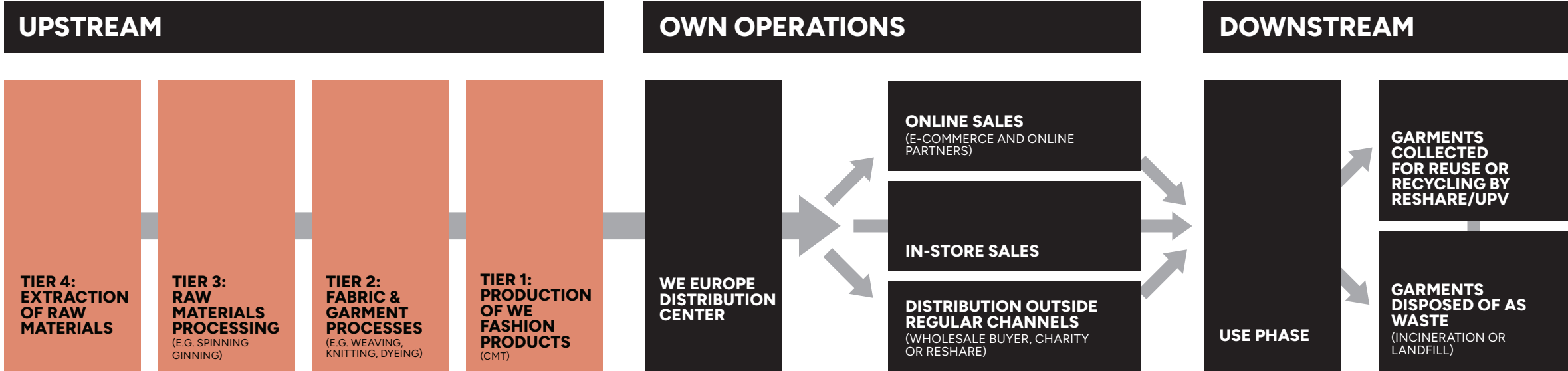
OUR APPROACH TO IMPLEMENTING DUE DILIGENCE PER TIER

Based on our overall objective to respect the rights of workers in the value chain, we have established policies, actions and targets that focus on the upstream stages of our value chain. These are supported by the initiatives we participate in and the policies described below. A schematic overview of our value chain is provided below, where the stages highlighted in orange represent the upstream areas on which we focus our efforts regarding workers in the value chain.

Please note that policies, targets and actions related to the use of Better Cotton are not included in this chapter, as they are covered in the chapter Water. However, these efforts do contribute to our overall objective of respecting workers’ rights in the value chain, particularly those of cotton farmers (Tier 4).

To put our human rights due diligence strategy into practice, WE Fashion applies a combination of policies, monitoring, stakeholder engagement and corrective actions across the different tiers of its upstream value chain. While our influence is most direct at Tier 1 level, we recognise the importance of addressing working conditions across Tier 2, Tier 3 and Tier 4 as well, in order to mitigate risks such as forced labour, child labour and unsafe working conditions.

Our approach follows the OECD due diligence steps – identify, assess, mitigate, monitor, remediate and communicate – tailored to the specific context and risk profile of each tier.



CODE OF CONDUCT (COC)

Via the WE® Fashion [Code of Conduct](#), suppliers and subcontractors producing for WE Fashion commit to applying human rights due diligence in line with internationally recognised principles. The Code applies to all Tier 1 suppliers and sets out key social standards to ensure that workers’ rights are respected²⁴.

The Code is based on [amfori BSCI](#) standards and includes expectations on the responsible sourcing of materials further upstream in the supply chain.

It is currently under revision to further clarify the responsibilities of both suppliers and WE Fashion buyers, including expectations related to responsible purchasing practices and the gradual extension of requirements to lower tiers. The updated Code is expected to be finalised in 2026.

CHILD LABOUR AND FORCED LABOUR

Both the [Child Labour Policy](#) and the [Forced Labour Policy](#) outline clear procedures for remediation in case of violations and apply across WE Fashion’s supply chain. While formal obligations are established with Tier 1 suppliers, they are expected to cascade these requirements to their own suppliers, as defined in our Code of Conduct. At the same time, WE Fashion seeks to address these risks further upstream through ongoing supply chain monitoring and responsible sourcing initiatives.

²⁴ These elements include social management systems, worker involvement, the right to freedom of association and collective bargaining, no discrimination, violence or harassment, fair remuneration, decent working hours, occupational health and safety, no child labour, special protection for young workers, no precarious employment, no bonded, forced labour or human trafficking, and ethical business behaviour.

PREFERRED MATERIALS

Through our Preferred Materials Policy, we promote the use of certified materials that incorporate social and environmental requirements beyond Tier 1, including standards such as the [Global Recycled Standard \(GRS\)](#), Organic Cotton Standard (OCS), [Responsible Wool Standard \(RWS\)](#), [Global Organic Textile Standard \(GOTS\)](#) and Better Cotton Initiative. At the same time, WE Fashion excludes sourcing from regions linked to a high risk of state-imposed forced labour, such as Xinjiang, China, as defined in our Code of Conduct.

SUPPLIER EXPECTATIONS BEYOND TIER 1

Tier 2-4 suppliers are expected to meet WE Fashion’s standards through cascading Code of Conduct requirements via Tier 1 suppliers and through certification schemes with social criteria.

TARGETS

Our social targets focus on improving supplier performance, strengthening worker voice and addressing human rights risks further upstream. While our influence is most direct at Tier 1, this approach helps us to better understand and address risks across the wider value chain, in line with our human rights due diligence commitments and long-term sustainability ambitions. See the chapter summary for the defined targets.

ACTIONS

This section outlines the key actions carried out in 2025, building on the strategic approach and HRDD processes described in previous chapters. It demonstrates how WE Fashion translates its strategy into practice through supplier engagement, collaboration with multi-stakeholder initiatives and other brands, high-risk country programmes, grievance mechanisms and actions to improve working conditions.

MADE IN MYANMAR

As previously mentioned, Myanmar is considered a very high-risk country following the 2021 military coup, significantly increasing risks for workers and the garment sector. After careful consultation with local stakeholders – including worker representatives, civil society organisations and industry partners – WE Fashion decided to continue production while strengthening its heightened human rights due diligence, with a particular focus on participation in the MADE in Myanmar programme. The enforcement of ILO Convention 33 in 2025 further underlines the importance of this approach in safeguarding workers’ rights and promoting responsible business conduct.

In 2025, WE Fashion placed orders with eight factories in Myanmar. All of these factories completed the MADE SMART Social Compliance Programme, with some undergoing follow-up assessments and further evaluations planned to support continuous improvement. The programme also provides a channel for workers to raise concerns via the MADE Hotline, launched in September 2023.

Since 2025, an environmental performance programme has been rolled out at factories where WE Fashion produces. This programme includes on-site assessments, advisory support and capacity-building workshops to help integrate sustainable practices into daily operations. Across both the social and environmental programmes, WE Fashion works closely with factories to address identified issues, supporting remediation and ongoing improvement.

Engagement also takes place through platforms such as the MADE Buyers’ Forum, EuroCham Myanmar, and via our sourcing partner Woolvet. In addition, we rely on multiple information sources, including amfori BSCI audits, local worker representation, media and the Business & Human Rights Resource Centre.

Furthermore, WE Fashion engaged in discussions on fair wages with brands and unions, aiming to improve workers’ income and conditions. Together with a group of brands sourcing from Myanmar, We Fashion took the initiative to better understand the situation of wages in Myanmar. This group funded a detailed and specifically focused investigation about the buying power of workers in 2025 compared to 2018 (when the minimum wage was last officially negotiated). WE Fashion believes that successful improvements on wages can best be achieved collectively, as does the group, and therefore we handed over the report to MADE. Within the structure of MADE this is being developed further as wages is a complex topic and a consistent approach is important. Currently, we are in the phase to further determine this collective approach.

In response to rising inflation and declining real incomes, WE Fashion supports the April 2025 statement of EuroCham Myanmar's Garment Advocacy Group, which calls for a meaningful increase in minimum wages across the export-oriented apparel sector. Addressing wages is seen as essential to improving working conditions and ensuring the long-term stability of the sector. Wages were also a key topic during the MADE Buyers' Forum in January 2026, attended by the Managing Director of Woolvet and WE Fashion's Head of Sustainability. In addition to wages, broader industry risks, stakeholder collaboration and ongoing developments in Myanmar's textile sector were discussed.

The MADE in Myanmar programme is currently scheduled to run until the end of 2025. WE Fashion supports its continuation beyond this period, reflecting our confidence in the programme's impact, the expertise of its partners and the dedication of the team.

PARTICIPATION IN OTHER MULTI-STAKEHOLDER INITIATIVES AND WORKING GROUPS

In 2025, in addition to MADE in Myanmar, WE Fashion actively engaged in various other multi-stakeholder initiatives and working groups, both on-site and online. These include the International Accord, amfori BSCI and Cascale.

These engagements help strengthen collaboration, facilitate the sharing of best practices and support the embedding of robust human rights due diligence (HRDD) across the global supply chain. In doing so, they contribute to the proactive identification, prevention, mitigation and remediation of potential risks to workers' rights.

AUDIT RESULTS

In 2025, our products were manufactured in 14 countries, with Bangladesh, China and India as our primary sourcing locations. Other sourcing countries included Myanmar, Cambodia, Vietnam, Mauritius, Pakistan, Türkiye, Portugal, Morocco, Italy, Egypt and the Netherlands.

In line with our risk-based due diligence approach, suppliers in high-risk sourcing countries are required to provide a verified social audit report. While European countries were previously not classified as high-risk and therefore not subject to this requirement, our view on value chain risks has evolved. We recognise that no supply chain, regardless of geography, is inherently risk-free. From 2026 onwards, we will further strengthen our approach by extending social audit requirements to all Tier 1 suppliers in Europe

and, where relevant, considering a similar approach or Tier 2 suppliers.

