



CSR REPORT 2016



WE

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INTRODUCTION

We are happy to share the CSR Report 2016, providing an insight into WE Fashion's objectives, strategies and recent achievements with respect to CSR. Our CSR Strategy touches on several big issues which are significant to how we do business. We are attentive to our corporate responsibilities, our focus is on continuous improvement. One of our strengths is our ability to be adaptable, we recognize CSR is a developing subject area with new issues emerging on an ongoing basis.



There is still a lot of work to do, but we are pleased to show good progress in several areas, such as factory compliance where we performed 218 audits and achieved that more than 40% of factories have a good audit result. With the use of 13.9% sustainable materials, we have largely achieved our goal for 2016. And the reuse and recycling of product waste is up to 93%, a number we are proud of.

We believe life is lived better, together. Our CSR strategy has been aligned with the UN Sustainable Development Goals (SDGs) and aim to mobilize efforts to end poverty, fight inequalities and tackle climate change. Which is why we continue to work closely with a range of partners, who help us define our course of action. With the overall aim of being able to report on CSR in an accurate, clear and transparent manner.

Kind regards,

A handwritten signature in black ink, appearing to read 'Joris Aperghis'. The signature is stylized and fluid.

Joris Aperghis
CEO

KEY FIGURES 2016

SUSTAINABLE SUPPLY CHAIN

218 audits carried out

23450 workers have been trained on safety issues in Bangladesh

4 out of 5 safety issues, identified under Bangladesh Accord at factories where WE Fashion sourced, are reported or verified as fixed

BETTER PRODUCTS

13.9% of articles were made of sustainable materials

97.3% of articles passed the chemical spot test program and are fully compliant to the WE Fashion RSL requirements

SUSTAINABLE OPERATIONS

92.6% of the product waste is reused or recycled

66% of electricity used in our European operations is green

COMMUNITY ENGAGEMENT

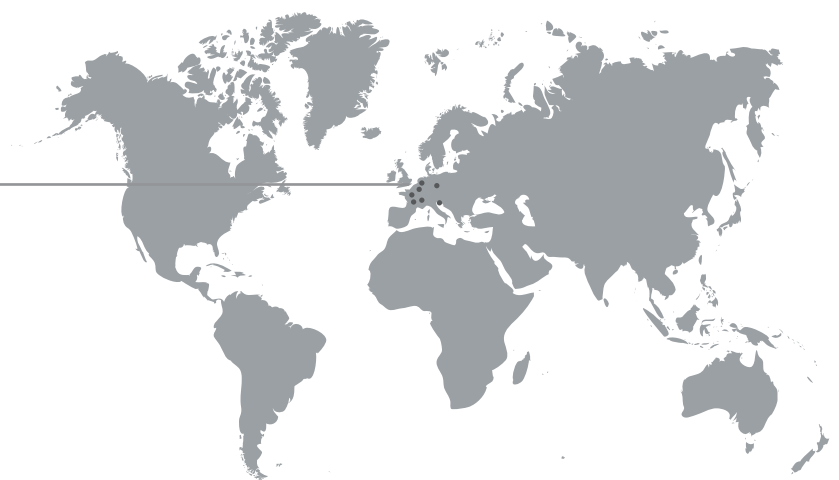
37250 euro has been generated by fundraising activities and donated to 3 charities

ABOUT WE FASHION

WE Fashion is an international company with around 211 stores, 2230 employees, and webshops in all countries where we are represented: the Netherlands, Belgium, Germany, France, Luxembourg, Austria and Switzerland. The international distribution centre and the organisation's head office are located in Utrecht. There are also local offices in Belgium, Germany and Switzerland.

211
STORES

2230
EMPLOYEES



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

'WE design to connect' is our mission.

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



In 2016, WE Fashion has made the next steps in implementing the goals as set in the Corporate Social Responsibility (CSR) Strategy 2015-2020 into all facets of its operations. We are proud that with these steps CSR now forms an essential element of our company.

A fundamental part of our strategy is transparency. We want to tell what we achieved and show our words are backed up by actions. In our strategy, the results that have been achieved are presented in a transparent manner. The goals are not yet completed, streamlined and perfect but it offers us the opportunity to improve and grow. In 2016 we have completed several actions, but also added new actions for in 2017. We believe this comprehensive strategy with strong governance will enable us to deliver greater value, innovation and competition in the years to come.

COMPANY VALUES

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

Our values are:

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

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

To emphasise that CSR should have a holistic approach, it is also integrated into our overall WE business strategy: sustainable business. Our business strategy aims for optimal balance in creating sustainable and socially responsible fashion that can be enjoyed by all.

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



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

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

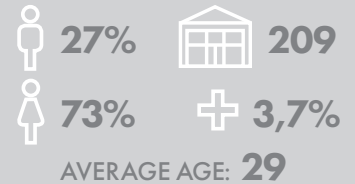
We believe in working together to build a better future. That is why our internal manifesto states: 'WE truly care about all people and our planet'. With our CSR strategy, we would like to raise awareness among our employees, customers and other stakeholders. In addition, sustainable business guarantees profit from future activities.

WE FASHION EMPLOYEES

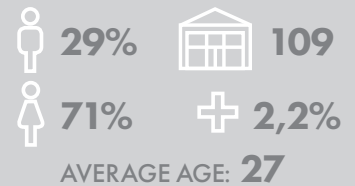
DATA 2016



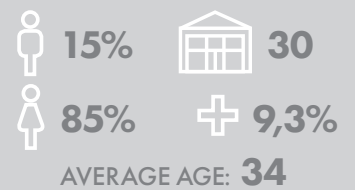
2341
ALL COUNTRIES



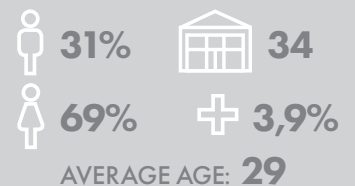
1434
NETHERLANDS



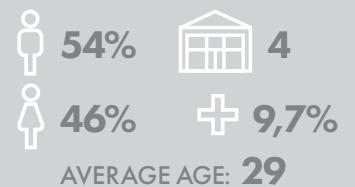
278
BELGIUM
LUXEMBOURG



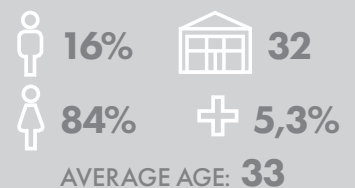
371
GERMANY



33
FRANCE



225
SWITZERLAND
AUSTRIA



ABSENTEEISM

Over the past few years, we have implemented a new form of absence supervision, whereby we look further than simply the reason for the absence, we facilitate discussions

about reasons and also offer options for (adapted) work. This means that absenteeism is no longer a solely medical issue, but has become a management issue too.

WE FASHION CSR STRATEGY 2020

The WE Fashion CSR strategy is based on 4 pillars: sustainable supply chain, better products, sustainable operations and community engagement. These 4 cornerstones are further broken down into 9 different goals. We aim to realise these goals by taking time-bound actions. Every year, the CSR report provides information on the actions taken and the results achieved. There is much to be improved for every goal. We formulate time-bound actions every new year, in order to further realise our ultimate goals.



OBJECTIVES

PILLAR 1 SUSTAINABLE SUPPLY CHAIN

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

PILLAR 2 BETTER PRODUCTS

WE Fashion's aim for the coming 5 years is to raise the sustainability levels of the production chain while continuing focusing on the use of sustainable cotton. In doing so, we are not only reducing the use of water, chemicals and pesticides, but we are also increasing the use of environmentally-friendly raw materials in our products. We would also like to further reduce the use of chemicals, water and energy in production, mainly during the dyeing and finishing stages.

PILLAR 3 SUSTAINABLE OPERATIONS

WE Fashion would like to take responsibility for the reduction of water, energy and chemicals in our operations, and reduce emissions of CO₂. We will also take a critical look at the waste we produce.

PILLAR 4 COMMUNITY ENGAGEMENT

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

STAKEHOLDERS

The engagement of interested parties is a guiding principle through all of the targets of the CSR strategy. Stakeholders are any parties which are involved in our activities.

In the past years we have engaged in several Multi Stakeholder Initiatives, where relevant stakeholders for a specific topic gather to work on sustainable improvements. Examples are the membership of the Accord on Fire and building Safety in Bangladesh, the engagement with

the Made-By ModeTracker, and participation in the Dutch Textile Agreement.

The CSR strategy contains an action plan which indicates how we can most effectively communicate about our CSR ambitions and performance with the various stakeholders in order to realise our ultimate objectives. By cooperating with all relevant stakeholders, we can take the steps that we have outlined in our CSR Strategy 2020.

OUR STAKEHOLDERS:

Associations – together with other brands and retailers we work on developments in the sector such as improvements of social conditions in the supply chain, innovations of sustainable materials, and upcoming laws and regulations. WE Fashion is a member of VGT in The Netherlands and Comeos in Belgium.

Suppliers – we meet our suppliers twice a year in supplier meetings, where we inform them about several topics such as the WE Fashion factory compliance program and the growing demand for sustainable materials. We also invite our suppliers and the factories in their supply chains to take part in specific trainings, such as for the Bangladesh Accord and for BSCI.

NGO's – Our relationships with non-governmental organizations (NGO's) provide valuable insight. We regularly meet with NGO's important to our business, they are important as partner in projects and their critical voice helped shaping the WE Fashion CSR strategy.

Unions – WE Fashion employees are free to become a member of the union of their choice. In production countries we work with local and international unions to help workers to get freedom of association.

Governments – We are in dialogue with the Dutch government regarding many topics such as Circular Economy and improvements in the supply chain. Where relevant and possible, insights gained are implemented in our policies.

Customers – Customers reach out to WE Fashion via social media and email to ask questions and share ideas. Questions regarding social compliance, sustainable products and product safety are very welcome and help to shape the direction of the topics in our CSR strategy. We take product complaints serious and use the feedback to improve our products.





WE'S SUSTAINABILITY VISION

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

WE'S SUSTAINABILITY MISSION

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

TRANSPARENCY

Transparency and openness is vital in these times. Thanks to the internet, information is available to all and the consumer is increasingly seeking out information on brands and companies. The WE Fashion CSR strategy represents reliability and transparency but we are also willing to share sustainability dilemma's we have. We are

up front about which targets we have and how we will go about achieving them. For each activity, we explain what we have done and our reasons for doing so. This goes for our major successes as well as things that have not (yet) been completed successfully. Ultimately, it is a dynamic entity.

THE WE FASHION CSR TEAM

Within WE Fashion there is an independent, specialised CSR team, comprising two persons, who work at our head office, on a full-time basis, on this area. The manager of the CSR team reports directly to the CEO. The CSR team is responsible for the development of all CSR targets, the evaluation of improvements and encouraging and advising all of the relevant departments with respect to the elaboration and implementation of targets. With this support, every department is independently responsible for implementing the targets. Responsibility for the implementation of CSR strategy lies with the management team.

