

WE

A black and white photograph of two women smiling warmly. The woman on the left has long, wavy hair and is looking towards the camera. The woman on the right has her eyes closed and is leaning her head against the first woman. Both are wearing patterned tops. The overall mood is positive and collaborative.

SUSTAINABILITY
REPORT 2019

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FOREWORD

In between finalizing our 2019 Sustainability Report, with many achievements to be proud of, the world has gone into an enormous crisis. In fact, this is the biggest challenge the fashion industry has ever faced. This puts all we have done and we're going to do, in a very different light.

Most of our shops in Europe have been closed for many weeks, with a dramatic shortfall in our revenues as a consequence. We will be looking at 40% overstock by the end of the first half of 2020 and a very uncertain outlook for the second half. Nobody knows how quickly and to what extent customer demand will rebound? In busy shopping streets social distancing will very likely lead to footfall reductions. One certainty is that in order to clear stocks, the highstreets will turn red with deals. This will also have a significant negative impact on our business as well...

Many fashion retailers will turn from modestly profitable to severely loss-making, not only for 2020, but probably also for 2021. Discussions with landlords on rent relief are continuing, but even with various governments helping, the outlook for our industry and specifically our company is quite grim.



The stock situation is a very complex jigsaw puzzle; which products can be moved into the winter season, what products will have to be delayed until summer 2021? Products that were originally planned will be cancelled, because, we can't order more than we can sell... these are products in various stages of development that have not yet been materialised. But of course, both we and our suppliers have spent time and energy, that is gone to waste. We have not cancelled orders in production and ready-produced orders, nor have we renegotiated their price. We did ask all our suppliers for help and will continue to do so, as we are in dire straits. We need to work together as partners, as the winter collection is in production now.

We are fully aware of the interdependencies in our value chain. Reduced customer demand has direct consequences in producing countries. The absence of social and economic safety nets is a great concern. Together with the parties in the Dutch Agreement on Sustainable Garments and Textile, and by endorsing the ILO Call to Action we are working to develop concrete and specific measures to protect workers' income, health and employment, and support employers to survive during the COVID-19 crisis. By buying cheaper and cheaper, our value chain is stripped of its ability to absorb adverse situations. It's a very complex matter to which we all hold a certain responsibility. All I can hope for is the rise of a new era, where increased awareness leads to a different mentality. With more appreciation for quality, sustainability and equality.

Our core belief remains 'Better Together'. We will continue to do what we believe is best for us all, even while we are currently distracted by existential concerns. We have made big steps in sustainability in the past years, we are only using 100% more sustainable cotton in the children's collections from spring 2020 onwards, and we have taken the next step in transparency by publishing the first factory list. With the 2025 Sustainability Strategy set out in this report, we have prepared plans for the next steps towards a fair and healthy value chain. As a stubborn optimist, I always see a way forward.

Warm regards,

Joris Aperghis, CEO



SUSTAINABILITY AT WE®

INTRODUCTION TO WE®

WE Fashion is an international company with around 200 stores, 2000 employees, and online stores in all countries where we are represented: the Netherlands, Belgium, Germany, Luxembourg and Switzerland. The international distribution center and the organization's head office are located in Utrecht. There are also local offices in Belgium, Germany and Switzerland. WE Fashion is a high street and online retailer working with the retail labels WE, Blue Ridge and Fundamentals, selling affordable fashion for men, women and kids.

WE 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.

- Customer Focus
- Operational Excellence
- Newness Loving
- Naturally Stylish
- Engaging
- Creative
- Togetherness

We take our responsibilities seriously, by addressing them into a new sustainability strategy for the next 5 years.

To emphasize the holistic approach we have on sustainability, we have integrated it into our overall WE business strategy: sustainable business. Our business strategy aims for optimal balance in creating environmental and socially responsible fashion that can be enjoyed by all. In both the short and long term, WE Fashion would like to contribute towards structural improvements to the lives of people and the environment.

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.

SUSTAINABILITY TEAM

Within WE there is an independent, specialised sustainability team, comprising three persons. The head of the team reports directly to the CEO. The support of suppliers and other departments within WE in addressing the needed improvements in social and environmental performance is one of the key tasks of the sustainability department.