In 2025, all Tier 1 suppliers in high-risk countries had a valid and verified social audit in place, either conducted during the reporting year or still valid from previous audits with a satisfactory score. Overall, 85% of our Tier 1 factories achieved a high performance rating. While this reflects a strong level of compliance, opportunities for improvement remain. Positive developments were observed in areas such as working hours and occupational health and safety (OHS). At the same time, further progress is needed in strengthening social management systems and enhancing worker involvement, which remain key risk areas.

The majority of our Tier 1 factories are audited under the BSCI framework. To reduce audit fatigue, audits conducted under other recognised social standards are also accepted. These are reviewed and converted on a case-by-case basis, assessing alignment with BSCI performance areas to ensure consistency and comparability. Beyond Tier 1, applying this detailed conversion approach becomes increasingly complex due to the larger number of suppliers and the fragmented nature of the value chain. To support this, we aim to develop and implement an internal scoring methodology in 2026, to enable consistent monitoring and evaluation of social audit outcomes across different frameworks.

While we have achieved 100% social audit coverage for Tier 1 suppliers in high risk countries, our focus is now scaling this oversight to all Tier 1 factories and further into Tier 2 suppliers to support fair labour across our deeper supply chain. At Tier 2 level, 26% of suppliers have a valid social audit report. Of these, 22% achieved a high performance rating, while 4% scored moderate and none scored low. As with Tier 1,

the most common non-compliances relate to working hours. We will continue to engage with Tier 1 suppliers to address critical issues at Tier 2 level and drive continuous improvement across the broader supply chain.

IMPROVEMENT OF CORRECTIVE ACTION PLANS (CAPS) AND CONTINUOUS IMPROVEMENT PLANS (CIPS)

Audit findings play a key role in guiding discussions with suppliers on how to address challenges and strengthen responsible business practices. These insights inform improvement plans and, where relevant, supplier training or targeted initiatives to address systemic and operational risks.

In 2025, we further strengthened our focus on continuous improvement by increasing engagement with suppliers demonstrating lower audit performance and providing closer follow-up to support meaningful and lasting remediation. All factories with a moderate social audit rating are required to complete an improvement plan, which is reviewed by WE Fashion. While this approach has been in place for several years, it has now been formalised as a target, enabling a more structured and consistent focus on driving improvements.

In October 2025, amfori BSCI introduced its enhanced Continuous Improvement feature, aimed at strengthening risk prevention in global supply chains. This updated tool simplifies post-audit follow-up by guiding suppliers through a structured, step-by-step process to identify root causes, define corrective and preventive actions and track progress over time. The objective is to translate audit outcomes into measurable and lasting improvements. In line with this development, we support our Tier 1 suppliers – most of which are audited under the BSCI framework – in

developing SMART and comprehensive improvement plans. For suppliers not covered by BSCI audits, we apply a similar approach to ensure consistency in monitoring and continuous improvement. As the amfori BSCI Continuous Improvement feature further matures and more detailed data becomes available, we will continue to enhance our verification and follow-up processes accordingly.

In 2025, 15% of our Tier 1 suppliers received a moderate performance rating, while none received a low rating. All suppliers with a moderate score were required to develop an improvement plan. Of these, 33% completed their plan within six months. While this may appear relatively low, it reflects only those suppliers that finalised their plans within the defined timeframe. We remain in active dialogue with the remaining suppliers and continue to follow up to ensure timely completion. At the same time, we are strengthening our understanding of where improvements are most urgently needed.

Our data shows that most non-compliances relate to working hours, followed by social management systems, occupational health and safety (OHS) and worker involvement. This insight enables us to better support factories in addressing key issues. Looking ahead, we will continue to expand and refine this approach to further strengthen systematic improvement and continuous risk mitigation across our value chain.

In addition, throughout 2025, we held targeted online escalation meetings with factory management in Bangladesh to support the RSC (International Accord) in addressing outstanding corrective actions. Factories in Bangladesh resolved 85% of initially identified issues and 89% of additional findings, leading to an overall rectification rate of 86%. This is in line with the overall performance of factories under the Bangladesh

Accord. The slight decrease compared to 2024 (91%) is mainly due to the inclusion of newly constructed extension buildings and the discontinuation of relationships with certain high-performing factories. Those that have addressed these concerns are recognised for their commitment to improving factory safety. Sustaining this level of performance requires ongoing attention to safety policies, procedures and continuous worker training.

In Pakistan, 30% of initial issues were resolved in 2025, compared to 11% in 2024. The relatively low rectification rate reflects several factors, including the recent launch of the programme, the complexity of identified issues and local capacity-building challenges. These figures are expected to improve as the programme continues to develop and mature.

GRIEVANCES: WE FASHION INVOLVEMENT

In 2025, a total of 44 grievances were brought to the attention of WE Fashion (see table below). These grievances were raised by workers and other stakeholders through a variety of channels, including amfori Speak for Change, the International Accord (RSC), MADE Myanmar, the Dutch National Contact Point for the OECD Guidelines for Responsible Business Conduct, as well as direct contact with WE Fashion. Through these mechanisms, concerns can be raised and addressed via structured processes. Several of the reported grievances were handled within these respective initiatives, demonstrating that the available channels can be effective in supporting the resolution of issues. The table below provides an overview of the grievances reported in 2025 and how WE Fashion responded to them. Some cases relate to individual complaints – such as wages disputes – while others concern broader, facility-level issues.

CHANNEL	NUMBER OF GRIEVANCES	STATUS	SUBJECT	INVOLVEMENT WE FASHION IN RECTIFICATION
amfori (S4C)	0			
International Accord (RSC)	32	All closed	• OSH • Employment contracts and termination • Wages, benefits and leave	• Following protocols of Accord. • WE Fashion/other brand: Involved in direct communication with the supplier and/or factory concerned.
MADE Myanmar Hotline	10	All closed	• Precarious employment • Working hours • Wages, benefits and leave • OHS	• Following protocols of Accord. • WE Fashion/other brand: Involved in direct communication with the supplier and/or factory concerned.
Media	1	Open	Violation of FoA, supervisor misconduct and bribery, temporary workers, excessive work on rest days and holidays.	<i>Please see text below table for more information</i>
Dutch NCP OECD Guidelines	0			
Direct	1	closed	Forced labour	<i>Please see text below table for more information</i>
Total	44			

WE Fashion recognises that external grievance mechanisms, such as amfori Speak for Change (S4C), may have limitations and have not yet captured grievances from all sites. While some grievances have been submitted through S4C, none to date have directly related to WE Fashion sites. To strengthen the effectiveness of this mechanism, WE® is actively supporting improvements in case management and overall system functionality. The updated roll-out of S4C is scheduled for April 2026, after which expansion to additional sites will be considered based on the results of the pilot and ongoing learnings.

In 2025, two severe grievances were handled by WE Fashion. These are described below.

MAURITIUS FACTORIES/SUPPLIER COMPLAINT (2022–2025) – CLOSED

In November 2022, WE Fashion was alerted by the NGO Transparentem to potential misconduct at a supplier in Mauritius, including concerns related to worker safety, living conditions and recruitment practices. These signals were taken very seriously and, together with other brands sourcing from the same supplier, WE Fashion engaged in a coordinated investigation and remediation process.

An independent investigation conducted by the NGO Verité provided valuable insights. However, the absence of full consensus on the findings made it challenging to jointly define and implement effective corrective measures. WE Fashion focused on establishing a shared improvement plan, including the independent verification of recruitment processes to ensure structural and lasting improvements. The supplier was therefore requested to provide evidence of improved ethical recruitment practices and to engage an independent third party, nominated by WE Fashion, to assess the updated processes.

As the supplier declined to involve this independent third party, and therefore could not substantiate the required improvements, WE Fashion decided to place its final orders in July 2025. Given our relatively limited share in the factory's total production, this allowed for a careful and responsible exit, while seeking to minimise potential negative impacts on workers.

Throughout this process, WE Fashion remained actively engaged – both directly with the supplier and in coordination with other brands. In addition, we participated in a country working group led by the American Apparel and Footwear Association (AAFA), aimed at supporting broader, systemic improvements. Since then, legislative changes have been introduced and the MEXA Code of Conduct has been updated to strengthen expectations around recruitment practices. While these developments represent important progress, some stakeholders, including Transparentem, emphasise that further steps are still needed to fully address the underlying risks. Although WE Fashion is no longer directly engaged with the factory, this case has provided valuable lessons for strengthening our global supply chain due diligence. These insights have informed, or will inform, updates to our Code of Conduct, enhanced monitoring processes and the adoption of the AAFA/

FLA Commitment to Responsible Recruitment across our sourcing operations.

At the end of 2025, WE Fashion was contacted by the Consumentenbond, Clean Clothes Campaign and SOMO regarding this case, particularly in relation to audit findings on forced labour. As the outcomes of the investigation became available in 2026, we will provide further disclosure in our next Impact Report, in line with our reporting commitments. In the meantime, we have responded to the Consumentenbond and provided clarification on the due diligence conducted.

In parallel, throughout 2025, WE Fashion engaged with sector organisations such as Modint and INretail on the development of new sector modules focused on forced labour and greenhouse gas reduction. WE Fashion supports this initiative and, at the time of publishing this report in 2026, has confirmed its participation.

MYANMAR FACTORY COMPLAINT (2025) – OPEN

In June 2025, WE Fashion became aware – via media reports and MADE – of serious concerns at a new factory in Myanmar where we planned to place our first order with an existing supplier. These concerns related to workers' rights, temporary employment, working hours and freedom of association. The supplier was cooperative from the start. WE® decided to pause production at this facility and instead place orders at another factory of the same supplier in a different country, allowing time to address the identified issues.

Corrective measures were agreed with the supplier, including updates to recruitment and maternity policies, the regularisation of temporary workers and improvements to working hours and freedom of

association. WE Fashion maintained close engagement through regular communication, a head office visit and coordination with another brand sourcing from the same factory. MADE supported this process through on-site investigations and follow-up assessments. Its findings informed the corrective actions taken by the supplier and monitored by WE Fashion.