RESULTS OF THE 4 CSR STRATEGY PILLARS 2016

RESULTS SUMMARY 2016

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

SUSTAINABLE SUPPLYCHAIN

1. IMPROVE SOCIAL CONDITIONS IN PRODUCTION

- ● ● ● 1.1 Develop the WE Fashion Code of Conduct for suppliers
- ● ● ● 1.2 Create a score card for social performance of suppliers
- ● ● ● 1.3 Ask suppliers to sign the WE Fashion Code of Conduct
- ● ● ○ 1.4 Supervise and approve supplier performance in tier 1 and 2
- ● ● ○ 1.5 Evaluate and update the social suppliers management system
- ○ ○ ○ 1.6 Expand social suppliers management to lower tiers in the supply chain
- ● ● ○ 1.7 Map the risks of labour rights in the supply chain
- ● ○ ○ 1.8 Set up guidelines in relation to the sustainable purchasing of products
- ○ ○ ○ 1.9 Develop a complaints mechanism for the supply chain
- ● ○ ○ 1.10 Enable Freedom of Association for all workers in our supply chain

2. IMPROVE THE LIVES OF WORKERS

- ● ● ○ 2.1 Participate in the Bangladesh Accord
- ● ● ○ 2.2 Develop a roadmap for achieving a living wage
- ● ● ○ 2.3 Engage in projects to mitigate child labour in our supply chain

3. IMPROVE THE ENVIRONMENT IN PRODUCTION

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

BETTER PRODUCTS

4. USE MORE SUSTAINABLE MATERIALS

- ● ● ● 4.1 Update our sustainable raw materials strategy
- ● ● ○ 4.2 Buy products made from sustainable materials
- ● ● ○ 4.3 Integrate Better Cotton into our collection
- ● ● ● 4.4 Create a policy with respect to the use of animal materials
- ● ● ● 4.5 Develop sustainable product labels
- ● ● ○ 4.6 Update supplier portal with regard to sustainable materials
- ● ● ● 4.7 Set up an eco-certification management system
- ○ ○ ○ 4.8 Create a policy on sustainable leather
- ○ ○ ○ 4.9 Develop a plan for the use of sustainable trimmings

5. MAKE ALL PRODUCT STAGES MORE SUSTAINABLE AND TRANSPARENT

- 5.1 Develop a plan tackling the use of hazardous chemical substances
 - 5.2 Seek verification of our activities in the chain
 - 5.3 Map products on the use of raw materials and treatments
 - 5.4 Map out the wet processes used by WE Fashion washing, dyeing, finishing, printing
 - 5.5 Develop a wet processing strategy for WE Fashion
 - 5.6 Measure the ecological footprint of the most important products
 - 5.7 Give customers insight in which factories products are made
 - 5.8 Develop a plan to register and monitor the country of origin of materials
-

SUSTAINABLE OPERATIONS

6. INVEST IN OUR EMPLOYEES

- 6.1 Write a code of conduct for the WE Fashion employees
 - 6.2 Measure CSR engagement among employees
 - 6.3 Develop a CSR module for the WE Academy
 - 6.4 Publish information in relation to all CSR guidelines internally
 - 6.5 Launch and embrace CONNECT as a central value system
 - 6.6 Launch and roll out of a wide range of online trainings
 - 6.7 Develop a top talent program
 - 6.8 Connect to our new colleagues - Onboarding
 - 6.9 Develop employee engagement & employee happiness
-

7. REDUCE WASTE

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

8 REDUCE THE CO2 FOOTPRINT

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

COMMUNITY ENGAGEMENT

9. SUPPORT CHARITIES

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



SUSTAINABLE SUPPLY CHAIN



WE

SUSTAINABLE SUPPLY CHAIN

The textile sector provides work for many people. According to the International Labour Organization almost 24 million people work in our sector. Unfortunately many workers are still employed under very poor social conditions. We believe that building a solid long term relationship with our suppliers raises awareness on social issues in production, brings the factories through training and workshops to the next level, and improves the quality of work.

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

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

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

RESULTS SUMMARY 2016

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

COMMITMENT 1 IMPROVING SOCIAL CONDITIONS WITHIN THE SUPPLY CHAIN

1.1 DEVELOP THE WE FASHION CODE OF CONDUCT FOR SUPPLIERS

Aim:

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

Progress:

The content of the WE Fashion Code of Conduct for suppliers has been developed, drafted and presented to various parties in 2015. At the beginning of 2016, the WE Fashion Code of Conduct has become part of the WE Supplier Declaration which is signed by every supplier and factory who produces for WE. The document has been published on the CSR pages of our corporate website www.wefashion.com.

Looking ahead:

WE plan to review the content of the WE Fashion Code of Conduct in 2018.

1.2 CREATE A SCORE CARD FOR SOCIAL PERFORMANCE OF SUPPLIERS



Aim:

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

Progress:

As a result of accepting other classification systems alongside BSCI, we have started categorising these systems. This is vital in order to evaluate the audit reports. It is a very time-consuming process due to the individual natures of the systems. As a result of the research, we now accept social audits from 6 systems next to BSCI, being SA8000, WRAP, SMETA, GOTS, FWF and WCA.

Looking ahead:

We will review the Social Performance Scorecard in 2018.

1.3 ASK SUPPLIERS TO SIGN THE WE FASHION CODE OF CONDUCT



Aim:

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

Progress:

The WE Fashion Code of Conduct for suppliers has been sent in the beginning of 2016 to all WE Fashion suppliers and their factories. All suppliers and factories have signed the document. The WE Fashion Code of Conduct also has been published on www.wefashion.com.

Looking ahead:

After the planned 2018 evaluation of the WE Fashion Code of Conduct, we will ask suppliers and active factories to sign the WE Code of Conduct again. Since February 2016 new suppliers and factories that will be starting production for WE Fashion can only be accepted when they sign the WE Code of Conduct.

1.4 SUPERVISE AND APPROVE SUPPLIER PERFORMANCE IN TIER 1 AND 2



Aim:

Our aim is to keep 100% of the factories that produce for WE Fashion within a valid audit cycle and to work on continuous improvement of the conditions in the factories.

Progress:

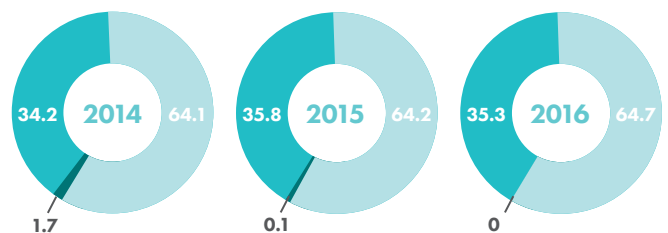
By introducing the BSCI Code of Conduct 2014, the BSCI system has become stricter in maintaining all requirements, and a number of requirements have been tightened. This primarily relates to the area of Health & Safety. Many of the factories therefore have to work on further improvement of the working conditions, after previously having a better score under the previous BSCI Code of Conduct.

Looking ahead:

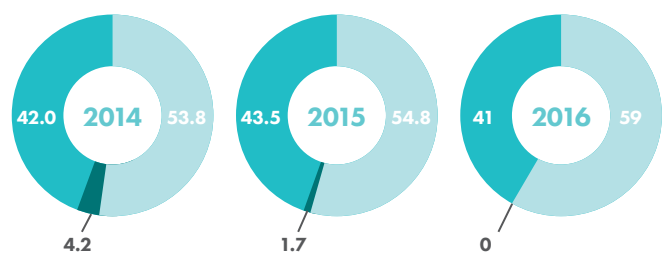
In order to involve and retain 100% of our factories within a validated audit process, it is vital that we encourage factories to enrol in training and workshops regarding the topics they need to improve. When sourcing new suppliers, we will only accept those factories who are in an audit process that is acknowledged by WE Fashion. As a result, we are confident that by 2020 we can buy 50% of our purchasing value from approved factories.

FACTORY COMPLIANCE IN PURCHASE VALUE PER END OF CALENDAR YEAR

Factory compliance in purchase value



Factory compliance in % of total amount of factories



- Approved/certified - A, B
- In audit process - C, D, E
- Not started with audit process

A COMPLETE OVERVIEW OF ALL FACTORIES

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

WE Fashion places great importance on the conditions in which our clothing is manufactured. The requirement to submit all factories including sub-contractors to the auditing process goes beyond the requirements of BSCI, where only direct suppliers in risk countries are the scope. From suppliers that have factories where the BSCI audits are not carried out, we will accept an audit report from the other social compliance systems we acknowledge, which are SA8000, SMETA (ETI), FWF, WRAP and GOTS. Factories in production countries that are considered to be non-risk countries do not have to submit BSCI audit documents in order to be accepted for WE Fashion production. On 31 December 2016, 100% of all factories had a valid audit procedure for a WE Fashion approved system, which means that all goods for WE Fashion are produced in controlled factories.

	TOTAL FACTORIES	NON RISK NOT AUDITED	SA8000 AUDITED	BSCI AUDITED	WRAP AUDITED	SMETA AUDITED	OTHER AUDIT
Bangladesh	14			14			
Belarus	1			1			
Bulgaria	2			1			1
Cambodia	11			11			
China	80		2	75	1	2	
India	22		7	14		1	
Italy	19	19					
Laos	5			5			
Lithuania	1			1			
Luxembourg	1	1					
Mauritius	3			3			
Morocco	1			1			
Myanmar	3			3			
Netherlands	2	2					
Pakistan	2			2			
Poland	2			2			
Portugal	3	3					
Romania	6		1	3		1	1
Russia	1			1			
Thailand	1		1				
Turkey	21			17		4	
Ukraine	1			1			
Vietnam	8		1	5	2		

210 TOTAL FACTORIES

25 NON RISK NOT AUDITED

12 SA8000 AUDITED

160 BSCI AUDITED

3 WRAP AUDITED

8 SMETA AUDITED

2 OTHER AUDITS

COUNTRIES WHERE PRODUCTION TOOK PLACE IN 2016



Bangladesh
Belarus
Bulgaria
Cambodia
China
India
Italy*
Laos
Lithuania
Luxembourg*
Mauritius
Morocco
Myanmar
Netherlands*
Pakistan
Poland
Portugal*
Romania
Russia
Thailand
Turkey
Ukraine
Vietnam

RISK COUNTRY CLASSIFICATION

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

The countries marked with a * are regarded by BSCI as non-risk countries. In 2016, according to the classification, 11.9% of the factories that produced for WE Fashion are located in non-risk countries.

2016 AUDIT PERFORMANCE

In 2016, a total of 218 audits were conducted at factories. This is an increase compared to 2015 (105 audits). There are two main reasons for the increase, many Chinese factories scored a C or less and re-audited in the same year to show improvements. The other reason is that the new BSCI system requires factories to take ownership of the corrective actions, this creates awareness and engagement. Factories want to get audited after improvements have been made.

The table below shows the audit performance per country in 2016 of all production facilities, direct or indirect. Both initial and follow-up audits are included. The initial audit involves assessing whether all 13 principles of the BSCI Code of Conduct are met.

A factory with a score A or B is approved, a factory with the rating C or D is presented with a Corrective Action Plan (CAP), a plan they receive as a result from an audit, with concrete recommendations for improvements. A follow-up audit follows within a 12 month period to ensure all recommendations have been followed and improvements have been made.

In 2016, the WE Fashion CSR team started to request all audits as semi-announced. This means that the factory agrees a timeframe of a month, in which the auditor is free to come unannounced and do the inspection. In 2016 9.82% of the audits was semi-announced. We aim towards a model where all audits are semi-announced or unannounced.