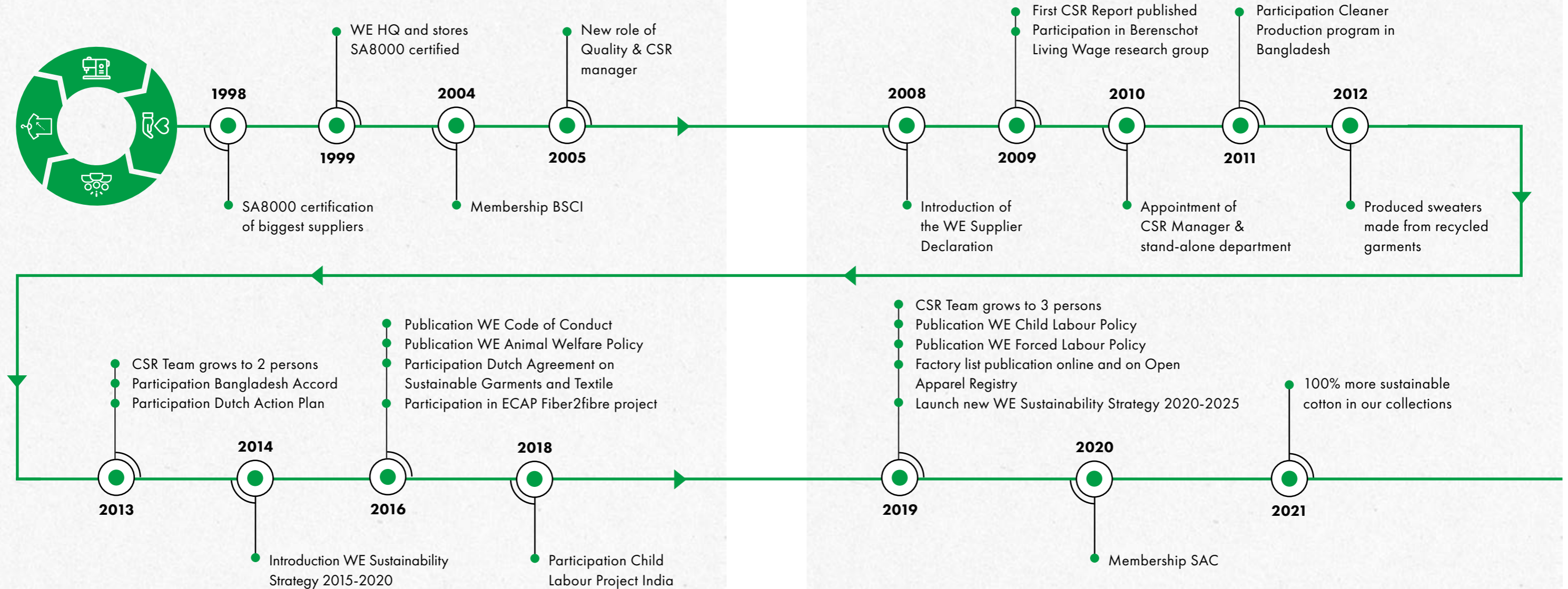
Another important responsibility of the sustainability team is to identify the social and environmental opportunities and risks ahead of time, place them in context and relate them to the business of WE Fashion. They do so by engaging with the right stakeholders, such as government, NGO's, unions and other companies in the industry, to get valuable information about emerging social and environmental issues. These issues may not be relevant today or tomorrow, but in the longer term they will be. It is important that the sustainability team keeps the management team of WE informed, so they can take the right decisions in the future.

SUSTAINABILITY VISION

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



WE FASHION'S ROAD TO SUSTAINABILITY





**WE SUSTAINABILITY STRATEGY
2020-2025**

WE Fashion sources from factories in 20 countries, many of which are situated in countries where human rights, worker health and safety, environmental protection and animal rights may be at risk.

International guidelines and agreements such as the United Nations’ Guiding Principles on Business and Human Rights, the Sustainable Development Goals SDG, the OECD’s Guidelines for Multinational Enterprises, and the ILO’s fundamental labour standards helped us to set policies and do our due diligence by investigating the human rights, environmental or animal welfare violations in our supply chains.