While progress has been made, further improvements are still needed, particularly in governance, policy implementation and grievance management. Worker feedback has been largely positive, and recent actions show clear progress. WE Fashion remains actively engaged and aims to complete this process in 2026. We recognise that resolving complex issues takes time. Through continued collaboration, we strive to ensure that corrective measures translate into meaningful, lasting improvements for workers.

INTERNAL AND SUPPLIER ENGAGEMENT

Engaging internal stakeholders and suppliers is a key part of WE Fashion's human rights due diligence approach.

In 2025, awareness and training sessions were organised with the buying departments to introduce the 2030 sustainability targets, strengthen understanding of supply chain risks and explain the expansion of due diligence upstream. Buyers were informed about the EU Forced Labour Regulation, ILO forced labour indicators and how to identify 'red flags' in Tier 1 factories. CSR briefings were also provided for buyers travelling to high-risk countries. These activities support responsible purchasing practices and increase awareness of how sourcing decisions impact working conditions.

At the same time, WE Fashion stays closely connected with its suppliers. Throughout the year, our CSR and



buying teams engage with Tier 1 suppliers to review audit results, follow up on improvement plans and address any issues that arise. From 2026, we will further strengthen this dialogue through an online annual supplier meeting and a biannual survey. We are also increasing visibility further upstream. By mapping Tier 2 (and Tier 3) production locations at purchase order level, we gain better insight into where and how our products are made. This builds on earlier efforts and helps us identify and address risks beyond Tier 1.

To support transparency, we continue to carry out annual cross-checks to prevent unauthorised subcontracting. Suppliers are asked to confirm production locations and material certifications, ensuring that manufacturing takes place in approved facilities.

PREPARATION FOR THE EU FORCED LABOUR REGULATION (FLR)

The garment sector is known to carry higher risks of forced labour, as highlighted by the International Labour Organization and other international organisations. While forced labour is not acceptable to WE Fashion, we recognise that in a complex global supply chain, these risks cannot be entirely eliminated. We therefore continuously work to identify, prevent and mitigate forced labour risks, and to provide remediation where needed. Protecting the rights and wellbeing of workers remains central to this approach.

The EU Forced Labour Regulation further underlines the importance of systematically identifying and monitoring risks. In 2025, WE Fashion analysed excessive overtime in Tier 1 factories as a potential indicator of broader labour risks. Where high levels were identified, we have engaged and will continue to engage with suppliers – and, where relevant,

buyers – to agree on corrective actions. In 2026, we will strengthen our approach by developing a comprehensive forced labour plan covering risks at supplier, country and material level across Tier 1–4. We will also participate in the IMVO module, organised by Modint, INretail, Mondiaal FNV, CNV Internationaal and the Social and Economic Council of the Netherlands, on forced labour to further build knowledge and collaboration.



"Our collaboration with WE Fashion has developed into a strong and transparent supplier partnership over the years, characterised by close operational engagement, regular dialogue and a shared commitment to responsible business practices. As a manufacturing partner in Myanmar, we support WE Fashion through reliable production, continuous quality improvements and proactive engagement in social and environmental initiatives.

WE Fashion brings significant added value through its clear sustainability vision, practical guidance and consistent expectations across the value chain. The MADE Social and Environmental Program has been particularly impactful for our organisation, helping us strengthen our management systems, improve worker engagement, enhance environmental monitoring and build internal awareness of ESG standards. The structured assessments and follow-up actions have supported measurable improvements in working conditions and operational transparency.

We have seen steady progress in WE Fashion's sustainability approach, particularly in fostering open communication and long-term capacity building with suppliers. This collaboration also supports our own ESG goals by encouraging continuous improvement and alignment with international standards.

Looking ahead, we encourage continued collaboration, knowledge sharing and long-term planning to further strengthen resilience and sustainability across the supply chain."

MARTIN KIM

Managing Director, SMK MINGALADON COMPANY LIMITED

OPTIMISING THE WAY WE WORK

At WE Fashion, we care for the well-being and health of both our employees and our customers. Built on our belief that life is better together, we create an inclusive, transparent, and informal environment where everyone feels free to be themselves – growing through collaboration, ambition and shared progress.

We carefully test our materials and garments to ensure they meet all relevant standards and are safe for everyone. At the same time, we protect customer data with strict privacy standards, in line with GDPR and our internal policies.

With helpful service and high-quality, casually stylish fashion at fair prices, we empower our customers to express themselves and make the most of the moments they share with others.



Strengthening
the environmental
performance



Improving
the working
conditions



Optimising
the way we
work



Contributing
to society



OWN WORKFORCE

OUR GOAL

We promote a safe and inclusive workplace, with a strong focus on diversity and inclusion (D&I), training and skills development, health and wellbeing, and privacy – empowering every employee to thrive.

POSITIVE IMPACT

- An inclusive environment where people feel valued and supported leads to a more engaged and motivated workforce.
- By offering secure working conditions and supporting health, wellbeing and privacy, WE Fashion contributes to a positive employee experience.

NEGATIVE IMPACT

- Without strong D&I practices, there is a risk of reinforcing existing inequalities.
- Limited opportunities for growth and development can affect engagement and long-term satisfaction.

KEY POLICIES

- [Code of Ethics](#)
- Undesirable behaviour policy
- [Collective Labour Agreement Retail Non-Food](#)

TARGETS

DIVERSITY & INCLUSION (D&I)

All managers are trained in inclusive leadership practices

QUALITATIVE

We strive for a balanced gender ratio and diverse representation across the organisation

QUALITATIVE



INTRODUCTION

With 1,476 employees in 2025, WE Fashion recognises its responsibility to provide a fair, inclusive, and supportive working environment for everyone. Understanding the needs and dynamics of our workforce helps us enhance the daily employee experience and support continuous personal and professional growth. A positive work environment not only drives engagement and satisfaction but also contributes to the strength and performance of our organisation.

Our belief that life is better together is reflected in how we work. We embrace diversity, recognising that a variety of perspectives and experiences fuels creativity and innovation. It also allows us to connect with our diverse customer base, designing products that suit different body types, ethnicities and cultural backgrounds. Through structured onboarding and ongoing training, we empower our employees to grow with confidence in a fast-moving retail environment.

Although our double materiality assessment did not identify our own workforce as a material topic – supported by strong policies aligned with Dutch, Belgian, and Swiss labour laws – we remain committed to transparency. We therefore continue to report on key HR topics, including D&I, training and skills development, health and wellbeing, and privacy.

IMPACT MATERIALITY

- Positive impact: A diverse and inclusive workplace supports employee engagement and motivation.
- Positive impact: Secure working conditions, alongside health, wellbeing, and privacy initiatives, contribute to a positive employee experience.
- Negative impact: Insufficient D&I measures (e.g., anti-discriminatory hiring practices, culture of inclusion, promotion opportunities for all, etc.) could reinforce systemic inequalities.
- Negative impact: Limited development and career growth opportunities may reduce employee engagement and satisfaction.

FINANCIAL MATERIALITY

- Risk: Inadequate management of working conditions may increase employee turnover and associated costs.
- Opportunity: A strong reputation as an inclusive employer can attract top talent and reduce recruitment costs.
- Opportunity: Flexible working conditions and development opportunities can strengthen employer attractiveness.





OUR APPROACH TO OUR OWN WORKFORCE

COLLECTIVE LABOUR AGREEMENT

Employee rights are safeguarded through the Dutch CLA for retail non-food, which applies to all employees in the Netherlands and forms the basis of our employment terms and conditions. This includes wages, working hours, vacation entitlements and grievance mechanisms. Our Belgian employees are covered by the local CLA, and we comply with ational labour laws in all countries where we operate.

EMPLOYEE PROFILE

Our workforce is divided into three main categories: Sales (including Store Managers), Distribution Centre and Head Office. For each group, we have tailored HR programmes that address their specific needs and impacts.

For example, store employees have direct customer contact and therefore require sales-focused training, while Head Office employees require more specialised skills depending on their role. Employees in distribution and logistics are more exposed to physical health risks, which requires an increased focus on health and wellbeing.

In addition to our own employees, we work with contractors from third-party employment agencies in our distribution centre. This provides flexibility and allows us to adjust workforce capacity in line with customer demand.

EMPLOYEE ENGAGEMENT

Understanding our employees is essential to creating a positive work environment. We gather feedback annually through the Employee Satisfaction Survey (ESS) and foster an open culture of honest and transparent communication. These insights help us continuously improve working conditions and ensure our policies remain relevant.

Results and follow-up actions are shared across the organisation, while employee representation is supported through works councils in the Netherlands and Belgium.

In this chapter, we further outline our policies, targets, actions and metrics related to diversity & inclusion, training & skills development, health and safety, and privacy.

METRIC

EMPLOYEE SATISFACTION	2025
Employee Satisfaction Survey (ESS) participation rate	47%
Average Employee Satisfaction Survey (ESS) score	7.65/10

POLICIES

DIVERSITY CHARTER

Diversity and inclusion (D&I) are core to WE Fashion’s culture. We promote an inclusive and connected workplace and contribute to a more tolerant society. Since 2022, we have strengthened our approach through initiatives such as establishing a D&I council and embedding D&I more firmly in our training, development and marketing activities.

We recognise that D&I is an ongoing journey that continues to evolve. In 2023, we formalised our commitment by signing the [Dutch Diversity Charter](#) of the Social and Economic Council of the Netherlands (SER). This reflects our belief that diversity and inclusion are essential to both our business success and our broader social responsibility.

Through this partnership, we have gained access to practical tools and guidance, including recruitment guidelines and policy support via a dedicated knowledge platform. These resources have supported the development of our D&I roadmap, which includes initiatives such as inclusive hiring practices, ambassador roles and targeted workshops on specific topics.

As part of our commitment under the SER Diversity Charter, we have translated our ambitions into concrete actions. We have defined qualitative targets focused on inclusive leadership and building a diverse workforce in terms of both gender and cultural background. We actively promote equal treatment and equal opportunities for all employees, regardless of gender, cultural or ethnic background, religion, age, LGBTI+ identity, or physical ability. These principles are formalised in our D&I Manifesto.