	TOTAL FACTORIES	TOTAL AUDITS	RESULT A, B	RESULT C	RESULT D	RESULT E
Bangladesh	14	21	1	18	2	
Belarus	1	2	1		1	
Bulgaria	2	1	1			
Cambodia	11	11	5	4	2	
China	80	107	2	75	29	
India	22	18	6	10	2	
Italy *	19					
Laos	5	5	5			
Lithuania	1	1	1			
Luxembourg *	1					
Mauritius	3	6	4	2		
Morocco	1	1			1	
Myanmar	3	5	2	2	1	
Netherlands *	2					
Pakistan	2	1		1		
Poland	2	1	1			
Portugal *	3					
Romania	6	5	4		1	
Russia	1	1	1			
Thailand	1					
Turkey	21	24	6	8	10	
Ukraine	1	4	3		1	
Vietnam	8	4	2	2		

* Non-risk countries

210 TOTAL FACTORIES

218 TOTAL AUDITS

45 RESULT A, B

122 RESULT C

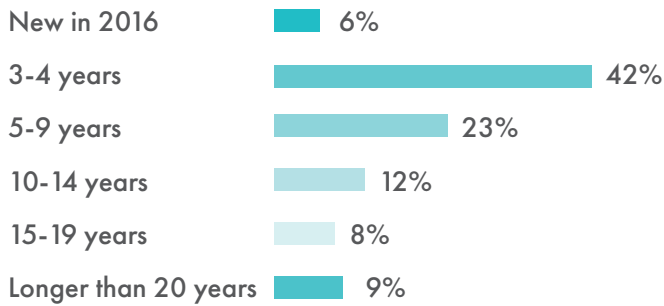
50 RESULT D

0 RESULT E

SUPPLIER RELATIONS

52% of our goods come from suppliers that have been producing for us for more than five years.

We have an excellent relationship with these suppliers that, in some cases, goes back 45 years. The intention with every new supplier is to start a long lasting relationship where quality, respect and partnership are the key ingredients.



1.5 EVALUATE AND UPDATE THE SOCIAL SUPPLIERS MANAGEMENT SYSTEM



Aim:

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

Progress:

The suppliers social management system has been adapted and introduced in 2014.

Looking ahead:

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

THE WE FASHION SOCIAL SUPPLIERS MANAGEMENT SYSTEM

The CSR team works every day on improving the conditions in the factories used by our suppliers for production. In close consultation with the purchasing department, the import/export department and the quality department, we ensure that all factories used for production of our goods fulfil the minimum requirements of the WE Fashion Code of Conduct for suppliers.

The new procedure covers:

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

WE Fashion buyers will be informed by the CSR Department about the procedure by means of a manual and trainings, both for individuals as for teams.

HOW OUR SOCIAL MANAGEMENT SYSTEM WORKS

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

The CSR team at WE Fashion encourages suppliers and factories to take the recommended corrective actions serious, and work on improvement of the found problems, and find a way to secure the right way of working in the daily management. One of the main methods is to offer the manufacturers a training specifically focused on the failing subject.

AUDIT RESULTS PER PERFORMANCE AREA

In the graph presented below, the score per performance area are presented, as found during the 2016 audits.

The results show that a focus on a solid Social Management System is crucial for factories to tackle all other issues.

	A	B	C	D	E
Social management system	25%	14%	21%	31%	9%
Workers involvement	36%	17%	33%	11%	4%
Freedom of Association	96%	3%	1%	0%	0%
No discrimination	86%	7%	6%	1%	0%
Fair remuneration	46%	43%	7%	1%	4%
%Working hours	44%	8%	13%	30%	5%
Health & Safety	46%	17%	2%	25%	9%
Child labor	98%	2%	0%	0%	0%
Special protection young workers	95%	2%	3%	0%	0%
No precarious employment	93%	5%	1%	1%	0%
Bonded labor	96%	2%	1%	0%	1%
Protection of the environment	69%	17%	12%	2%	0%
Ethical business behavior	78%	18%	4%	1%	0%

EXPLANATION OF THE SCORES IN THE DIFFERENT PERFORMANCE AREA'S

Social Management System - The highest amount of non-compliances in BSCI performance are found in this performance area, where 9% of the factories have been scored an E, 31% a D and 21% a C. Issues in other areas are very likely to relate to issues with a lack of a good working Social Management system. Most of these issues occurred in China, Turkey, India and Bangladesh

Workers Involvement - The non-compliance rate is quite high in this area, where 4% of factories scored an E, 11% a D, and 33% a C. In Cambodia all factories have issues with Workers Involvement. The non-compliance rate is also high in China (48%), Bangladesh (43%), Turkey (69%) and India (50%). As explained in 1.10, this is a focus area for us.

Working Hours – this performance area also shows high non-compliance rates, 5% of factories scored an E, 30% a D, and 13% a C. In most cases the workers have worked too much overtime and not had a day of every 7 days. In China as many as 75% of the factories have issues when it comes to decent working hours. The rate is also high in Turkey (61%) and Myanmar (60%).

Occupational Health and Safety - The non-compliance rate in performance is relatively high with 9% of factories scoring an E, 25% a D, 2% a C. In Bangladesh 79% of the factories have issues in this performance area. Many issues are linked to fire safety, those are currently remediated by the Bangladesh Accord. WE Fashion is a member of the Bangladesh Accord (see 2.1).

CAPACITY BUILDING IN 2016

In 2016, 22 suppliers and factories followed in total 76 workshops that were offered by the BSCI. The best visited workshops were "Worker Involvement and Protection - Grievance Mechanism", "Introduction to social management systems" and "Occupational Health and Safety".

In the past years, many suppliers and factories have attended the BSCI workshops. The workshops can be followed free of charge, are given in the local language and are directly relating to the issues factories face for remediation.

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



Aim:

The aim is to obtain a clear overview of the social performance of the factories of tier 3 and 4 of our supply chain, by involving them in the social management system. When we talk about the lower tiers in our supply chain, we mean the factories such as the printers, laundries, fabric mills and yarn suppliers, dyeing facilities, ironing factories, etc. In the long-term, we would like these factories of strategic suppliers to be included in a monitoring or audit system.

Progress:

In the past years our suppliers have provided us with an overview of their most important suppliers which form part of the production effort for WE Fashion. In 2016, we achieved again a 100% overview on ordering level of tier 1 and 2 factories. Next to that we have started to collect information about tiers 3 and 4 in the supply chain.

Looking ahead:

In 2017 we want to include yarn and fabric suppliers, and the washing facilities (if applicable) to our ordering system, to be able to link these sub-suppliers directly to our products. With this insight we will be able to find the largest sub-suppliers with the highest impact. Our aim is to know the sewing factories, laundries and fabric suppliers for 25% of our products by the end of 2017.

WE FASHION TIER CLASSIFICATION

- Tier 1** direct suppliers – sewing and production
- Tier 2** subcontractors to our suppliers – sewing and production
- Tier 3** finishers to our suppliers – washing, dyeing, printing, ironing and embroidering
- Tier 4** suppliers to our suppliers – fabrics, yarns, trimmings, labelling, packaging



1.7 MAP THE RISKS OF LABOUR RIGHTS IN THE SUPPLY CHAIN



Aim:

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

Progress:

The CSR department performed an extensive research to the risk in the apparel supply chain in general and the specific risks in the supply chain of WE Fashion. The mapping gave us an insight in the likelihood of risks happening in our supply chain, and the impact on workers in the supply chain and on WE Fashion. The results will be used as base for our first Due Diligence plan for the Dutch Textile Agreement.

Looking ahead:

We want to repeat the study in 2017 to check whether risks have changed and our priorities for the near future should be adjusted. We plan to repeat the exercise annually to be sure the right measures are taken in time.

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



Aim:

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

Progress:

In 2016 we have published a Buyers Manual that guides buyers through all principles WE Fashion has set. The set of principles is raising the awareness of buyers regarding their direct and indirect impact on the production processing and the workers wellbeing. During several training sessions the buying teams and the CSR team discussed the outcome of the Risk Assessment and the possible actions buyers could take to improve the situation.

Looking ahead:

The aim is to update the Buyers Manual annually, the revised version will be published in 2017 again, followed by training for the buying teams.

Progress:

In 2016 WE Fashion signed the Dutch Textile Agreement. Part of this agreement is a complaints mechanism. Workers in the factories that produce for WE Fashion and for all other brands that signed the Dutch Textile Agreement are able to reach out and file a complaint.

Looking ahead:

We will evaluate the complaints mechanism of the Dutch Textile Agreement in 2018, to see if workers in production countries could find us and were able to file complaints.

FACTORIES

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

The BSCI states the following in its Code of Conduct:

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

1.9 DEVELOP A COMPLAINTS MECHANISM FOR THE SUPPLY CHAIN



Aim:

Every person who is involved in the WE Fashion supply chain must have the chance to submit a complaint if their rights are under threat. This is set forth in the United Nation's Guiding Principles on Business and Human Rights, also known as the Ruggie Framework. WE Fashion is a member of the BSCI and the BSCI has a complaints mechanism. The BSCI, however, does not cover the entire network. To give everyone the same chance, WE Fashion is looking at other complaints mechanisms that cover all involved.

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



Aim:

Freedom of Association enables workers to come up for their own rights. We believe that this is the first step towards social and economic independency for all workers around the world. Our aim is to enable all workers in the factories that produce for WE Fashion.

Progress:

To realise progress for workers we need to cooperate with local and international unions and NGO's. In 2016 we started a dialogue with CNV Netherlands concerning the presence of unions in the factories that produce goods for WE Fashion in Cambodia, and whether these unions could be called independent. In October 2016 the CSR Manager visited the majority of factories in Cambodia and discussed the topic of Freedom of Association. We also met with the independent Cambodian union CLC.

Looking ahead:

In 2017 we will participate in the working group Freedom of Association under the Dutch Textile Agreement to help forming the roadmap and develop a project for all participants in the Agreement. The project will be focussing on countries where the brands in the Agreement mainly produce, and where the participating Dutch unions can support in connecting to the right local unions.

CAMBODIA

In 2015 WE Fashion was named in a report concerning Freedom of Association in Cambodia. In 2016 we started a dialogue with CNV Netherlands concerning the presence of unions in the factories that produce goods for WE Fashion in Cambodia, and whether these unions could be called independent. In October 2016 the CSR Manager visited the majority of factories in Cambodia and discussed there the topic of Freedom of Association. She also met with the independent Cambodian union CLC.

In 2017 we plan to visit the factories in Cambodia again, preferably with an independent union representative, to work on further acceptance of independent unions in our supply chain in Cambodia.



COMMITMENT 2 IMPROVE THE LIVES OF WORKERS

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



Aim:

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

Progress/Performance:

In the first round of inspections in 2013 and 2014, 818 issues were identified, by the end of 2016 this total had risen to 1712 issues at 23 factories. In the past 3.5 years a total of 102 inspections has been carried out in factories that are under our Accord management. By the end of December 73.2% of issues in the factories had been corrected and another 8.1% had been corrected but still need to be confirmed by means of an inspection.

The issues found most frequently are:

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

Factories with issues that still need remediation are encouraged and supported by WE Fashion and the other brands to complete the remediation work.

Five factories started with the Accord worker training program in 2016 and a total of 10 trainings have been given to a total of 23.450 workers. This is approximately 49% of all workers who produce for WE Fashion in Bangladesh. We are committed to complete this task together with the factories. The workers training program is based around the presence of unions, worker safety committees and training of all workers. The trainings concern hazard identification, communication skills and problem solving.

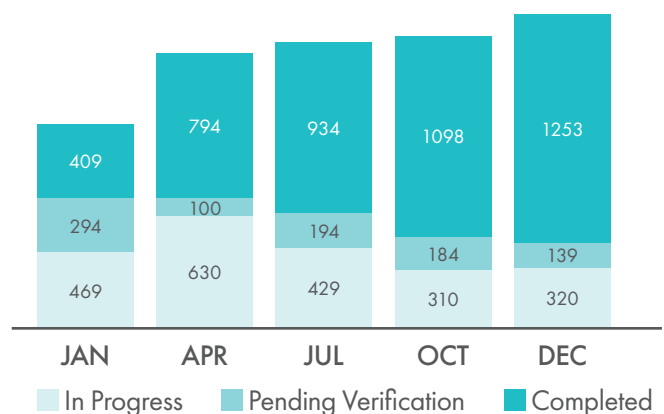
Looking ahead:

The Bangladesh Accord is an agreement for 5 year, that will end in May 2018. By the end of the duration of the Accord we expect that all issues from the initial inspections have been corrected and all workers have finished the mandatory training sessions.