Based on the OECD guidelines a comprehensive risk analysis has been carried out to identify the most salient risks. The findings have been used to create the WE Sustainability Strategy 2020-2025. Consisting of four pillars, improving the supply chain, making better products, improving our way of working and giving back to society, each pillar includes several goals we want to achieve by 2025. This report provides information about the risks we have identified in our supply chain, the goals we have set for the coming years, and the activities we undertake to map, detect and mitigate the risks in our supply chain.

The aim is to create impact for workers and the environment in the supply chain, for consumers by offering them sustainable products, for our colleagues by offering them a healthy and safe working environment, and for the wider community we operate our business in.



**IMPROVING THE
SUPPLY CHAIN**

We believe this strategy will enable us to deliver greater value, innovation and competition in the years to come.



**MAKING BETTER
PRODUCTS**

We want to minimize the burden on the environment by using more environmentally friendly fibers and materials for products, and using cleaner factories for production.



**IMPROVING OUR
WAY OF WORKING**

We find it important that we work with happy employees in a healthy and safe working environment and work hard to make that possible.



GIVING BACK TO SOCIETY

We do not only want to focus on creating profit, but we want all parties involved to benefit from the production of our clothing. It is our responsibility to give back to society.

RISK ANALYSIS

We based the risk analysis on the OECD Guidelines for Multinational Enterprises along the garment and footwear supply chain in order to avoid and address the potential negative impacts of our activities and supply chains. The OECD Guidelines help to implement the due diligence recommendations contained in the UN Guiding Principles on Business and Human Rights.

The risk identified for the analysis come from various sources, such as NGO, union and industry research, combined with audit results and historical data. We determined the extent of damage the risks can cause, and the possibility of the risk happening. Many risks interconnect with others. High risks translate to products and events that have happened before and are likely to occur again, and are connected to other risks. On the other hand, low risks entail rarely used products and materials, and events that unlikely take place in the WE supply chain but are still a possible threat in general.