CODE OF ETHICS

WE Fashion operates with integrity, responsibility, and high ethical standards. Our Code of Ethics defines the principles that guide our business conduct, including our approach to anti-discrimination and anti-harassment.

We expect all employees to contribute to a respectful and inclusive workplace, free from harassment, intimidation, or discrimination of any kind. This includes discrimination based on race, colour, religion, gender, sexual orientation, gender identity, age, disability or other protected characteristics. Compliance with the Code of Ethics is required in all business activities on behalf of WE Fashion.

GRIEVANCE MECHANISM

At WE Fashion, we provide a clear and accessible grievance mechanism to support employees in reporting discrimination, harassment or other forms of undesirable behaviour. Employees can raise concerns through the following channels:

- 1. Immediate supervisor
- 2. HR Business Partner
- 3. Internal or external confidential advisor
- 4. The website of the Dutch Labour Authority

All reports are treated seriously, investigated thoroughly and handled with strict confidentiality. Follow-up actions are determined together with the employee. If additional steps are needed, employees can file a formal complaint to initiate an internal or external investigation, as described in our “Undesirable Behaviour Policy”, available on the WE® CONNECT platform.

We are committed to maintaining a safe and open culture where employees feel comfortable speaking up. There are no negative consequences for reporting concerns, and we actively work to keep barriers as low as possible. The complaints committee reports annually on reported cases and outcomes, while safeguarding the privacy of all involved. Employees are introduced to this process during onboarding through dedicated e-learning modules.

TARGETS

DIVERSITY & INCLUSION (D&I)

All managers receive training on inclusive leadership

QUALITATIVE

We strive for a balanced male/female ratio and diversity of backgrounds throughout the company

QUALITATIVE

ACTIONS

Together with an external Diversity & Inclusion advisory partner, we have developed a renewed mission, strategy and roadmap for D&I at WE Fashion. We introduced this to our employees on Diversity Day, marking an important step in strengthening our approach.

Our roadmap is built around three key pillars: creating an inclusive work culture, ensuring equal opportunities from the very first interaction and driving structural change. It includes initiatives such as improved survey structures, targeted training, an inclusive recruitment toolkit and an enhanced communication approach.

To stay on track, we regularly gather employee feedback through surveys. These insights help us identify trends, shape actions and continuously improve. Outcomes are discussed within teams and by the D&I Council, ensuring clear follow-up and accountability.

We also invest in leadership development, with annual D&I training and ongoing coaching to support inclusive leadership. In recruitment, we are improving objectivity through dedicated tools and workshops.

Progress is shared openly across the organisation via town halls, the CONNECT app and internal communications.

METRICS

CHARACTERISTICS OF OUR EMPLOYEES	2025
Number of employees (headcount)	1,476
Employees working fulltime (%)	24%
Employees working parttime (%)	76%
Employees with a fixed term contract (%)	40%
Employees with an indefinite contract (%)	60%
Number of FTE	925

GENDER DISTRIBUTION METRICS IN 2025	FEMALE	MALE	TOTAL
Gender distribution in the Netherlands (headcount)	876	311	1,187
Gender distribution in Belgium (headcount)	79	11	90
Gender distribution in Switzerland (headcount)	177	22	199
Gender distribution in the organisation (headcount)	1132	344	1,476
Gender distribution in the organisation (%)	77%	23%	100%
Gender distribution in Management Team (#)	4	5	9
Gender distribution in Management Team (%)	44%	56%	100%
Gender distribution in Senior Leadership Team (#)	17	14	31
Gender distribution in Senior Leadership Team (%)	55%	45%	100%
Gender distribution in Store Managers (#)	85	38	123
Gender distribution in Store Managers (%)	69%	31%	100%

AGE DIVERSITY METRICS	2025
Average age (years)	35.8
Employees age under 30 (%)	53%
Employees age 30–49 (%)	33%
Employees age 50+ (%)	14%

TRAINING & SKILLS DEVELOPMENT

POLICIES

WE ACADEMY

We believe in growing together. Through the WE® Academy, we offer a wide range of learning and development opportunities for employees across all roles. From role-specific training to personal development and team collaboration, the programme supports continuous growth throughout the organisation.

Employees can take part in initiatives such as lunch & learn sessions with inspiring speakers, Insights Discovery training and dedicated team programmes. Many of these are also accessible through an online platform, making learning flexible and easy to access.

By investing in our people, we help them develop their skills and confidence – contributing to stronger performance, higher engagement and greater job satisfaction.

TALENT EXCELLENCE

In addition to training and development programmes, WE Fashion applies a performance management system (i.e., Talent Excellence) for employees at the head office, distribution centre employees not covered by the CLA and (assistant) store managers.

This system supports continuous improvement by focusing on both results and behaviour, helping individuals and teams contribute to our strategic objectives.

Using the online Talent Excellence tool, employees set and track personal targets throughout the year, following a structured five-step process:

1. Objective setting: setting individual targets
2. Mid-Year review: evaluation after 6 months
3. Calibration: discussions between managers and HR on performance and development opportunities
4. Self-Assessment Year-End review: reflection on goals and behaviour in line with WE® CONNECT values (see chapter Who WE are)
5. Year-End review: final assessment with a rating from 1-5 (unsatisfactory to outstanding)

Based on the final rating, tailored development actions are defined together with HR and the employee's manager. Employees with a score above 4 are supported in further specialising or expanding their responsibilities.

TARGETS

No quantitative targets have been set for this topic. Our approach is further detailed in the policies and actions outlined in this section.

ACTIONS

We continue to invest in the development of our employees through a flexible, role-based learning approach. At head office level, this is supported by the ongoing use of our Talent Excellence programme, covering all phases of performance management. In 2025, we further enhanced the system to improve security, user experience and 360° feedback capabilities.

That same year, we introduced the WE® Covey Academy, inspired by Stephen R. Covey's *The 7 Habits of Highly Effective People*. Through a series of workshops, employees strengthened key skills such as proactivity, prioritisation, collaboration and self-development.

From 2026 onwards, we will introduce a leadership development programme designed to align organisational goals with individual development needs. The programme will consist of short, recurring sessions throughout the year and will include personalised development through assessments, one-on-one coaching, plenary sessions and cross-departmental peer learning.

As the use of AI in daily work continues to grow, we will also focus on strengthening AI literacy across the organisation. This will begin with an organisation-wide AI readiness assessment and the development of clear guidelines on data ethics, privacy, and the handling of confidential information. In the following years, we will expand training for managers, operational teams and support functions to support the responsible integration of AI into daily workflows.

METRICS

DIVERSITY & INCLUSION (D&I)

Percentage of employees that participated in formalised performance and career development reviews (i.e., Talent Excellence programme)

DATA AVAILABLE STARTING 2026

HEALTH, WELLBEING, AND PRIVACY

POLICIES

HEALTH & WELLBEING PROGRAMME

WE Fashion promotes a healthy working environment through its Health & Wellbeing programme, which focuses on vitality and sustainable employability. Key topics include workload, work-life balance and development opportunities.

Our approach is built around four pillars – physical, mental, emotional and social wellbeing – creating a supportive environment where employees can thrive. By investing in wellbeing, we aim to boost energy, engagement and productivity, while helping reduce absenteeism.

DATA PRIVACY

Caring for our people also means protecting their personal data. Our Information Security Policy is aligned with GDPR requirements and is accessible to all employees. We regularly update this policy to reflect new developments and ensure ongoing compliance.

We only collect personal data when necessary for legal and contractual purposes and retain it for as long as required. When data is no longer needed, it is securely deleted or anonymised. More information is available in the chapter *Business Conduct*.

TARGETS

No quantitative targets have been set for this topic. Please refer to our policies and actions for further details.

ACTIONS

A significant share of our wellbeing initiatives is driven by our employee-led ‘WE® Club’. Throughout the year, they offer a variety of after-hours sports sessions for head office staff, including yoga, boxing and bootcamp classes. We have also introduced a range of additional initiatives:

- We introduced chair massages as a new wellbeing activity for our headquarters staff.
- We organised a workshop with an external coaching agency to help District Managers and HR Business Partners recognise mental health concerns.
- We introduced a “fun budget” for store teams to celebrate achievements and strengthen team spirit.
- We encouraged employees to explore online self-help courses on topics such as sleep, stress, and resilience.
- We offered access to personal coaching sessions through HR.
- We organised a “sugar challenge” to cut sugar intake and promote healthier habits.
- We hosted a Vitality Week, focusing on themes such as wellbeing, self-care and recovery, while encouraging employees to share their own tips.
- We supported a range of smaller initiatives, including “bike to work day”, “smoothie day” and “compliment day”.

Looking ahead, we will continue to expand these initiatives and introduce a Health & Wellbeing calendar to keep wellbeing visible and relevant throughout the year.

METRICS

No metrics have been set for this topic.

CONSUMERS & END-USERS

OUR GOAL ON CONSUMERS AND END-USERS

We protect our customers’ rights by ensuring their data is secure, our products are safe and the information we provide is clear, honest and easy to understand.

POSITIVE IMPACT

- We protect customer privacy through GDPR compliance, clear consent, and secure data handling.
- We ensure product safety through strict quality standards and controls on harmful substances.
- We provide clear and transparent information on product quality, materials and care, supported by responsible communication.

KEY POLICIES

- [Privacy Policy](#)
- [Restricted Substance List \(RSL\)](#)

NEGATIVE IMPACT

- Product safety issues can pose risks to consumer health and wellbeing, particularly for children.

TARGETS

No quantitative targets have been set for Consumers and End-Users. For further details on how we address the identified impacts, risks and opportunities, please refer to our policies and actions.



As a multi-channel fashion company, WE Fashion engages with consumers at every stage of the customer journey – both in-store and online through our customer service channels and business partners.