WE Fashion will continue to support the factories in Bangladesh during the improvement process. It is very likely that the Bangladesh Accord will continue after 2018 into Accord 2.0, to complete the work that has been started and to hand over to local authorities and other parties. WE Fashion intends to sign the Accord 2.0 in 2017.

PROGRESS OF ACCORD INSPECTIONS IN FACTORIES PRODUCING FOR WE FASHION

Right graph shows the total number of found issues in the factories. The total number of issues is increasing due to follow-up inspections and new added factories.



THE WE ACCORD ON FIRE & BUILDING SAFETY IN BANGLADESH

The agreement for the Accord comprises six important components:

1. A five year legally binding agreement between brands and unions to guarantee safe working environments in the Bengalese clothing industry.
2. An independent inspection programme that is supported by brands and which involves employees and unions.
3. Publication of all factory names, inspection reports and improvement plans.
4. Efforts made by the brands and retailers to ensure that sufficient resources are available for the reorganisation and maintenance of the relationship with factories.
5. In all factories, there will be committees for health and safety.
6. A comprehensive training programme for workers, a complaints scheme for workers and the right to refuse unsafe work.

2.2 DEVELOP A ROADMAP FOR ACHIEVING A LIVING WAGE



Aim:

The aim is to develop a long-term step-by-step plan that leads to the payment of a living wage to workers in the countries where we source from. To limit the scope of this action we will focus primarily on tier 1 and 2 of the supply chain.

Progress:

In 2015, we looked at the salaries that were paid to workers in the factories that produced for WE Fashion over 2014. We used the data from the most recent inspection reports for the inventory. We have collected all data over 2016 again and are planning to finish the study on salaries paid by mid 2017. All of the factories were included in the research, both direct suppliers and subcontractors. We planned to develop an initial version of a step-by-step plan in 2016, but this step was set too ambitious.

Looking ahead:

We would like to repeat the research into wages in our factories every 2 years. The development of a roadmap including a step-by-step plan will be part of a living wage project we aim to join in the coming years

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



Aim:

Join a project that helps us to map our supply chain by providing the right tools so that we can run the mapping independently in the supply chains of all our suppliers. With the mapping, we can then start working on recognising and mitigating child labour in the different stages of each supply chain.

Progress:

This action has been added as action to commitment 2 in 2016, as we joined a project to mitigate child labour in Turkey under the Dutch Action Plan in the past years and will participate in a new project concerning Child labour under the Dutch Textile Agreement, starting in 2017.

Looking ahead:

We will continue participating in the working group Child labour under the Dutch Textile Agreement to help forming the roadmap and develop a project for all participants in the Agreement. Parties in the working group have been setting up a project to mitigate child labour in the supply chains of participating companies. The project will be focussing on India, Bangladesh and Turkey, countries where many of the brands in the Agreement produce. The goal is to permanently eradicate child labour in the production or supply chain, ensuring that child labour is not displaced or relocated to other sectors or countries, or lower in the supply chain. The project aims to create insight and transparency in the value chain of the collaborating companies beyond the 1st tier; develop methods for control mechanisms that go 'beyond auditing'; assess and identify risks that are encountered there; adjust the companies policies accordingly, and most importantly, design and implement an action plan to effectively and sustainably address the issue of child labour and its root causes.

STEPS TO EXCLUDE CHILD LABOUR FROM COTTON FIELDS

In October 2012 WE Fashion signed the Cotton Pledge from the Responsible Sourcing Network. The Responsible Sourcing Network is committed to excluding child labour and forced labour from the cotton fields of Uzbekistan. Cotton from Uzbekistan is harvested by school children and their teachers, which means the schools are closed during harvest time.

The exclusion of cotton from Uzbekistan became part of the WE Fashion Code of Conduct (CoC) in 2016. The WE Fashion CoC has been signed by all suppliers and factories that produce for WE Fashion.

WE FASHION PARTICIPATED IN A PROJECT TO MITIGATE CHILD LABOR RISKS IN COTTON IN TURKEY

Over the course of 2016, several brands including WE Fashion, NGO's and associations have collaborated on a pilot project to trace the garment and cotton supply chains of the companies.

The goal of the pilot was to investigate the risks of child labor appearing in any tier of these supply chains. The motivation for the pilot came from the Working Group on Child Labor established in 2013 as part of the Dutch Sustainable Action Plan, to investigate ways to eradicate child labor from the textile supply chains of companies.

While the research team in Turkey was able to report on working conditions through four tiers of the garment supply chain, it was ultimately unable to reach the two primary goal—that of tracing a garment sold in the Netherlands back through all supply chain tiers to the source of raw materials in Turkey; and that of tracing children in the supply chains of the brands.

Evidence from the pilot suggests that companies should focus efforts on areas where child labor has been proven to exist: areas with high concentrations of refugees, for example, and where cotton is harvested largely by hand. To comply with laws requiring it's supply chains to be entirely free of child labor, companies must also strengthen efforts to communicate labor rights standards through all tiers. Furthermore, brands and tier 1 suppliers should devise internal strategies and systems for supply chain mapping and child labor risk mitigation, preferably in consultation with local stakeholders.

In addition, the project team recommended that companies working to mitigate child labor in supply chains collectively engage with governments to improve inspection and enforcement at lower levels. The root cause of child labor is a families' poor financial status, this can be addressed by greater government enforcement of wage and benefit laws at tier 4 and lower.



COMMITMENT 3 IMPROVE THE ENVIRONMENT IN PRODUCTION

3.1 ENABLE SUPPLIERS TO REALISE ENVIRONMENTAL IMPROVEMENTS, VIA PROJECTS



Aim:

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

Progress/Performance:

Over the past few years, WE Fashion has taken part in the Cleaner Production Program from Solidaridad in Bangladesh with five suppliers.

In 2016 all suppliers finished the program, no new factories have joined on behalf of WE Fashion. The results of the program have been reported in earlier CSR reports.

Looking ahead:

In the coming years, WE Fashion hopes to be able to join up with similar programmes in other production countries. Participation, however, depends on many factors: the range must connect into the geographic scope of our supplier base, there must be factories with suitable processes within our supplier base and suppliers must be the willing to cooperate in such a project. By the end of 2016 we had not entered in a new project, but we aim to join a shared project under the Dutch Textile Agreement in 2017.

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



Aim:

The aim is to define a strategy that minimises the use of water, energy and chemicals by the most important parties in the production chain. A so-called 'clean production'

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

Progress/Performance:

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

Looking ahead:

In 2017 we will analyse the outcomes of the questionnaire, with the aim to develop a training for our buyers on the environmental impact of the different wet processing techniques. Our long-term goal is to reduce the use of water, energy and chemicals by our strategic suppliers, by selecting less harmful wet processing techniques for our products.

3.3 DEVELOP A CLASSIFICATION FOR THE ENVIRONMENTAL PERFORMANCE OF SUPPLIERS



Aim:

The aim is to set up a system to categorise the environmental performance of our suppliers and the products they make. This system will help buyers when placing orders. Suppliers and factories will be assessed on the environmental impact of their operations, and on the availability of low-impact products in their product range.

Progress/Performance:

We have not yet started creating this system.

Looking ahead:

We aim to have a list of all wet processing techniques used in our products, with their environmental impact, ready by the end of 2017. We also aim to have informed and trained the buying and design teams on the list and the impact they have with the choices they make.



**BETTER
PRODUCTS**



WE

BETTER PRODUCTS

WE Fashion would like to keep the burden on the environment to a minimum by using more environmentally-friendly fibres and materials for our products, and use cleaner production facilities for production. The reduction of water, chemicals and energy in production is important, as is the reduction of waste produced. This way the footprint of our products will go down, which is good for both the environment and the people that live in it.

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

Cotton is the biggest single raw material in our collections. WE Fashion's aim for the coming 5 years is to raise the sustainability levels of the production chain while continuing focussing on the use of sustainable cotton. In so doing, we are not only reducing the use of water, chemicals and pesticides, but also increasing the use of environmentally-friendly raw materials in our products. We would also like to further reduce the use of chemicals, water and energy in production, mainly during the dyeing and finishing stages. Given the fact that the production chain is a very extensive system and not only impacts upon WE Fashion production, we are also seeking links with relevant projects and initiatives involving other companies, governments and stakeholders.

COMMITMENT 4 USE MORE SUSTAINABLE MATERIALS

4.1 UPDATE OUR SUSTAINABLE RAW MATERIALS STRATEGY



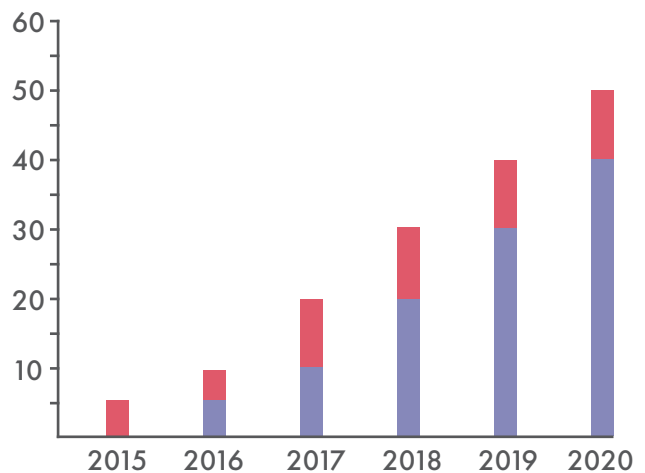
The strategy has been finalised and became part of the targets for the purchasing teams in 2015. The WE Sustainable Raw Materials Strategy will be revised in 2019.

ACHIEVED TILL DEC 2016

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

WE FASHION SUSTAINABLE RAW MATERIALS STRATEGY

- Other sustainable Raw Materials in %
- Better Cotton Commitments in %



Conditions for the objectives

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

4.2 BUY PRODUCTS MADE FROM SUSTAINABLE MATERIALS



Aim:

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

Progress/Performance:

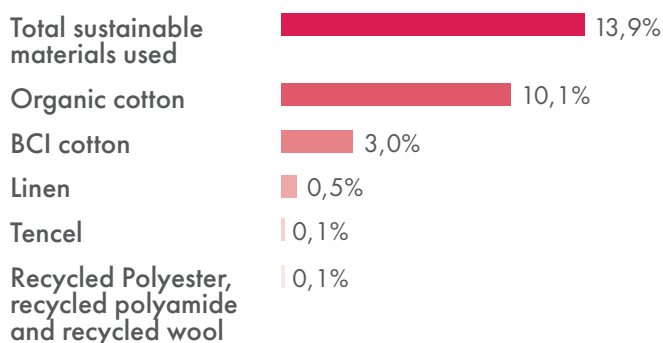
The goal for 2016 was to include 10% sustainable materials in our collections, we achieved 13.9%.

We achieved this result mainly by purchasing more sustainable cotton.

Looking ahead:

WE Fashion has set clear targets for the use of sustainable materials in the years 2015-2020. These targets have been shared with the purchasing teams. We would like to realise the most significant growth in the use of sustainable materials by means of using Better Cotton. In 2017, we have set ourselves the target of 20% sustainable materials to be used in our collections.

PURCHASE OF SUSTAINABLE MATERIALS 2016



4.3 INTEGRATE SUSTAINABLE COTTON INTO OUR COLLECTION



Aim:

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

In 2016, 18.3% of our cotton was sustainable, of which 14.2% was organic and 4.1% was Better Cotton.