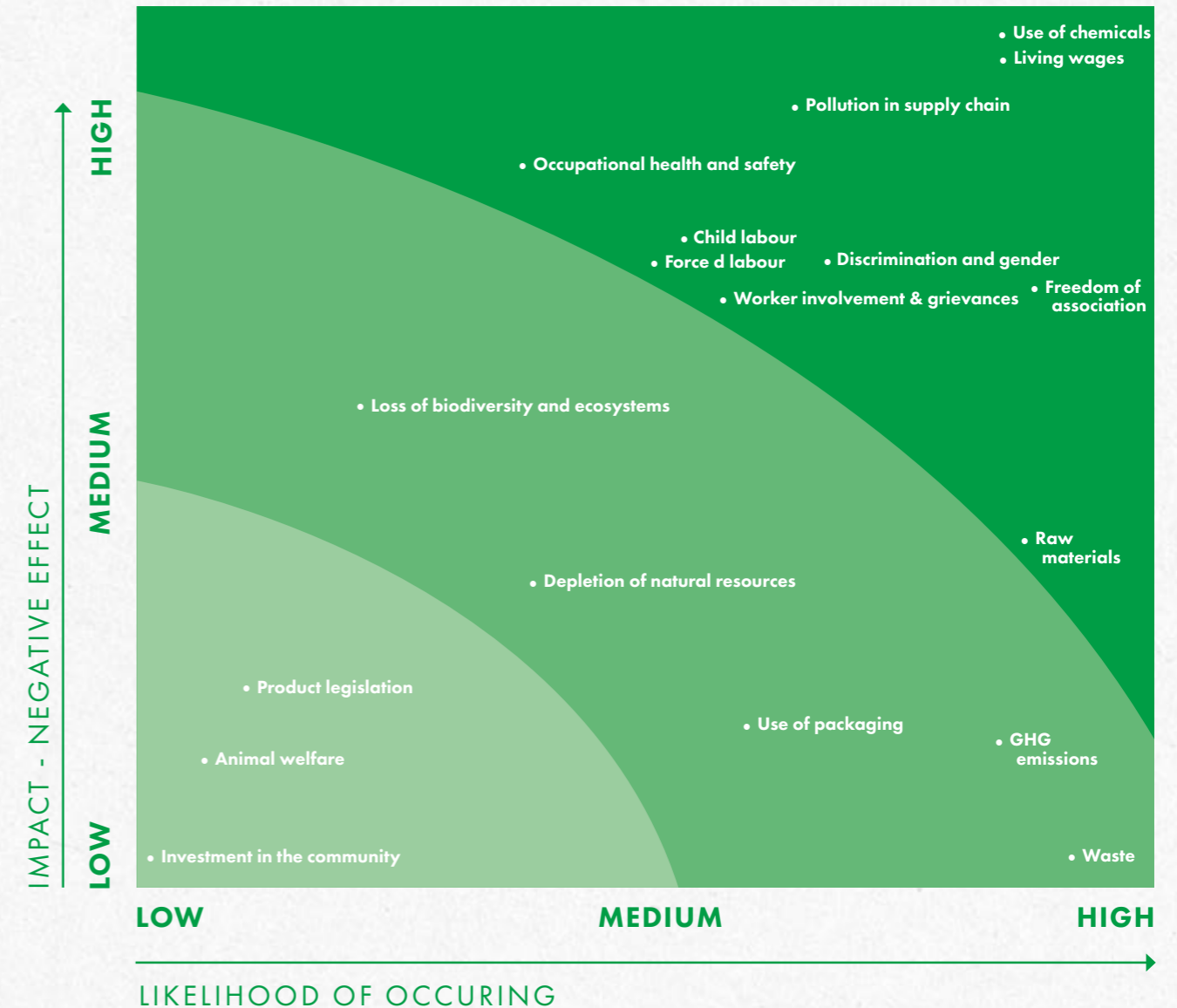
The analysis confirmed that we already prioritize the most salient risks with the activities we have been undertaking in the past years. However, the risk of not paying living wages and the risk that the use of chemicals entails, need more ambitious goals to mitigate them, together with all risks that are related or influenced by these two risks. In order to focus on the right set of priorities to drive the WE Sustainability Strategy 2020-2025, the materiality of the prioritized risks have been discussed during a stakeholder dialogue. The smart goals that have been set relate to risks in the due diligence processes such as buying practices, risk assessment and stakeholder consultation,

to rank the themes prioritized the highest in the risk analysis, and include actions to relate and involve the suppliers and factories in our supply chain.

To avoid promises and aim for real change, we have defined impact metrics to measure progress towards the goals. Furthermore, we have set up or are preparing to set up monitoring and evaluation procedures and standards. And we work towards more cooperation on a local level in production countries, with workers, factory management and local stakeholders, to determine what the size and extend of the risk really is. In the end, the results should benefit the workers who are producing the goods for WE Fashion.

COVID-19 SUPPLY CHAIN RISKS

The Covid-19 pandemic has shaken the world and caused unprecedented disruption in the supply chains and logistics of fashion brands across the world. This is also the case for WE Fashion. We are performing an additional risk assessment to estimate and manage the impacts of the Covid-19 pandemic on suppliers and workers in our supply chains, and to prepare for recovery. The risk assessment and the action plan are in development.



RESPONSIBLE STAKEHOLDER ENGAGEMENT

The collaboration with stakeholders is focused on working together to identify and mitigate risks, and understanding concerns they have. We engage directly, invite feedback, provide updates and address concerns throughout the regulatory process and throughout all processes and operations. Our preferred method for addressing concerns is through direct and respectful discussion. Ultimately, we work with stakeholders to create change.

EMPLOYEES

We engage with our colleagues by offering a wide range of trainings, a works council, policies and procedures such as the WE Whistleblower Regulation, regular performance reviews, and an open and informal workspace where there is also time for fun.

SUPPLIERS

We aim for long partnerships with our suppliers. On a daily basis we are in one-on-one contact. We meet in supplier meetings, we share information about the WE Fashion factory compliance program, the demand for sustainable materials and opportunities for participating in projects and trainings. Suppliers are invited to provide anonymous feedback on purchasing practices.