Across all these touchpoints, we focus on product safety, data privacy and transparent communication

We start at the design phase, where product safety is embedded from the outset. In close collaboration with our suppliers, we ensure that all products comply with relevant safety regulations and do not contain restricted hazardous substances. Particular attention is given to our kids collection, where children are the end users and therefore more vulnerable. As a result, child safety is a key focus within this topic.

During the sales phase, both in-store and through our e-commerce platform, we ensure that customers are well informed. We provide accurate information on product materials, fit and care, while safeguarding customer privacy in line with applicable regulations.

After purchase, we continue to engage with our customers through our customer service channels. Feedback and reported issues are actively monitored and shared with relevant internal teams enabling us to continuously improve our products and processes.

Based on our double materiality assessment and stakeholder insights, consumers and end-users are identified as a material topic from both an impact and financial perspective – particularly in the medium and long term. While children are considered a higher-risk group, all consumers may be affected by our products and services.

IMPACT MATERIALITY

- Positive impact (Online sales): Customer privacy is protected through GDPR compliance and secure data handling.
- Positive impact (Online sales, In-store sales): Product safety is ensured through a structured quality system and controls on harmful substances.
- Positive impact (Online sales, In-store sales): Customers receive clear and transparent product information supported by responsible marketing practices.
- Negative impact (Online sales, In-store sales): Product safety issues can pose risks to the health and wellbeing of consumers, particularly children.

FINANCIAL MATERIALITY

- Risk (Online sales, In-store sales): Data protection requirements may increase compliance costs and expose the company to fines in case of violations.
- Risk (Upstream, Online sales, In-store sales): Unsafe products may lead to recalls, fines, and reputational damage.
- Risk (Online sales, In-store sales): Inadequate customer service or communication may weaken customer trust and impact revenues.

OUR APPROACH ON CONSUMERS AND END-USERS

WE Fashion aims to maximise positive impacts and minimise risks for consumers and end-users. Our approach is centred around three priorities: safeguarding data privacy, ensuring product safety and providing clear and accurate information.

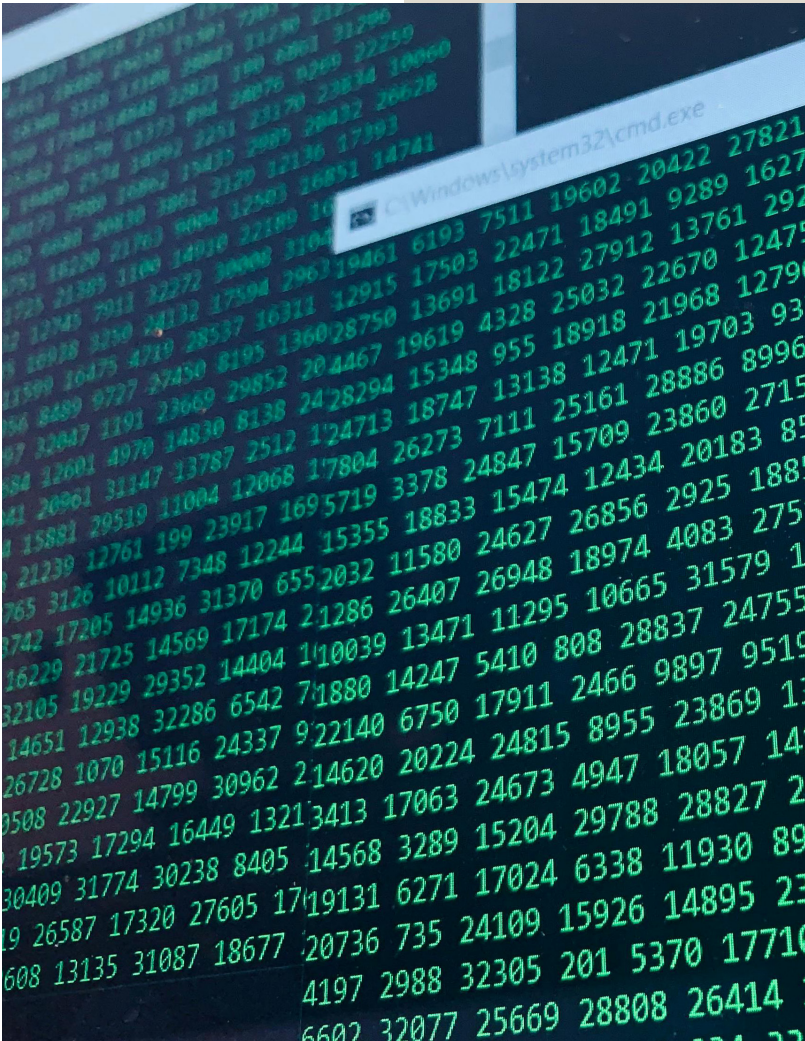
To support these priorities, we have established policies, targets, actions and metrics to monitor progress.

TYPES OF CONSUMERS

We have identified three groups that may be more vulnerable to potential impacts:

- 1. Online consumers whose data is processed for personalisation and marketing
- 2. Consumers sensitive to chemical exposure
- 3. Young children, who are more vulnerable to product safety risks

We have implemented measures to address these risks and continuously gather insights through customer feedback and service data, allowing us to improve our approach over time.





CUSTOMER DATA PRIVACY

POLICIES

As outlined in our Code of Ethics, personal data is only used for legitimate WE Fashion business purposes. We are committed to protecting customer data in line with legal requirements, including the General Data Protection Regulation (GDPR), as well as our internal policies and procedures.

WE Fashion aims to safeguard the confidentiality, integrity, and availability of customer information by implementing appropriate measures to minimise risks and ensure a high level of information security.

Through our stores and online platforms, we process personal data as part of delivering our products and services. Our publicly available [Privacy Policy](#) clearly outlines which data we collect, the purpose of processing, data retention periods, whether data is shared with third parties, and how customers can request access to or correction of their data.

By adhering to these principles, we ensure compliance with GDPR

For more information on our approach to information security, please refer to the Chapter Business Conduct.

TARGETS

No quantitative targets have been set for this topic. Please refer to our policies and actions for further information.

ACTIONS

In case of a data privacy incident, we follow a clear procedure to ensure timely and appropriate action. Our Privacy Incident Management procedure provides clear guidance to employees on how to respond to such incidents.

The Information Security Officer is responsible for preparing a Security Incident Report, which includes details of the incident and any corrective actions taken or planned to prevent recurrence. Where required by law, relevant authorities are notified in cases where a data breach may have significant consequences for the protection of personal data.

METRICS

No metrics have been established for this topic.

PRODUCT SAFETY

POLICIES

CHILD SAFETY

Product safety is a critical aspect of any business that produces goods for consumer use. WE Fashion sells clothing for women, men and children, and all products placed on the market must comply with regulations on chemical use.

For children's clothing, additional safety requirements apply, as children are more vulnerable to potential risks. Small components on garments – such as (snap) buttons, sequins or rivets – may pose hazards including choking, swallowing, ingestion, inhalation or insertion into the eyes, nose or ears. Similarly, cords, drawstrings, loops and comparable features may present risks of entrapment or strangulation.

Through our established product quality system, we ensure compliance with relevant legislation, including EU Directive 2001/95/EC of the European Parliament. During the design and development phase, potential hazards are identified early on, and product adjustments and/or testing are carried out to eliminate or reduce risks from intended and reasonably foreseeable use.

In line with general product safety principles, it is not always technically feasible or proportionate to eliminate all risks entirely. Therefore, risks are assessed based on their severity and likelihood

and mitigation measures are applied to reduce them to an acceptable level in accordance with applicable legislation, harmonised standards and industry best practices.

We follow established standards, such as CEN/TR 16792:2014 (Safety of children's clothing) and EN 14682 (Cords and drawstrings on children's clothing), to support these assessments. In addition, colleagues from our buying and design teams regularly participate in training sessions provided by Modint, ensuring they remain up to date with the latest child safety requirements.

SUBSTANCES OF CONCERN

As mentioned, all products placed on the market must comply with regulations on chemical use. The production of apparel – from raw materials to finished products – is a complex and chemical-intensive process, in which certain substances may pose risks to both the environment and the end user.

To manage these risks, WE Fashion has established a [Restricted Substance List \(RSL\)](#). This document outlines all chemicals that are banned or restricted in both production processes and finished products. In addition, a testing matrix provides guidance on materials that carry a higher risk of containing specific substances. This supports targeted testing of randomly selected articles during production and from stock, ensuring effective monitoring of compliance with restricted substance requirements.

Through these measures, we ensure compliance with relevant EU regulations, including REACH, governing the use of chemicals.

FIRE SAFETY

Lastly, we ensure that our products meet the fire safety standards applicable in the countries we operate in. In the Netherlands, this includes the [Fire Safety Agreement for Nightwear](#), established by the government and industry organisations, which sets specific flammability requirements for nightwear.

During the design phase, we assess whether textile materials pose any disproportionate flammability risk or allow rapid flame spread across the surface. A material is considered to present a disproportionate risk if it does not meet national legislation and relevant standards, or if internal assessments indicate a higher risk of ignition or flame spread compared to similar garments.

To evaluate this, we conduct standardised flammability tests through accredited laboratories. These tests assess key metrics such as ignition time, flame spread speed, after-flame duration and after-glow time. Only materials that meet both legal requirements and our internal safety criteria are approved for production.

Compliance with these fire safety requirements is a mandatory element of our product testing process, ensuring that all garments placed on the market meet the required standards.

CARE LABEL

Consumers should be provided with all essential product information, including WE® contact details, product identification, care instructions, composition and – where applicable – safety instructions. WE Fashion is responsible for providing this information on or with the product, primarily through the care label.

In line with the General Product Safety Regulation (EU) 2023/988 (GPSR), consumers must be able to easily identify and contact the responsible economic operator. To ensure consistency, we have established standardised label layouts that our suppliers are required to follow. If safety issues arise, consumers can use the contact details provided on the care label to report concerns. We have protocols in place to respond promptly, take appropriate action and resolve any identified hazards.