Progress/Performance:

Cotton is the most frequently used raw material in our collections. In 2016 more than 71% of all raw materials we used for our collections was cotton. Since WE Fashion became a member in 2015, the purchasers were informed and the first negotiations with our suppliers began. For many suppliers, it is a new type of cotton which they need to learn about. In 2016 we were able to have more suppliers included in the program, but we need to include many more big-volume suppliers into the Better Cotton supply chain, as we need these partners to achieve our goal in 2020.



The Better Cotton Initiative (BCI) is a multi-stakeholder initiative that was founded to make global cotton production better for the people who produce it, better for the environment it grows in and better for the sector's future, by developing Better Cotton as a sustainable mainstream commodity. BCI connects people and organisations from across the cotton sector, from the cotton field to the shop, and encourages tangible and ongoing improvements in the environment, the agricultural communities and the economy in cotton-producing areas. BCI takes care of training and guidance for farmers, resulting in higher profits for the farmer and his employees and a reduction in the use of water, pesticides and artificial fertilisers. With its membership, WE Fashion can make more products out of sustainable materials. WE Fashion has committed that in 2020 40% of the total material use will be Better Cotton. This represents an expected 55% BCI of our total cotton use.

Looking ahead:

In 2017 we aim to purchase at least 10% of all raw materials as Better Cotton.

SUSTAINABLE COTTON: ORGANIC COTTON AND BETTER COTTON

BCI cotton and organic cotton are two different ways of sustainable production. Organic cotton is grown without the use of pesticides, artificial fertiliser or modified seeds. Every step that is taken from farmer to sewing factory, is certified.

The cotton in the products that you buy is therefore certified organic, but the scale of organic cotton grown worldwide remains limited. Better Cotton is grown taking care of the environment, but the cotton is not certified and the requirements are less stringent as for organic cotton.

BCI enables more farmers to be trained in sustainable methods, allowing them to have a direct impact on the total footprint of cotton growing, Better Cotton can be grown on a large scale and therefore has a positive impact on farmers and their environment.

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



Aim:

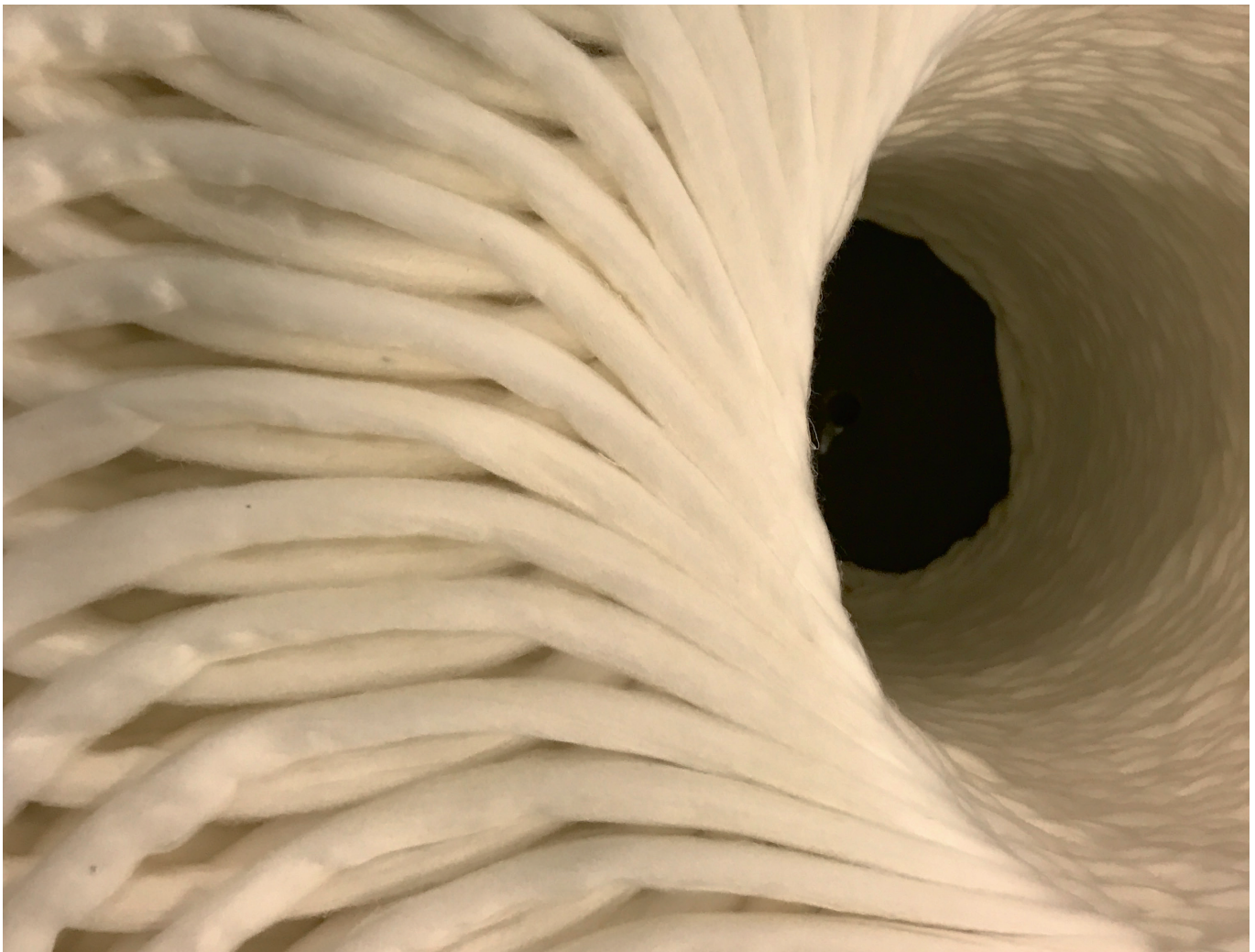
The aim is to establish a clear policy regarding the use of animal materials such as fur, and implement this throughout the company and amongst suppliers.

Progress/Performance:

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

Looking ahead:

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



WE ANIMAL WELFARE POLICY

WE Europe BV stands for ethical trading, and animal welfare is an integral part of that. All products or part of products manufactured for WE should be produced without harm or cruelty caused to animals at any stage of production in the supply chain.

PRINCIPLES & COMMITMENT

The following principles should be adhered to for all materials from animal origin:

- No materials from endangered species can be used in products for WE Europe BV. A full list of endangered species can be found on <http://checklist.cites.org/#/en>.
- Only by-products of the meat industry will be used for WE products. No animal will be slaughtered for WE production.
- No inhumane or cruel treatment will be used in any stage of the animals life. As standard we follow the five freedoms as stated by the FAWC:
 - Freedom from Hunger and Thirst
 - Freedom from Discomfort
 - Freedom from Pain, Injury or Disease
 - Freedom to Express Normal Behaviour
 - Freedom from Fear and Distress

The following products of animal origin are banned in use:

- Fur (wild or farmed) shall not be used. This includes fur from racoons, dogs and cats.
- Angora fibres (angora rabbit hair) shall not be used. WE Fashion has signed the 'Bontvrij verklaring' from Bont for Dieren and the Fur Free Retailer Program.
- No leather or skin product which is the product of unnatural abortions shall be used (Astrakhan, Karakul).
- Exotic animal skin shall not be used (for example snake, alligator, crocodile, lizard and ostrich).
- No cow leather coming from India shall be used due to poor transport conditions.

The following products of animal origin are limited in use:

- Only down from ducks shall be used. The duck down must not be obtained from live plucking of birds. All down products must be certified according to the RDS (Responsible Down Standard).
- Only mulesing-free merinowool shall be used. No use nor practice of mulesing of merino sheep.
- Only leather from cows, buffalo, sheep (including lammy), goats or pigs that have been bred for meat production can be accepted.
- Mother of Pearl can only be allowed when shells are not originating from endangered species.

The following products from animal origin are not limited in use, assuming that the above mentioned principles are maintained:

- Silk
- Wool
- Cashmere
- Alpaca
- Mohair
- All other animal hair like cow, buffalo, yak, horse, goat and pig

4.5 DEVELOP SUSTAINABLE PRODUCT LABELS



Aim:

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

Progress/Performance:

We have developed new sustainable production labels for Organic Cotton, Better Cotton, Linen (and linen blend), Tencel and recycled materials in 2016, to be first used on products in 2017.

Looking ahead:

These paper labels are used to ensure that sustainable products from WE Fashion are recognisable in the stores. The labels provide further information to our customer about why the product is more sustainable. Next to that, we also use POS material in store to draw the attention of customers to the material of choice.

The revision of labels, hangtags and POS materials are part of the company brand experience and will be revised in line with the general brand updates. If a specific new sustainable label is needed, it will be developed in the existing format.



4.6 UPDATE SUPPLIER PORTAL WITH REGARD TO SUSTAINABLE MATERIALS



Aim:

WE Fashion provides its suppliers with information, procedures and instructions regarding sustainability methods via an online portal. The information about sustainable materials should be updated.

Progress/Performance:

In 2016 we have finished and published policies, such as the WE Code of Conduct, the WE Sustainable Materials Commitment and the WE Animal Welfare Policy. We have also developed and internally published a selection of procedures, these are internal guiding documents for buyers and suppliers to explain to them the requirements for sustainable material certification and proofing.

We also set up a Legal Requirements Register for products. With this document we want to create internal awareness about the legal requirements that could restrict the design, production or sale of certain products.

Looking ahead:

In 2017 we want to finish the policies that are still missing, such as Sustainable Packaging Policy. Internally we will finish the full set of procedures and guides. These will be published on the supplier portal too. The portal will be updated when policies are renewed or added.

4.7 SET UP AN ECO-CERTIFICATION MANAGEMENT SYSTEM



Aim:

The aim is to set up a certification management system which collates all of the data on the availability of sustainable materials from suppliers and the corresponding certification. The system will provide necessary data on the use of sustainable fibres and link it to the required proof, such as certificates.

Progress/Performance:

By creating a report on the fibre content of each order, we now have an uncomplicated insight into the validity of certificates, the availability of environmentally-friendly fibres and materials. This information can be used to monitor whether we are on track with our targets on the use of sustainable raw materials.

Looking ahead:

We want to continue using this system for the coming years. In the first half of 2019 we will review the system.

4.8 CREATE A POLICY ON SUSTAINABLE LEATHER



Aim:

Develop a specific policy on the use of leather in our collections.

Progress/Performance:

Not yet started.

Looking ahead:

WE Fashion sells only few products made of leather. In 2016, only 1.4% of the products were made of leather. Although this is only a small part of materials we use, we feel the risks for workers and the environment in leather production by working with chemicals is significant. Next to that we do care about the welfare of animals. We would like to set up the leather policy in collaboration with consultants and stakeholders.

To gain more knowledge of the environmental impact of leather production and how to mitigate the environmental risks, WE Fashion will apply for membership of the Leather Working Group in 2017.

4.9 DEVELOP A PLAN FOR THE USE OF SUSTAINABLE TRIMMINGS



Aim:

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

Progress/Performance:

Not yet started.

Looking ahead:

In the 2nd half of 2017, we would like to inventory the various trimmings that are used in our products by material, volume and origin. After this baseline assessment we can investigate which trimmings have the greatest impact, to start working on change there.



COMMITMENT 5 MAKE ALL PRODUCT STAGES MORE SUSTAINABLE AND TRANSPARENT

5.1 DEVELOP A PLAN TACKLING THE USE OF HAZARDOUS CHEMICAL SUBSTANCES



Aim:

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

Progress/Performance:

The WE Fashion Restricted Substances List (RSL) will be reviewed every 18 months, we published it in February 2016.