WORKERS AND UNIONS

Unions represent workers in a particular industry, they exist to secure good improvements in pay, benefits and safe working conditions through collective bargaining. We engage with trade unions in projects.

CIVIL SOCIETY ORGANIZATIONS

Our relationships with non-governmental organizations (NGO's) provide valuable insight. We regularly work with NGO's, they are important as a partner in projects and their critical voice helps us to tackle the most relevant and urgent risks.

GOVERNMENTS

We are in dialogue with the Dutch government as regulators and legislators, and we co-operate with governments, through bodies such as trade associations and direct in the Dutch Agreement on Sustainable Garments and Textile.

ASSOCIATIONS AND INDUSTRY

WE Fashion is a member of industry organization INretail, which represents the interests of retailers in the field of fashion, shoes, sports and home furnishings. INretail represents the industry in the steering committee of the Dutch Agreement on Sustainable Garments and Textile.

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 the WE Sustainability Strategy. We take product complaints seriously and use the feedback to improve our products.

COMMUNITY

The community around our offices and stores, and around the factories where we produce are stakeholders in our businesses, as these communities are impacted by job creation and economic development. We have a role as a good neighbour to the communities where we are active.

MEMBERSHIPS

We engaged in several memberships to make steps and work towards more sustainable products and a more sustainable supply chain together with other brands and retailers.

DUTCH AGREEMENT ON SUSTAINABLE GARMENTS AND TEXTILE

Together with 80 other companies, the government, trade unions, NGO's and trade associations, WE Fashion takes part in the Dutch Agreement on Sustainable Garments and Textile, to promote a sustainable clothing and textiles industry. The initiative addresses 9 social and environmental themes, but also focusses on a due diligence, buying practices, transparency and stakeholder involvement.

WE Fashion has a seat in the Steering Committee of the agreement, to represent the interests of the larger brands. As a signatory brand, WE Fashion works closely with all other parties on improvements in the clothing and textile industry. Brands are committed to submitting information on their Due Diligence process, annual overviews of factories and materials used to create their products. Each year we also submit an action plan, where the actual steps towards mitigation and remediation are outlined.



Workers in the supply chains of signatory brands can file a complaint if their rights are violated, either direct, via worker representatives or via other organizations that represent the interests of people, the environment or animals. If a complaint comes in from the supply chain of WE Fashion, we are notified so we can immediately take the appropriate action. The independent complaints committee has the authority to make binding judgments. To file a complaint, please find more information on [the website of the Agreement](#).

SUSTAINABLE APPAREL COALITION

In January 2020 we joined the Sustainable Apparel Coalition (SAC), an industry-wide group of more than 200 leading apparel and footwear brands, retailers, suppliers, academics and NGO's working to reduce the environmental impacts of apparel and footwear products.

BANGLADESH ACCORD

We are committed to ensuring the safety of workers in our supply chain. In 2013, WE Fashion signed the Bangladesh Accord which has made significant improvements in building safety and fundamentally changed the mindset of factory owners and employer's associations in Bangladesh. It has also been successful in providing a leading example of a strong and effective grievance mechanism. In 2018 we signed the Transition Accord, to continue to work together in a multi-stakeholder partnership to improve the safety of the garment sector in Bangladesh.

BETTER COTTON INITIATIVE

Through BCI and its partners, farmers receive training on how to use water efficiently, care for the health of the soil and natural habitats, reduce use of the most harmful chemicals and apply decent work principles. Since the start of our membership in 2015, BCI has become the most important standard for more sustainable cotton sourcing. For more information please have a read on our [website](#).



BUSINESS SOCIAL COMPLIANCE INITIATIVE

WE Fashion has been a member of the Business Social Compliance Initiative (BSCI) since 2004. The WE Code of Conduct follows the BSCI principles and requires that they are implemented by suppliers and the factories they work with in risk countries. The code consists of 13 principles, which are checked at the factory level by independent auditors, so that we know where the most important improvements can be made. For more information please have a read on our [website](#).

LEATHER WORKING GROUP

The Leather Working Group (LWG) developed environmental standards for leather tanning and processing. The assessments look at water consumption, waste management and the transparency of effluent treatment. Factories can achieve different levels of certification for different levels of performance.