In addition, the Textile Labelling Regulation (EU) 1007/2011 requires us to provide full fibre composition and indicate the presence of non-textile parts of animal origin. WE Fashion ensures that this information is accurate and supported by composition analyses conducted by accredited laboratories.

Through these measures, we ensure that consumers are well informed about the products they purchase.

TARGETS

No quantitative targets have been set for this topic. Please refer to our policies and actions for further information.

ACTIONS

We aim to prevent product safety issues as much as possible through close collaboration with our suppliers and by conducting random product testing. In addition, WE Fashion proactively collects, monitors and analyses information from various contact channels, including customer feedback, quality claims, supplier notifications and communications from market surveillance authorities.

When test results indicate that a chemical substance exceeds applicable limits, or when a potential safety issue is reported, a structured investigation is initiated in accordance with the Procedure Corrective Action Plan. This investigation includes identifying and documenting the issue, conducting a root cause analysis and assessing the risk based on the severity and likelihood of harm, taking into account intended and reasonably foreseeable use. It also includes verification testing, traceability checks and the implementation of appropriate containment measures.

Based on the outcome of this assessment, proportionate corrective actions are determined. Depending on the nature and severity of the issue, these may include blocking sales, withdrawing products from stores and online platforms, repairing or modifying products or initiating a product recall. A recall is initiated when a product is assessed to pose an unacceptable risk to consumer health and/or safety and cannot be sufficiently mitigated through less intrusive measures. In such cases, market surveillance authorities are informed accordingly.

In the event of a product recall, consumers are offered at least two of the following remedies, in line with applicable legislation: repair, replacement or refund.

In 2025, one product recall was initiated for a girls’ dress from the kids’ department. The waistband was found to be too narrow and therefore too long, which could pose a risk to young children. All affected items were donated to ReShare, who adjusted the garments and processed them through their standard sorting procedures.

In 2025, our Buying team further strengthened product safety by conducting product risk assessments during the development phase, in line with the requirements of the EU General Product Safety Regulation (GPSR). Potential hazards are systematically identified and addressed through design adjustments or validated against applicable legislation and harmonised standards. This preventive, risk-based approach applies across children’s, women’s and men’s collections, taking into account the specific user group and reasonably foreseeable use.

To further enhance our chemical management framework, we have set targets under the ZDHC (Zero Discharge of Hazardous Chemicals) initiative. These targets aim to reduce the use of restricted substances in chemical formulations during raw material processing and production. While our existing RSL focuses on compliance testing of finished products, the ZDHC targets represent a proactive step towards upstream risk control and more responsible, sustainable manufacturing practices.

In the years ahead, we will continue to build on these initiatives to ensure product safety through design,

testing and customer feedback. Together with our stakeholders, we will further implement our chemical management approach, taking greater responsibility for the use of chemicals during the manufacturing process.

In addition, we are preparing for the introduction of the EU Digital Product Passport (DPP), which will become mandatory for textiles from July 2027. This will require us to provide more detailed product information through a digital identity card, such as a barcode, RFID or QR code.

METRICS

Number of product recalls due to product safety non-conformities	1
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POLICIES

CUSTOMER SERVICE

We engage with customers both in our physical stores and through dedicated customer service channels. In-store, we aim to create an enjoyable shopping experience by offering advice on styling, product specifics and care instructions. Customers can also contact us via WhatsApp, website forms, chat, phone or email to ask questions, share feedback or raise concerns. During these interactions, our customer service teams aim to fully understand each situation and resolve complaints effectively. They also provide styling advice and can place orders or arrange exchanges on behalf of customers. By combining insights from in-store interactions and customer service channels, we capture a broad range of customer perspectives. This input helps us continuously improve our stores, e-commerce platform and overall product quality.

RESPONSIBLE MARKETING

WE Fashion recognises its influence on key stakeholders, particularly customers – including children – and ensures that all communication and interactions are inclusive, respectful and age-appropriate. Guided by our belief that life is more meaningful when experienced together, our motto “Better Together” underpins our approach. Through truthful, responsible and consistent communication,

we aim to build trust, foster long-term relationships and demonstrate that style and responsibility can go hand in hand. We ensure equal treatment and avoid any form of discrimination.

TARGETS

No quantitative targets have been set for this topic. Please refer to our policies and actions for further information. We do maintain internal annual targets on efficiency and customer satisfaction at the department level.

ACTIONS

To ensure accurate communication on sustainable materials, the WE® sustainability team shares knowledge across multiple channels. Store Managers attend biannual kick-off events at the head office for new summer and winter collections, where topics such as sales performance, design choices and sustainability initiatives are discussed. Key insights are shared on the WE Connect platform for company-wide access and dialogue, supported by e-learning modules on the WE Academy platform.

Customer inquiries related to ethical sourcing, preferred materials and product safety help shape our sustainability priorities. Product complaints are handled with urgency, and feedback is actively used to improve products and processes. Through Salesforce CRM, all customer interactions – across

WhatsApp, website forms, chat, phone and email – are consolidated into individual tickets, enabling efficient tracking, assignment and resolution.

Performance is monitored through regular reporting on response times, resolution times and recurring issues. In addition, Customer Satisfaction Surveys (CSAT) are used after case resolution to measure engagement effectiveness.

Looking ahead, we will further refine the categorisation and tagging of customer inquiries to enable deeper, predictive insights. AI tools, such as smart reply suggestions and automated tagging, will help reduce response times and ensure consistent communication.

To improve first-contact resolution rates, we will introduce a dedicated customer service training programme focused on empathy, inclusivity and product knowledge. In addition, regular feedback loops between customer support, design and product teams will be strengthened to address recurring issues and drive structural improvements.

Annual CSAT and Net Promoter Score (NPS) targets will embed customer-centric KPIs into performance reviews, supported by ongoing monitoring and reporting of key metrics to maintain progress.

METRICS

CUSTOMER ENGAGEMENT	2025
Net Promotor Score (NPS)	14
Customer Satisfaction Score (CSAT)	65%
Average score on Trustpilot	4.2/5

OUR GOAL ON BUSINESS CONDUCT

We uphold high standards of governance and ethics by prioritising transparency, adhering to ethical codes, implementing effective whistleblowing policies, actively combating corruption and safeguarding our information technology.

POSITIVE IMPACT

- Through our Code of Ethics, we promote a culture of accountability and integrity, empowering employees to voice concerns confidently and trust that ethical behaviour is valued and protected throughout the organisation.
- Implementing strong anti-corruption policies supports transparency and fairness in supplier relationships.
- Preventing large data breaches helps avoid significant financial and reputational damage, including legal costs, cybersecurity investments and fines related to regulatory non-compliance.

KEY POLICIES

- [Code of Ethics](#)
- Whistleblower policy
- Information security policy
- [Supplier Code of Conduct](#)

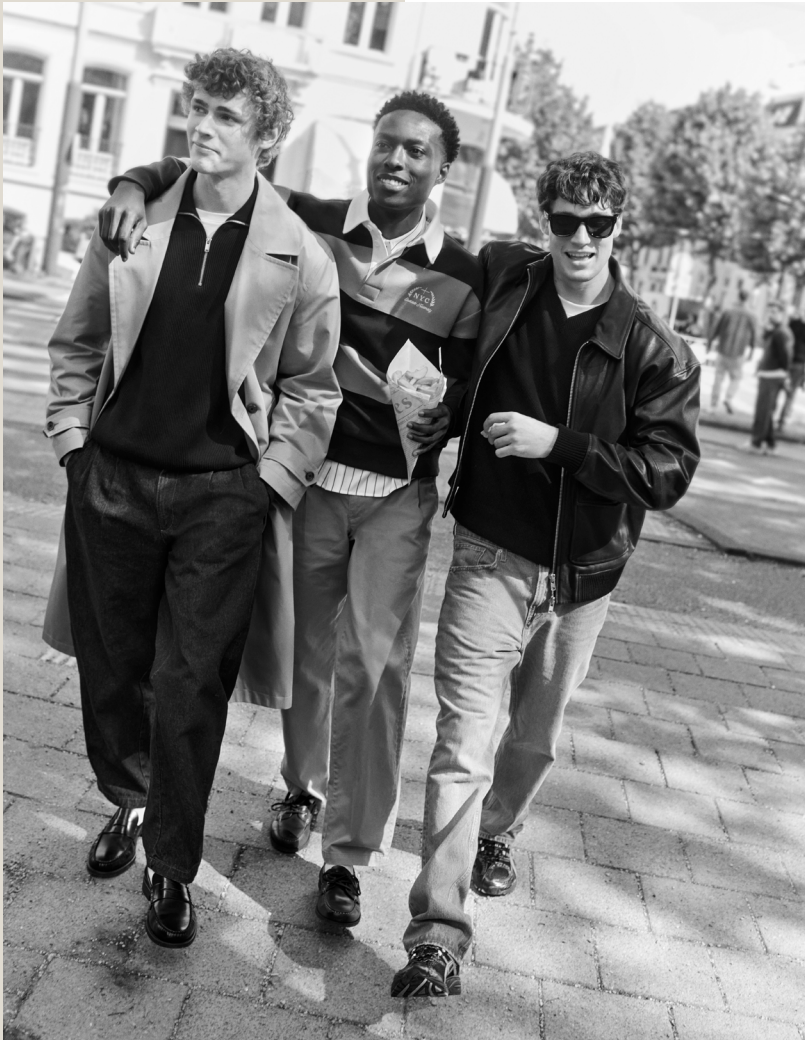
NEGATIVE IMPACT

- Without careful vetting and ongoing monitoring, companies may unintentionally work with suppliers that engage in unethical behaviour, exposing themselves to the risk of being complicit in such practices.

TARGET

No quantitative targets have been defined for this topic. Please refer to our policies and actions for further information on our approach.