Looking ahead:

A new version of the WE Fashion Restricted Substances List will be published in September 2017.

SUPPLIER TESTING PROGRAM AND SPOT TEST PROGRAM

It is the responsibility of the supplier, to make sure all products and packaging meet the WE Fashion requirements on the use of chemicals. Merchandise to be supplied must always meet the requirements as listed in the WE Restricted Substances List (RSL). Test reports should mention all WE Fashion requirements as shown in the RSL, and should be sent to the buying department on request. Sample cards with tested swatches should always be sent together with the test report.

We aim to get full transparency in the complete supply-chain of materials. This means that we need to be informed about the chemicals used for enhancing raw materials, fibers, yarns, fabrics, trimmings, accessories and garments, such as fertilizers, pesticides, dyes, finishers etc, when they are in conflict with the Regulations for the use of Chemicals as mentioned in the WE Restricted Substances List.

Next to the supplier testing program, WE Fashion has set up a spot check program in cooperation with TUV, one of our nominated test laboratories, to ensure that the products available in our stores are safe and legal. With this program we randomly check deliveries on compliance with the WE RSL. On average, the test laboratory will arrange testing 3 to 4 times a year, they select several items from our stores based on potential hazards with regard to safety and legislation on use of chemicals. TUV is free to choose any styles to test, it concerns all articles in our stores, including accessories.

In 2016 TUV has tested 150 articles, of which 4 items have failed the tests, this is 2.7%. For each failed article we have done a risk assessment and decided if the product had to be taken out of the stores. In one of the 4 cases the consumer health could not be guaranteed and the product was taken of the shop floor and returned to the supplier.

FORBIDDEN CHEMICALS

PVC and Azo Dyes are forbidden chemicals in our processes and our products. Suppliers should not purchase materials (fabrics, yarns, dyes, prints, embellishments etc) which are made with, or contain, PVC and/or Azo Dyes. Suppliers should always test the materials on the presence of these chemicals, or ask their suppliers for test reports to confirm the absence of the chemicals.

5.2 SEEK VERIFICATION OF OUR ACTIVITIES IN THE SUPPLY CHAIN



Aim:

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

Progress/Performance:

In its CSR reports, WE Fashion informs the stakeholders which activities have been carried out in order to raise levels of sustainability within the production chain. We have found in Made-By an independent party that checks these efforts within the production chain and confirms that the claims made by WE Fashion are, in fact, accurate. Made-By offers a partnership that provides partner-brands with verification of but also support in relation to implementing improvements in production-related sustainability levels. Made-By is internationally recognised multi-stakeholder initiative and has a great deal of in-house expertise in relation to CSR and fashion. The support for brands is dynamic and focuses on the industry's critical problems.

Looking ahead:

WE Fashion became a member of Made-By in autumn 2015, and has reported in the Made-By 'ModeTracker' over 2016. The results are published on

we-fashion.modetracker.org



5.3 MAP PRODUCTS ON THE USE OF RAW MATERIALS AND TREATMENTS



Aim:

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

Progress/Performance:

We started with the categorisation of product groups based on materials and processes, and the related risks to the environment. We rolled out a project on denim articles, with the aim to see where we can make changes that will lower the environmental footprint of our products.

Looking ahead:

We plan to continue the internal denim project in 2017. Furthermore we want to map more products, such as t-shirts, knitwear and certain accessories. These efforts within the production chain and confirms that the claims made by WE Fashion are, in fact, accurate.

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



Aim:

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

Progress/Performance:

We organised a workshop together with Made-By to look at the next steps we can take. For dyeing, we want to create transparency on currently applied dye stuffs and the equipment used in current processes, with a focus on bulk-basic programs first. For printing, we aim to monitor the printing techniques and stimulate best practices such as digital prints amongst our design teams. And last but not least, some suppliers already are certified for wet processing, we like to create transparency of currently carried certifications on 1st and 2nd tier level.

Looking ahead:

In the 2nd half of 2017, we will start with the inventories of the different wet processing techniques.

5.5 DEVELOP A WET PROCESSING STRATEGY FOR WE FASHION



Aim:

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

Progress/Performance:

We started drafting a Wet Process Strategy in 2016, by looking at the wet processes that are currently used in our products, and prioritising the most frequently used processes.

Looking ahead:

The Wet Processing Strategy should be finished by December 2017, and teams from design and buying should be trained on the use of the strategy and the implementation in the collections of WE Fashion.

5.6 MEASURE THE ECOLOGICAL FOOTPRINT OF THE MOST IMPORTANT PRODUCTS



Aim:

We would like to measure the ecological footprint of the basic products with the biggest volumes from the WE Fashion collections. By measuring the environmental impact of these products, we will gain an insight into the various factors that create those specific footprints, and can then focus on specific areas where we can reduce it.

Progress/Performance:

In February 2017, a master student from the Radboud University of Nijmegen will start the first product footprint research, focussing on 3 products.

Looking ahead:

The result of the inventory of the raw materials and treatments we use for our products will provide us with an insight on product level. We aim to make footprints of all basic volume products in 2017 and 2018.

5.7 GIVE CUSTOMERS INSIGHT IN WHICH FACTORIES PRODUCTS ARE MADE



Aim:

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

Progress/Performance:

On the 4th of July 2016 WE Fashion has signed the Dutch Textile Agreement. In this agreement, parties combine forces in an effort to achieve practical improvements in and ensure the sustainability of the international garment and textile supply chain. For example, they want to address problems such as dangerous working conditions and environmental pollution. Part of the commitments brands and retailers made, is the publication of a full list of suppliers to the enterprises which have signed the Declaration, without making a link between suppliers and the enterprises. The list will be published in July 2017 and will include the countries where products are manufactured, and the name and the addresses of the production locations.

Looking ahead:

WE Fashion will submit a full list of production locations for publication in July 2017, including all subcontractors. The list represents all factories as included in the statistics under action 1.4.

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



Aim:

The aim is to register the origin of materials, predominantly of that of the cotton we use in our products.

Progress/Performance:

Not started.

Looking ahead:

The aim is to know where our fibres come from. This concerns mainly cotton, but also the origin of leather, wool and other animal materials is important to know. By registering this information, we can also check if materials do not come from excluded regions (such as Uzbekistan) or from excluded sources (such as mulesed merino sheep). We aim to start this registration in 2018.



SUSTAINABLE OPERATIONS



WE

SUSTAINABLE OPERATIONS

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

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

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



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

ACHIEVED TILL DEC 2016

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

COMMITMENT 6 INVEST IN OUR EMPLOYEES

6.1 WRITE A CODE OF CONDUCT FOR THE WE FASHION EMPLOYEES



The Code of Ethics was finalised and has become a fixed component of the employment contract from 2016 onwards. The Code of Ethics will be reviewed in 2018.

6.2 MEASURE CSR ENGAGEMENT AMONG EMPLOYEES



Aim:

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

Progress/Performance:

It took a long time before the CSR Report 2014-2015 could be published. By November 2016 it was published, by then the CSR team had to focus on other assignments and decided to not send out a survey to the employees.

Looking ahead:

We will send out a questionnaire to all employees following the publication of this report over 2016, with the aim of a 10% minimum response rate.

6.3 DEVELOP A CSR MODULE FOR THE WE ACADEMY



Aim:

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

Progress/Performance:

The CSR department has started to develop a CSR module for the WE Academy, the module will be finished in 2017. The module will connect into the most up-to-date topics on CSR.

Looking ahead:

The goal is to ensure that the majority of district managers and head office employees have completed this module by the end of 2017.

6.4 PUBLISH INFORMATION IN RELATION TO ALL CSR GUIDELINES INTERNALLY



Aim:

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

Progress/Performance:

The WE Code of Conduct for Suppliers, together with other documents that together form the WE Supplier Declaration, are published on the internal portal. All other policies and procedures concerning the use of sustainable materials, animal materials, and acceptance of social standards are published on the supplier portal, where both suppliers and WE Fashion employees have access to.

Looking ahead:

The CSR strategy, all CSR policies and commitments, and all corresponding procedures will be published on the internal portal in 2017.

6.5 LAUNCH AND EMBRACE CONNECT AS A CENTRAL VALUE SYSTEM



Aim:

The core of the WE Fashion company values is CONNECT. Connect stands for Customer focus, Operational excellence, Newness loving, Naturally stylish, Engaging, Creative and Togetherness. Our aim is to embed this in the organisation.

Progress/Performance:

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

- **Performance Management:** The new Performance Management cycle is based on the CONNECT values and is introduced to all employees via workshops.

- **Customer Journey:** The CONNECT values are embedded within the Store Stars Customer experience program.
- **Personality Questionnaire:** The CONNECT values are implemented in the Cubics PAPI (personality and Preference Inventory assessments) which we are using not only for applicants but also for the personal development of our employees.
- **Get Together Drinks:** We have every 3 months an get together drinks & bites event organized by one of the departments.
- **CONNECT day:** In 2016, the HR department organized a CONNECT day for HQ employees with the aim to get the values more known and embedded in the organization.

Looking ahead:

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



6.6 LAUNCH AND ROLL OUT OF A WIDE RANGE OF ONLINE TRAININGS



Aim:

Employees of WE Fashion get the opportunity to develop anytime, anywhere and any way.

Progress/Performance:

WE Fashion wants to help employees to develop anywhere, at any time and on any device. From professional development to personal and management skills. This fully fits with the vision of WE Fashion on learning: learning needs to be located near the workplace and tailored to the individual. This makes the new materials just available when they are necessary, and for employees it is easy to do short modules that can be applied right away at work.

Looking ahead:

In addition to online training, WE Fashion also continues to develop its own e-learning modules on specific professional and commercial knowledge in combination with other different kind of trainingtools and learning on the job.

6.7 DEVELOP A TOP TALENT PROGRAM



Aim:

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

Progress/Performance:

After the appointment of special talent, we will develop a program for different kind of groups, to recognise the available possibilities and increase the talent and competencies already present.

Looking ahead:

This program will start in 2017-2018 as an additional training to the already existing comprehensive training offer from WE.

6.8 CONNECT TO OUR NEW COLLEAGUES - ONBOARDING



Aim:

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

Progress/Performance:

The new onboarding program will be launched in 2017 – 2018. We already started with the first steps by introducing the onboarding 'Customer Experience', as a part of the early mentioned Store Stars program.

Looking ahead:

We want to develop a program which will help people to learn about WE and our values, to get to know your colleagues and to understand and gain the knowledge needed to perform within the new job. Since we deeply believe that we are better together we will make sure that we connect our employees.

6.9 DEVELOP EMPLOYEE ENGAGEMENT & EMPLOYEE HAPPINESS



Aim:

WE Fashion wants its employees to be engaged and happy. Happy workers make a company thrive!

Progress/Performance:

In 2016 WE Fashion has started several initiatives to make life for employees within the WE Fashion community better. The WE Café offers fresh and healthy food and employees at the Headquarters have the opportunity to do some exercise after a day at the office with Bootcamp. Next to that, employees are asked about their motivation to come to work every day, so WE Fashion can measure the experiences of the employees.

Looking ahead:

We are planning a new employee engagement survey in 2017.