INTRODUCTION

At the heart of our corporate culture lies a commitment to ethical business practices. Looking at the value chain we include a broad range of topics, including ethical business behavior. It goes without saying that our own employees need to set the right example and have high ethical standards. As a result, the double materiality assessment of WE Fashion highlights business conduct as a material topic from both an impact and financial perspective on the short, and in particular medium and long term. Based on our double materiality assessment and stakeholder insights, we have identified our corporate culture, management of relationships with suppliers including payment practices, and corruption and bribery as material sub-topics.

IMPACT MATERIALITY

- Positive impact: Through our Code of Ethics, we promote a culture of accountability and integrity, empowering employees to voice concerns confidently and trust that ethical behaviour is valued and protected throughout the organization
- Positive impact: Implementing strong anti-corruption policies ensures transparency and fairness in designer collaborations and supplier dealings.
- Positive impact: Large data breaches impose substantial financial and reputational costs, including legal fees, cybersecurity upgrades, and fines for regulatory non-compliance
- Negative impact: Without careful vetting and ongoing monitoring, companies may unintentionally work with suppliers that engage in unethical behavior, thereby exposing themselves to the risk of being complicit in such practices

FINANCIAL MATERIALITY

- Risk: Insufficient data protection measures could lead to unauthorized access or misuse of personal information, resulting in reputational damage, remediation costs, and potential regulatory sanctions.

OUR APPROACH TO DRIVE ETHICAL BUSINESS CONDUCT

Based on the identified impacts, risks, and opportunities, WE fashion is committed to strengthening its positive contributions while minimizing negative impacts. Our main objectives include fostering a honest corporate culture, ensuring fair treatment of suppliers, and safeguarding our IT assets. In line with our commitment to ethical business practices, we have established clear policies and actions.



CORPORATE CULTURE

POLICIES

CODE OF ETHICS

We like to do business the right way, with integrity, responsibility and high ethical standards. Our vision on doing business is summarized in our Code of Ethics, which incorporates our values and ethical standards, including anti-corruption and anti-bribery. As described in our chapter on Own workforce, we use the Code of Ethics as a guideline for behavior between WE Fashion and its partners, employees and consumers. All WE Fashion employees must comply with this Code of Ethics in their daily business activities to uphold our standards of integrity and ethical conduct. The Management Team at our head office has subscribed the rules of conduct set out in this policy document and ensures that these are respected.

WHISTLEBLOWER POLICY

To uphold our standards of acting ethically and responsibly, we encourage our employees to speak up whenever they have questions or concerns about behaviour that may not align with our Code of Ethics. We promote an open and transparent culture where employees feel comfortable sharing their concerns and speaking up freely. If an employee wants to report a possible (suspicion of) violation of our Code of Ethics, they can reach out to their manager or the HR

department. This informal channel facilitates the early identification of potential issues. In compliance with the Dutch Whistleblower Protection Act, we are committed to protecting individuals who report concerns in good faith. Our policies explicitly prohibit retaliation against whistleblowers or anyone participating in an investigation. This creates a safe environment where employees can raise issues without fear of retribution. Our HR Director and CEO are appointed to manage and receive whistleblower reports. These individuals undergo specialized training to handle reports sensitively and effectively, ensuring they understand legal obligations, confidentiality requirements, and the importance of maintaining the trust of whistle-blowers. If necessary, the CEO will initiate an investigation into the reported suspicion of misconduct. All reports of violations of the Code of Ethics are carefully investigated. Any violation of the Code of Ethics may result in disciplinary action including termination of employment.

TARGETS

No quantitative targets have been set on this topic, as existing policies and actions adequately address the identified impacts, risks and opportunities.

ACTIONS

During our onboarding program we make sure our new employees are aware of our Code of Ethics through our e-learning modules in WE Academy. During the e-learning we provide them with workplace scenarios and ask them how they would respond. After each response we provide them with feedback on how to properly handle the situation. This way we make sure all our employees are trained on business conduct. Our Code of Ethics is accessible for all employees through our online HR portal.

METRICS

We have not established metrics for this topic.

TREATMENT OF SUPPLIERS

POLICIES

CODE OF ETHICS

The Code of Ethics serves as a specific guideline for interactions between our buyers and suppliers. Buyers must follow company purchasing guidelines during supplier selection and negotiations, including bans on offering gifts to potential suppliers. They are expected to treat all parties with respect, avoiding any inappropriate, harassing, discriminatory, or offensive behavior.

SUPPLIER CODE OF CONDUCT

In our Supplier Code of Conduct we state our responsibilities towards suppliers, such as building internal awareness, providing training and encouraging buying employees to use fair buying practises for lead time, pricing, volume vs capacity and material sourcing. This way we try to avoid negative impact on the supplier's ability to meet the requirements of the Supplier Code of Conduct and prevent late payments as much as possible.

PAYMENT TERMS

We process payments for our direct garment suppliers once per week, on Tuesdays. Each Tuesday (or the next working day in case of a bank holiday), all invoices that are due – at least 60 days from the printed invoice date – are paid, provided the following conditions are met: correct quantity and pricing, confirmed receipt

of goods at the WE Fashion warehouse and satisfactory garment quality. Invoices can only be processed after the supplier has been onboarded. This requires the submission of several documents, such as the audit report, a signed Supplier Code of Conduct and bank documentation.

TARGETS

No quantitative targets have been set for this topic. For details on how we address the identified impacts, risks, and opportunities, please refer to our policies and actions.

ACTIONS

WE Fashion views responsible business conduct as a shared responsibility. It also acknowledges that the requirements for suppliers can more easily be met if facilitated and supported by WE Fashion where needed. Therefore, we will update our existing Supplier Code of Conduct by also expanding the sections on our responsibilities.

In this new Two-Way Code of Conduct, suppliers may submit any grievances to us in case a buyer or other employee of WE Fashion does not comply with the requirements listed in the policy. Each year, our CSR team strengthens responsible purchasing practices by organizing follow-up training sessions for the buying departments. These sessions build on previous awareness efforts and focus on deepening knowledge of Responsible Purchasing Practices (RPP)

and social policies. They also foster practical dialogue between CSR and buying teams, enabling buyers to make more informed and responsible decisions in their daily work.

METRICS

We have not established metrics for this topic.

INFORMATION SECURITY

208

POLICIES

In our Information Security Policy we have set out a framework consisting of mandatory rules and standards for the safeguarding WE Fashion's customers, personnel and operational business. Compliance with this Information Security Policy is mandatory. The purpose of the Information Security Policy is to protect WE Fashion's informational assets against all internal, external, deliberate or accidental threats. It applies to all employees and trainees of WE Fashion, including contractors and visitors, not employed by WE Fashion, who have access to WE Fashion's information and/or information systems. With the Information Security Policy we meet the general objectives of applicable ISO certifications (i.e., ISO/IEC 27002 and ISAE3402 SOC2 Code of practice) for information security control. Our Information Security Officer ensures that this Information Security Policy is available for all employees, trainees and contractors of WE Fashion.

TARGETS

No quantitative targets have been set for this topic. For details on how we address the identified impacts, risks, and opportunities, please refer to our policies and actions.

ACTIONS

To maintain compliance with relevant laws and

regulations our Information Security Officer continuously monitors the legal landscape in the countries we operate. The most recent policy we have developed is our Group Data Transfer Agreement which is effective as of the September 1st 2024. This document contains an agreement between subsidiaries of our company about sharing personal data. It ensures that this is done securely and according to the law.

In 2025 we have also embarked on a journey to further improve our IT processes and security, which we call Project Horizon. This is a multiyear IT transformation spanning our entire technology landscape. Together with a large international software provider we are redesigning our business processes and increasing the agility and security of our omnichannel operations.

In the years ahead of 2025 we will keep monitoring the legal landscape, maintain existing policies and update procedures accordingly. Furthermore, as Project Horizon is a multiyear investment, our IT department will be focussing on the further development and implementation of these new services in the coming years.

METRICS

We have not established metrics for this topic.



CONTRIBUTING TO SOCIETY

Through charitable contributions and product donations via The WE® Get Together Foundation, we stand alongside communities and extend our impact beyond the boundaries of our business.



Strengthening
the environmental
performance



Improving
the working
conditions



Optimising
the way we
work



Contributing
to society

WE
BELIEVE
LIFE IS
BETTER
TOGETHER

WE® believe life is better, together!
That life has more meaning when lived and experienced with others. We believe it so strongly, we have founded WE® based on this idea.

We believe in random acts of kindness.
In group hugs. In shared adventures. In helping others, and not only on Christmas eve. We believe in uniting our differences. And embracing change.

We believe in our heritage.
Started as a humble Dutch retailer, we take pride in our entrepreneurial spirit. A small country with big ideas. Ideas we love to share with the world.

We believe in designs that connect.
Designs that allow you to stylishly tune-in and vibe with those around you. Modern collections of great quality for a fair price.

We love our audiences
and do everything to overachieve their expectations. We're store stars, ready to connect.

Now is our time. Our time to create a better world, a place where people move together as one. Because that's when great things happen.

CHARITABLE CONTRIBUTIONS & PRODUCT DONATIONS

Through the WE® Get Together Foundation, we contribute to initiatives focused on prosperity and well-being, health, education, scientific research, nature, diversity & inclusion and (international) emergency aid. In addition, we support local initiatives in the countries where we source our materials and products. These efforts are largely funded through the sale of sample stock to employees at our head office and distribution centre, as well as through donations of leftover stock.

CHARITABLE CONTRIBUTIONS

Supporting communities is an integral part of our sustainability approach, and our charitable contributions have become a meaningful way of bringing our values of sharing and connection to life.

Over the past three years, we have contributed to cancer research, supported the Red Cross following the 2024 Libya floods, sponsored the training of a KNGF guide dog and funded a local programme enabling young people to pursue university education.

We also encourage employee involvement. When colleagues organise fundraisers or take part in community initiatives – such as the Mag ik dan bij jou? cycling tour – the foundation provides support, provided these initiatives align with our values. For a full overview of all donations, please refer to our annual financial statement. For a full overview of all donations, please refer to our [annual financial statement](#).