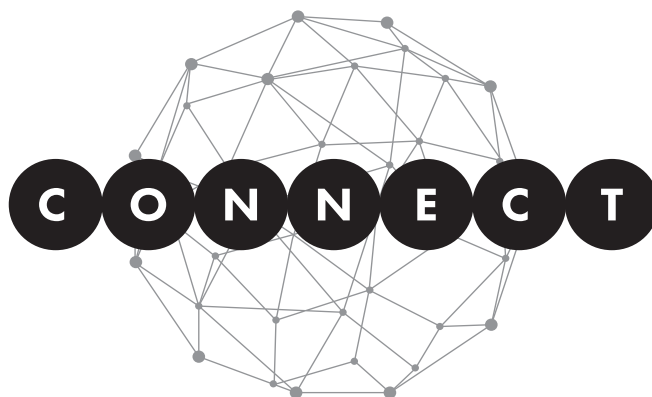
6.9.A EMPLOYEE SURVEY

Employee happiness and engagement is very important to WE Fashion as we all act as a team and we are really connected to each other and our wellbeing. That's why WE Fashion measures the employee engagement and wellbeing. To measure this, the HR department will hold a survey among all employees in 2017 to make sure we really know what is their actual state of mind. Within our culture we stimulate feedback in order to get better together, and develop the talents of all employees. To be able to do so we have the urge to know the feelings of our employees about their roles, responsibilities, work environment and their experience with management, so we can act together upon that.

By knowing what our employees motivate, which puts them in motion, we can specifically address the needs of our valued employees. This way we can adapt our policies when necessary, so that we stay fit to the current wishes of our employees. A tool to measure the motivation of our employees is in development.

WE Fashion is actively engaged in the vitality and well-being of the employees by focusing on the human being behind the employee. In close cooperation with our absentee consultants we are organizing support in this area throughout the organization. We prevent absence and support vitality by encouraging managers to engage in active conversations with employees, to follow-up and jointly take action.

We also look critically at ourselves as an employer and how we can create a healthy and safe environment for our employees. We do this through workplace surveys, by conducting and evaluating a risk assessment and by listening to the needs of our employees. We promote a healthy lifestyle by offering healthy lunches in our WE café and various sporting activities, such as Bootcamp and Yoga.



NEW WE CAFE CONCEPT

Lunch is the time of day to get in touch with your colleagues and get together out of the hustle and bustle of the day. Together, all can enjoy a healthy lunch to get back to work full of energy. Through the new lunch concept, we stimulate "being together", it enhances cooperation and improves mutual communication. With the offer of a healthy lunch, WE Fashion also tries to stimulate a healthy diet in an informal way.

Daily fresh products, such as salads and soups are served in dishes and everyone can pick, like home, whatever they like.



LET'S MOVE TOGETHER!

We are so proud of all the colleagues who ran 16 km during the dam to Dam Square last September 2016. We not only ran together but also for charity, we have collected a nice donation for Dance4life!. The healthcare program of HR offers bootcamp training to employees at the Headquarters in The Netherlands.

Besides the fact that sports can be recommended for everyone, it's a great opportunity to challenge each other and get to know each other out of work. Feeling good and being healthy gives everyone a self-conscious attitude, these are considered extraordinary qualities to help the customers even better.



COMMITMENT 7 REDUCE WASTE

7.1 REDUCE THE NUMBER OF PLASTIC CARRIER BAGS HANDED OUT



Aim:

WE Fashion wants to reduce the number of plastic carrier bags that are handed out in the shops.

Progress/Performance:

Since 1 January 2016, retailers can not give away a plastic carrier bags free of charge, as agreed by law in The Netherlands. The aim is to reduce the use of plastic bags and, in turn, the amount of non-biodegradable plastics on land and in the seas. Consumers are also encouraged to bring a reusable bag with them and this also raises environmental awareness.

WE Fashion decided to continue using the same plastic bags but charge 10 euro cents for them in the shops. This choice was made on the basis of research that demonstrated that the material used in our bag, LD-PE is one of the most sustainable materials in production. The plastic in our bags is also made of one-third recycled LD-PE.

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

In 2016, we reduced the amount of plastic carrier bags with 56.33% (all countries included) compared to 2015. Next to the plastic bags, WE Fashion has introduced paper bags for special products or events, such as the Blue Store and for Christmas. The total of paper bags counts for 7.5% of all bags given out in 2016.

Looking ahead:

We expect a change in legislation in Belgium in 2017, where plastic carrier bags will be forbidden completely. We are preparing for such a situation.

7.2 DEVELOP PRODUCTS MADE OF RECYCLED MATERIALS



Aim:

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

Progress/Performance:

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

WE Fashion takes part in the Platform for Circular Economy, a working group that has started under the Dutch Action Plan for Textiles in 2014.

Looking ahead:

The reuse of worn clothing and used fibres is expected to further develop in the coming years. Just like WE Fashion, many brands and retailers already collect clothing in order to reuse fibres or raw materials. At this point in time only few suppliers offer yarns or fabrics made from post-consumer recycled fibres.

In 2016, we investigated the possibility to join Fibre to Fibre project by ECAP (European Clothing Action Plan). We have decided to join the program and start developing another series of jumpers for the Denim Highlight in summer 2018, made from recycled jeans. Our goal is to use the highest recycled content as possible. For this project we will cooperate with Texperium, a non-profit foundation to raise textile recycling and bring textile recycling in the Netherlands to a higher level. Texperium is specialized in the technological area of mechanical textile recycling: sorting, shredding, and spinning of post-consumer textile materials.

7.3 FIND SUITABLE PARTIES FOR VARIOUS WASTE STREAMS



Aim:

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

Progress/Performance:

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

Looking ahead:

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

RECYCLED BAGS PROJECT

Since 2015 we feature recycled bags in our stores, made from 100% polyester promotional banners from our shops. When they are replaced, the old banners are no longer needed even though the material is still in great condition and too good to be thrown away.

VerdraaidGoed, a sustainable project bureau that works towards a circular economy, is our partner in this project. Direct reuse means that the waste mountain is reduced and awareness of waste in general is raised. Production is carried out locally in collaboration with social employment facilities.

VerdraaidGoed products are practical and attractive. It's all about sustainable design with a smile.

Simultaneously, they raise awareness about the fact that good, affordable products do not have to come from far away and also that new raw materials are not required to make them.

The bags are made at a social employment facility in the Netherlands, by people who are limited in terms of employment prospects. The fact that production takes place in the Netherlands, enables long transport distances to be avoided and employment opportunities to be created 'at home'. These bags also help to reduce the size of the waste mountain while at the same time being a top quality new product.

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



WASTE IN 2016

Within our company we have different waste streams. Stores send paper, plastic, in-store promotion banners and defect or old garments back to our distribution center

for reuse or recycling. Almost all waste is separated and recycled or reused. Only a small amount ends up in the residual waste stream.

Sort waste	Tons	Share	Destination
Paper / cardboard	425,35	74,5%	Recycling
Plastic	55,01	9,6%	Recycling
Product waste (samples etc)	31,53	5,5%	Reuse and recycling (see 7.5 for more detail)
Instore promotion banners	16,58	2,9%	Upcycling in to new products
Wood	0,58	0,1%	Recycling
Residual waste	41,84	7,3%	Residual waste disposal

7.4 ENCOURAGE REUSE AND RECYCLING AMONG CUSTOMERS



Aim:

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

Progress/Performance:

Since 2012, WE Fashion has had a collection programme in the Netherlands which allows customers to hand in a bag of old clothing in exchange for a discount voucher for a new purchase. The past few years the programme has not been promoted in our stores.

Looking ahead:

WE Fashion has decided to stop with the collection of old clothes in our stores, as it is not the core business of our store staff and lead to storage problems in the past.

7.5 WRITE A PLAN TO REDUCE PRODUCT WASTE



Aim:

In 2016 we have reduced the waste of products to an estimated value of 3.5%. Drafting a plan on how WE Fashion should deal with product waste. In practice, there are various processes for minimising product waste, such as donating samples and damaged clothes to Sam's Kledingactie and selling samples during the sample sale. This plan should set out the process flows, the quantities of product waste per flow, and inventory where the further reduction of product waste is possible.

Progress/Performance:

Between 2014 and 2016 we reduced the total amount of samples in our processes with 68%, by optimising the internal procedures and share samples between departments. Next to that we reorganised the Quality Control department.

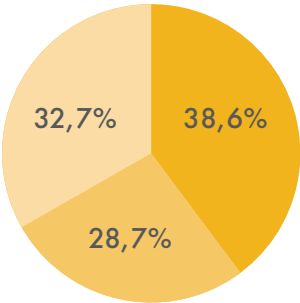
All textile that comes in, is destined to go out as a valued material. The majority of textile goes to Sam's Kledingactie (all countries) and Caritas (Switzerland), where the good garments are selected for reuse and other textiles are used for different resources, such as new fibres, but also as insulation materials. 3.7% of the textile donated to Sam's Kledingactie ends up as waste. Another 3.5% of textiles is used in the product development phase and has not been collected.

Looking ahead:

We will continue the low uptake of samples in the coming years, and aim for a zero waste procedure.

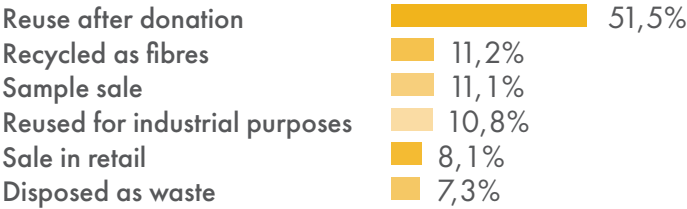
COLLECTION AND RECYCLING OF PRODUCT WASTE IN 2016

Product waste destinations:



- Old stock 38.6%
- Samples 32.7%
- Returns / customer complaints 28.7%

Product waste destinations:



COMMITMENT 8 REDUCE THE CO₂ FOOTPRINT

8.1 MEASURE CO₂ EMISSIONS



Aim:

In 2016, we contracted CO₂Logic to measure the 2015 CO₂ emissions of the activities of head office, the country offices, the distribution centre in Utrecht and the shops.

Progress/Performance:

In total, WE Fashion reduced the carbon emissions between 2009 and 2015 with 32%. This is due to reduction in gas consumption, electricity and company cars, and a switch to green electricity.

The overall emissions of WE Fashions' operations is 10.194 tCO₂e.

The electricity used in The Netherlands is green except for the warehouse. Also France and Luxemburg use green electricity. All other countries consume grey electricity in their shops and their offices. The total share of green electricity used in 2016 was 66%.

For all results of the last CO₂ measurement see http://www.wefashion.nl/nl_NL/over-we/mvo/rapporten/

Looking ahead:

For the future it is important to enhance the data collection in order to obtain more accurate results that will allow a better follow up of emission reduction efforts. In the next years we will focus on the quick wins such as a further expansion of the use of green electricity. We will continue to conduct a CO₂ measurement once every five years and then draft a CO₂ reduction plan for the subsequent 5 year period.

WE FASHION USE OF ELECTRICITY IN 2016

COUNTRY	BUILDINGS	KWH USE IN 2016	GREEN ELECTRICITY KWH	GREY ELECTRICITY KWH	SOURCE GREEN ELECTRICITY
Netherlands	HQ & DC	1.100.489	1.100.489		Hydro
Netherlands	Warehouse	2.953		2.953	Hydro
Netherlands	Stores	10.479.333	10.479.333		Hydro
Belgium	Office	29.520		29.520	
Belgium	Stores	2.947.286		2.947.286	
Germany	Office	54.054		54.054	
Germany	Stores	1.627.842		1.627.842	
Switzerland	Office	34.932		34.932	
Switzerland	Stores	1.407.530		1.407.530	
France	Stores	306.698	306.698		Hydro
Austria	Stores	50.595		50.595	
Luxembourg	Stores	56.942	56.942		Hydro

18.098.174 TOTAL KWH USE IN 2016

11.943.462 TOTAL KWH GREEN ELECTRICITY **66%**

6.154.712 TOTAL KWH GREY ELECTRICITY **34%**

8.2 INTRODUCE WASHING LABELS WITH SAVINGS TIPS TO OUR CLOTHES



Aim:

The aim with this action is to inform consumers on what they can do to reduce the use of water and energy, and make garments last longer.