CHARITABLE CONTRIBUTIONS

In addition to financial contributions, we contribute through product donations. As outlined in the Resource Use & Circular Economy chapter, we partner with the Salvation Army’s ReShare programme, donating both customer-returned clothing and leftover stock. These garments are either resold at accessible prices or distributed to people in need, contributing to both social impact and waste reduction.

We also work with local partners such as Kledingbank Maxima Groningen and Kledingbank Utrecht, helping to extend the lifecycle of our

products while supporting social inclusion. Since 2023, we have partnered with Dress for Success Utrecht, providing garments to individuals re-entering the labour market. By combining clothing with personalised advice, this initiative supports people in regaining confidence and improving their employment opportunities.

Like last year, The WE® Get Together Foundation also donated clothing to Lifeline Ukraine, supporting citizens, veterans, civil society organisations, and small businesses in their efforts to rebuild during and after the war in Ukraine.

METRICS

CHARITABLE CONTRIBUTIONS & PRODUCT DONATIONS	2025
Total value of financial donations from the WE® Get Together Foundation (€)	€ 34,549
Total weight of garments donated to charity organisations (kg)	20,495
Total weight of garments donated to ReShare (kg)	14,115

APPENDIX A - DETAILED DOUBLE MATERIALITY PROCESS

DMA GOVERNANCE

The project was coordinated by the DMA working group, which included the Head of Sustainability, Accounting and Reporting Manager, Legal Counsel and Manager Business Control. Key findings were reviewed and approved by the steering group, consisting of the Chief Financial Officer, Chief Accounting Officer, Head of Sustainability and Legal Counsel. The steering group met on a monthly basis to monitor progress and provide guidance. The Management Team was closely involved in key milestones, including the project kick-off, stakeholder engagement and the validation of DMA findings.

Step 1 – Scoping

We started the analysis by mapping the entity structure of WE Fashion. Based on the ESRS requirements, we then determined which entities fall within the reporting scope. As a result, CSRD reporting will be conducted at WE International B.V., covering all fully owned subsidiaries (i.e. all country-specific entities). In practice, this means that all activities operating under the WE Fashion brand are included in the CSRD report.

STEP 2 – LANDSCAPE ANALYSIS

To identify material topics – including impacts, risks and opportunities – we began by compiling a broad “long list” of potential topics. This list was subsequently refined through further assessment to determine which topics are truly material. The analysis drew on a wide range of sources, including sustainability trends, laws and regulations, peer insights and media coverage.

STEP 3 – HIGH-LEVEL VALUE CHAIN ANALYSIS

Since the CSRD requires the evaluation of ESRS topics across the entire value chain, we developed a high-level overview of our value chain. This is divided into four parts: upstream activities, own operations, downstream activities and secondary activities (such as IT, HR, marketing and finance). For each stage, we identified the relevant impacts, risks and opportunities for all ESRS topics, classifying impacts as either positive or negative.

STEP 4 – SELECTION OF TOPICS

The selection of relevant ESRS topics was carried out in a workshop setting. Each topic – including sub-sub-topics – was assessed for relevance,

with the underlying rationale discussed in plenary. We also developed a narrative outlining the associated impacts, risks and opportunities for each relevant (sub-sub-)topic.

STEP 5 – DEFINITION OF IMPACT AND FINANCIAL MATERIALITY

Double materiality consists of two dimensions: impact materiality and financial materiality.

A sustainability matter is considered material from an impact perspective if it has, or may have, a significant positive or negative effect on people or the environment, across the short, medium or long term.

From a financial perspective, a matter is material if it has triggered, or could trigger, significant financial effects on our business – through risks or opportunities that affect our financial position, performance, cash flow, access to finance or cost of capital over time.

STEP 6 – STAKEHOLDER ENGAGEMENT

To determine the materiality of topics, we identified and surveyed our stakeholders to gather their perspectives. For impact materiality, both internal

and external stakeholders were included. For financial materiality, the assessment was based on input from internal stakeholders only, as external stakeholders generally have limited visibility on financial impacts.

A list of relevant external stakeholders was compiled, including peers, trade unions, investors and credit institutions, industry experts, suppliers, customers, governmental organisations, NGOs and universities.

Through an online survey, both internal and external stakeholders were invited to assess WE Fashion's impact on society and the environment. In total, 39 responses were received – 17 from internal stakeholders and 22 from external stakeholders. In addition, 12 interviews were conducted with representatives from key stakeholder groups. These interviews provided deeper insights into the environmental, social and governance impacts of WE Fashion, as well as how these issues may affect the business.

Based on the input from the survey and interviews, an impact score was calculated on a scale from 1 to 5. To complement this, four internal workshops were held – including sessions with the Management Team – to assess and validate the scores for both impact and financial materiality.

STEP 7 – VALIDATION OF RESULTS

During a final meeting with the DMA working group and the CFO/COO, the results of the materiality analysis were reviewed and validated. This was followed by a meeting with the Management Team to finalise the outcomes. Each topic was assessed and classified as either not material, material from an impact perspective only, material from a financial perspective only or material from both perspectives.

Following the DMA, topic S1 (Own Workforce) was found not to be material. However, we have chosen to report on the relevant disclosure requirements, as we already have a solid management system in place. The only topic that stakeholders considered not material to WE Fashion was S3 (Affected Communities). The subtopics were deemed not relevant due to WE Fashion’s limited reach and potential influence in this area. All other ESRS topics were identified as material, resulting in the following list of topics included in this report:

- ESRS 2: General disclosures
- E1: Climate Change
- E2: Pollution
- E3: Water and Marine Resources
- E4: Biodiversity and Ecosystems
- E5: Resource Use and Circular Economy
- S1: Own Workforce
- S2: Workers in the Value Chain
- S4: Consumers and End-Users
- G1: Business Conduct



APPENDIX B - METHODOLOGIES

MONITORING ENVIRONMENTAL PRACTICES

To measure the environmental performance of our tier 1 & 2 suppliers we mainly use the Higg FEM assessment tool, part of Cascale. The Higg Facility Environmental Module (Higg FEM) is a sustainability assessment tool that standardizes how facilities measure and evaluate their environmental performance, year over year. The Higg FEM is designed to:

- Measure and quantify the sustainability impacts of a facility
- Reduce redundancy in measuring and reporting sustainability performance
- Drive business value through reducing risk and uncovering efficiencies
- Create a common means and language to communicate sustainability to stakeholders

After facilities have completed the self-assessment, they move into the verification phase. This process confirms that each facility has accurately completed all parts of the Higg FEM, ensuring the credibility and reliability needed for public disclosure. Verification of the FEM self-assessment is conducted by Cascale-approved [verification bodies](#). Since verification takes place after the reporting year concludes, our progress reporting is always based on the previous year’s data. Therefore, the 2025 figures in this report reflect verified data from 2024. Please find below an overview of the sections and scoring methodology:

	Higg FEM
Section	• Environmental Management System (EMS) • Energy • Water • Wastewater • Air Emissions • Waste • Chemicals Management
Scoring methodology	Total of 100 points divided in three levels: • Level 1: Awareness and understanding of sources and basic management systems (worth 25% of total points). Facilities must demonstrate Level 1 practices before advancing. • Level 2: Setting baselines, targets, and tracking improvements (worth 50% of the total points) • Level 3 (Advanced Practices) (worth 25% of the total points)

MONITORING WORKING CONDITIONS

One of the ways by which we monitor working conditions, is through social audits. We only work with tier 1 suppliers from high-risk countries that have a valid third party social audit, (meaning an audit that is not expired). The majority of our tier 1 suppliers use amfori BSCI. To relieve factories from audit fatigue, we also accept other third-party audits, such as the [Social Accountability 8000 \(SA8000\) certification](#), [Sedex Members Ethical Trade Audit \(SMETA\)](#), [Worldwide Responsible Apparel Production \(WRAP\) certification](#), [Social Labour Convergence Program \(SLCP\)](#) and the [Higg Facility Social Labor Module \(FSLM\)](#). Additionally, tier 1 factories in Bangladesh and Pakistan are obligated to participate in the International Accord, while tier 1 factories in Myanmar are expected to retrieve a certificate of completion of the MADE Social Compliance Program.

In 2025, 89% of our tier 1 suppliers had a valid amfori BSCI audit report, whereas 11% provided another accepted social audit. Please find below an overview of the amfori BSCI Performance Areas (PA)s, the amfori BSCI scoring methodology and our conversion to WE scoring scale.

AMFORI BSCI PERFORMANCE AREAS (PAS):

1. Social Management System and Cascade Effect
2. Workers Involvement and Protection
3. The Rights of Freedom of Association and Collective Bargaining
4. No Discrimination, Violence or Harassment

5. Fair Remuneration
6. Decent Working Hours
7. Occupational Health and Safety (OHS)
8. No Child Labour
9. Special Protection for Young Workers
10. No Precarious Employment
11. No Bonded, Forced Labour or Human Trafficking
12. Protection of the Environment
13. Ethical Business Behaviour

WE FASHION PERFORMANCE LEVEL	AMFORI BSCI
High	A: Minimum 7 PAs rated A and no PA rated C, D, or E B: Maximum 3 PAs rated C and no PA rated D, or E
Moderate	C: Maximum 2 PAs rated D and no PA rated E
Low	D: Maximum 6 PAs rated E E: Maximum 7 PAs rated E

For tier 1 suppliers, the non-BSCI audits are individually reviewed and converted on a case-by-case basis by assessing each audit against BSCI performance areas. This approach aims to support a consistent and comparable assessment of performance.

Beyond tier 1, the application of this detailed, case-by-case conversion approach becomes increasingly complex and resource-intensive due to the significantly larger number of suppliers and the fragmented nature of the supply chain. To support this, we aim to develop and implement an internal scoring methodology in 2026 to enable consistent monitoring and evaluation of social audit outcomes across different frameworks.

COLOPHON

This Impact Report covers the financial year 2025, from 26 January 2025 to 24 January 2026.

Published by WE Fashion for the benefit of all stakeholders.

For questions or feedback regarding this report, please contact:
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