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

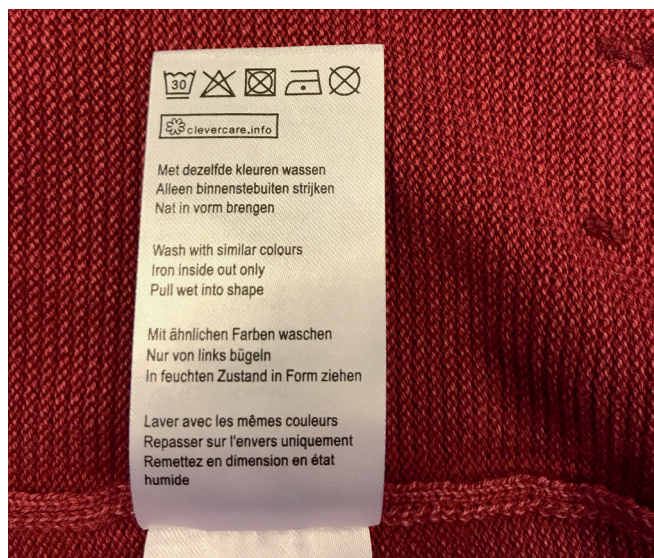
Progress/Performance:

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

The Clevercare label was developed in 2014 by H&M, in collaboration with Ginetex, the International Association for Textile Care Labelling. Consumers can use the website Clevercare.info, in 12 languages, to obtain hints and tips for making clothes last longer and, in turn, using less water and energy. The logo can be used by other brands on the basis that the more fashion brands use it, the more well-known the logo will become and the greater the awareness will be among consumers in relation to the ecological footprint.

Looking ahead:

We aim to continue the use of the Clevercare logo in the coming years. Additionally we are giving customers tips on how to treat their garments via on-product hangtags.



8.3 DRAW UP A CO₂ REDUCTION PLAN FOR 2015-2020



Aim:

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

Progress/Performance:

Not started.

Looking ahead:

The aim is to draw up a CO₂ Reduction Plan for the years 2016-2020 based on the results of the 2015 Carbon Footprint report.

8.4 REDUCE THE ENVIRONMENTAL IMPACT OF TRANSPORT AND LOGISTICS



Aim:

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

Progress/Performance:

Not yet started.

Looking ahead:

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

8.5 INCREASE THE SUSTAINABILITY OF NON-COMMERCIAL ARTICLES



Aim:

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

Progress/Performance:

Not yet started.

Looking ahead:

We would like to conduct an inventory and write the policy in 2017.

ALL PROMOTIONAL PAPER AND CARDBOARD USED IS FSC CERTIFIED

Our marketing department is only using FSC certified paper and cardboard for its promotional materials. Also the branded stationery is produced of FSC certified paper. With this we contribute to a better environment, as the paper and cardboard comes from FSC certified forests. These forests are managed with consideration for people, wildlife and the environment.

8.6 DEVELOP A POLICY FOR SUSTAINABLE PACKAGING MATERIALS



Aim:

Develop an internal policy to work towards the use of more sustainable packaging materials. WE do not use many packaging materials towards the customers, and for the materials we use a sustainable choice already has been made. Our e-commerce boxes are made of recycled materials, and polybags partially made from recycled plastic.

Progress/Performance:

Not yet started.

Looking ahead:

This policy will be developed in 2017, based on an inventory of all materials used. We aim to set guidelines to develop more sustainable options for the existing materials, and clear guidelines for new packaging that will be developed in the future.



COMMUNITY ENGAGEMENT



WE

COMMUNITY ENGAGEMENT

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

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

For the future we have set up a charity, the WE Get Together Foundation. The WE Get Together Foundation focuses mainly on projects that create active involvement between employees, customers and producers of WE Fashion. The emphasis is on social projects in the countries where WE Fashion produces, but also in those countries where WE Fashion is operationally active. Themes supported by the Foundation include prosperity, health, education, the environment and emergency relief.

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



COMMITMENT 9 SUPPORT CHARITIES

9.1 ORGANISE FUND-RAISING ACTIVITIES



Aim:

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

Progress/Performance:

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

Looking ahead:

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

THE WE GET TOGETHER FOUNDATION

WE Fashion has been supporting charities for many years. The collaboration with Sam's Kledingactie is central to this. Sam's Kledingactie has been the partner who sells surplus products and product waste since 2007, and makes the proceeds available for donation. In recent years, we have mainly supported social goals such as a children's home in India, donations for better information about HIV / AIDS, donations to refugees in the Netherlands and Greece, donation to the food bank, and more.

The Foundation focuses mainly on projects that create active involvement between employees, customers and producers of WE Fashion. The focus here is mainly on socially and environmentally oriented projects. Topics supported by the foundation include prosperity, health, education, the environment and emergency aid.

With the WE Get Together Foundation we want to make a positive contribution to social goals. This she wants to do mainly in the countries where WE Fashion produces, but also in those countries where WE Fashion is operationally active.

The WE Get Together Foundation is led by a board consisting of WE Fashion employees. The foundation is an independent body, the board has independent decision-making power. The WE Get Together Foundation is listed as a Public Benefit Organization (ANBI).

The board of the WE Get Together foundation consists of the following persons: Marijke Willemsen, Chairman; Nicolet Zandbergen, Secretary; Edwin Jägers, Treasurer. The board members have been appointed for a period of two years and receive no reward for carrying out work for the WE Get Together Foundation.



CHARITIES SUPPORTED IN 2016

Partnership Foundation

We supported for 6 years a home in Bangalore, India, where girls aged between 3 and 16 live. This house stands in the grounds of a school, allowing the girls to attend school safely. With our donations over the past years, we have been able to offer over 100 girls a better life. We donated 30.000 euro in 2016. In October 2016 the support for the girls home in Bangalore ended.

Dance4Life

Dance4life works with young people towards a world without AIDS. They realize this by means of sex education and using music and dance to involve and inspire youngsters. In 2017, the employees of WE Fashion raised 6.400 euro for Dance4Life by running the Dam tot Dam Loop.

Serious Request

In 2016 we have been getting together with 3FM's Serious Request to auction one couture piece of our WE x David Laport collaboration to raise money for charity. The suit raised 850 euro!



PARTNERS FOR PRODUCT WASTE MNGEMENT

Sam's Kledingactie

WE Fashion has been donating leftover samples and damaged goods to Sam's Kledingactie since 2007. 65% of the donations from WE Fashion can be reused as clothing. 5% is disposed of as waste, 15% is used for fiber recycling and 15% is used for industrial purposes. In 2016 WE Fashion donated 23000 kilograms of clothing to Sam's Kledingactie.

Caritas Switzerland

Caritas has been our nominated charity for leftover samples and damaged goods in Switzerland. With the garments they support refugees and people in need. 80% of the donations from WE Fashion can be reused as clothing, 15% is used for fiber recycling and for industrial purposes, and 5% is disposed of as waste.

9.2 DRAW UP A CHARITY POLICY PLAN



Aim:

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

Progress/Performance:

WE Fashion receives many sponsorship requests every year. We have resources in terms of manpower, cash and goods. In order to ensure that we don't fragment our resources across too many charities, we must make a selection. People and the environment are central to this. A plan simplifies the choice-making process. A design has been created for the policy plan, which includes the creation of a separate foundation, in order to keep financial streams for company activities separate and reserve funds for charities over a longer-term. In autumn 2016 the WE Get Together Foundation has been established. The board of the foundation is made up of 3 WE Fashion employees, who only can make decisions together.

Looking ahead:

By 2017, we will roll out the plan to all employees. Our wish is to ask our colleagues to choose the charities each year. All employees, both store staff and employees at the headquarters, regularly collect damaged and old clothes and other textile waste for charity, now they can also decide where the money will be paid for by the collection. The plan will be reviewed in the 2nd half of 2019 again.

9.3 DEVELOP A VOLUNTEERS PROGRAMME FOR EMPLOYEES



Aim:

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

Progress/Performance:

Not yet started.

Looking ahead:

We still have the ambition to start an employee volunteering scheme and hope to roll this out in the future.

9.4 DEMONSTRATE TOLERANCE VIA GET TOGETHER COMMUNICATION



Aim:

Our brand manifesto's slogan is "Great things happen when we get together". We would like to communicate this message via brand communication. Our brand stands for unity and connection; we stand for all people.

Progress/Performance:

This manifesto was launched in 2014 and is displayed in all of the meeting rooms at head office as a continual reminder of what we are working for each and every day. The pay-off changed in 2016 from 'Get Together' to 'Better Together' to express more closely the benefit of 'getting together'. It fits more to the actual image and feeling that we are seeking to communicate.

Looking ahead:

In 2017, we will further develop our brand communication towards the 'Better Together' sentiment and facilitate greater connections between people.



LINKING THE WE FASHION CSR STRATEGY TO THE SDG'S



LINKING THE WE FASHION CSR STRATEGY TO THE SDG'S

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

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

- SUSTAINABLE SUPPLY CHAIN
- BETTER PRODUCTS
- SUSTAINABLE OPERATIONS
- COMMUNITY ENGAGEMENT



SDG GOAL 4 QUALITY EDUCATION

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

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

Link to WE Fashion memberships:

- BSCI
- Dutch Textile Agreement

Link to actions in the WE Fashion CSR strategy:

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

SDG GOAL 5 GENDER EQUALITY

Achieve gender equality and empower all women and girls

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

Link to WE Fashion memberships:

- BSCI
- Dutch Textile Agreement

Link to actions in the WE Fashion CSR strategy:

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

SDG GOAL 6 CLEAN WATER AND SANITATION

Ensure availability and sustainable management of water and sanitation for all

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

Link to WE Fashion memberships:

- Dutch Textile Agreement
- Platform Circulaire Economie
- BCI
- Leather Working Group

Link to actions in the WE Fashion CSR strategy:

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

SDG GOAL 8 DECENT WORK AND ECONOMIC GROWTH

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

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

Link to WE Fashion memberships:

- Dutch Textile Agreement
- BSCI
- Accord on fire and building safety in Bangladesh

Link to actions in the WE Fashion CSR strategy:

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

SDG GOAL 10 REDUCED INEQUALITIES

Reduce inequality within and amongst countries

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

Link to WE Fashion memberships:

- Dutch Textile Agreement
- BSCI
- BCI

Link to actions in the WE Fashion CSR strategy:

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

SDG GOAL 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns

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

Link to WE Fashion memberships:

- Dutch Textile Agreement
- Platform Circulaire Economie
- BCI
- LWG

Link to actions in the WE Fashion CSR strategy:

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

SDG GOAL 13 CLIMATE ACTION

Take urgent action to combat climate change and its impact

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

Link to WE Fashion memberships:

- Platform Circulaire Economie
- BCI
- LWG

Link to actions in the WE Fashion CSR strategy:

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

SDG GOAL 17 PARTNERSHIPS FOR THE GOALS

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

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

Link to WE Fashion memberships:

- Dutch Textile Agreement
- BSCI
- Platform Circulaire Economie
- BCI
- LWG
- Made-By

Link to actions in the WE Fashion CSR strategy:

- 5.2 Seek verification of our activities in the supply chain

ACKNOWLEDGEMENTS

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

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