IMPROVING THE SUPPLY CHAIN.



IMPROVING THE SUPPLY CHAIN

We aim for good working conditions where the rights of workers are respected. Workers should have decent wages, reasonable working hours, good working conditions, and no discrimination. Furthermore, they should be protected from harassment and violence at work. A good long-term relationship with our suppliers is the basis for tackling social problems in production, lifting the factories to a higher level by engaging the management and workers, offer training and workshops, which all will lead to improvement of the quality of work.

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

Our objective is to structurally improve sustainability within the production chain, focusing on all factories in which our goods are produced and where materials are made. By mapping the risks and prioritize them we have been able to set goals for the coming years for the risks that matter the most to us.

Our goals to improve the supply chain contribute to the SDG's 1, 4, 5, 6, 8 and 10.



BUYING PRACTICES

Purchasing Practices are the way we interact and do business with our suppliers and the factories where they produce. It includes planning, sourcing, product development and purchasing. The behaviour that we demonstrate as a purchasing party and the values and principles that we apply as a starting point for cooperation with our suppliers can have major consequences for employees in the supply chain.

Together with our buying department we have been working on a manual on ethical buying practices. We have mapped the design, planning and purchasing process and identified the relevant actions that could have a negative impact in the supply chain.

In the coming year we will train all buying teams to raise awareness on the impact their actions can have in the supply chain, and to help them to work in an ethical and responsible way.

Part of the new buying practices is the development of a clear exit strategy. In case the relationship with a supplier and the factories where they produce will end, we need to make sure that the workers are not adversely affected by the termination of our business relationship.

ACTIVITIES ON BUYING PRACTICES:

- We have worked with Better Buying in 2018 and 2019 to ask suppliers anonymously to rate the buying behaviour of WE Fashion buyers. Via Better Buying we received feedback from our suppliers on buying practices. The recommended changes will be evaluated, and where possible be implemented in our daily buying practice. To get this done, we will incorporate the Sustainable Buying Manual in the general Buying Manual, and train the buyers regularly.
- In 2019, we used the PPSA tool from ACT to get an insight in our own buying behaviour. This tool has been developed by ACT, an agreement between global brands, retailers and trade unions to transform the fashion industry and achieve living wages for workers through collective bargaining at industry level. They created the PPSA tool to give participating brands insight in their purchasing practices.

- The recommendations from Better Buying and the PPSA tool are currently used to update the Sustainable Buyers Manual. This manual guides buyers through all principles of sustainability and how their actions have an influence in the supply chain. The set of principles is raising the awareness of buyers regarding their direct and indirect impact on the production processing and the workers well-being.

ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Start a working group with buyers, merchandising and designers, supported by management, to develop clear buying practices for the company.
- Training buyers on responsible buying issues at least twice a year.
- Conduct a survey to check if we improve our buying behaviour.



FACTORY COMPLIANCE

WE Fashion has been working on improving the social conditions of employees involved in production since 1998. It is important that working conditions are checked and factories are asked to implement change for the better. From a workplace without environmental and safety hazards, to a place where women’s rights are respected and workers voices are heard. This leads to progress in the lives of the workers in all steps of the supply chain.

Factory compliance has been very early identified as a risk, it was the start of CSR at our company more than 20 years ago. With the factory compliance program, we understand what is happening in the factories, and are measuring the different aspects of working conditions in the factories. From 2015 we only work with factories who give us insight in their working conditions, so we can work together towards improvements.

Factories that score A or B are more likely to have an effective Social Management System in place to control social and human rights issues of their workers.

PERFORMANCE 2019

OUR GOAL IS THAT 70% OF THE PRODUCTS WILL COME FROM FACTORIES THAT HAVE GOOD WORKING CONDITIONS BY 2025

2019 → 44%
2025 → 70%



RESULTS OF FACTORY COMPLIANCE WITH THE WE CODE OF CONDUCT

In 2019 44% of products (measured in purchase value) sourced in risk countries are from factories scoring A or B during their last BSCI, SMETA or SA8000 audit. The small decrease compared to last year is the result of more audits with a C score from factories in need of improvement in 2019.

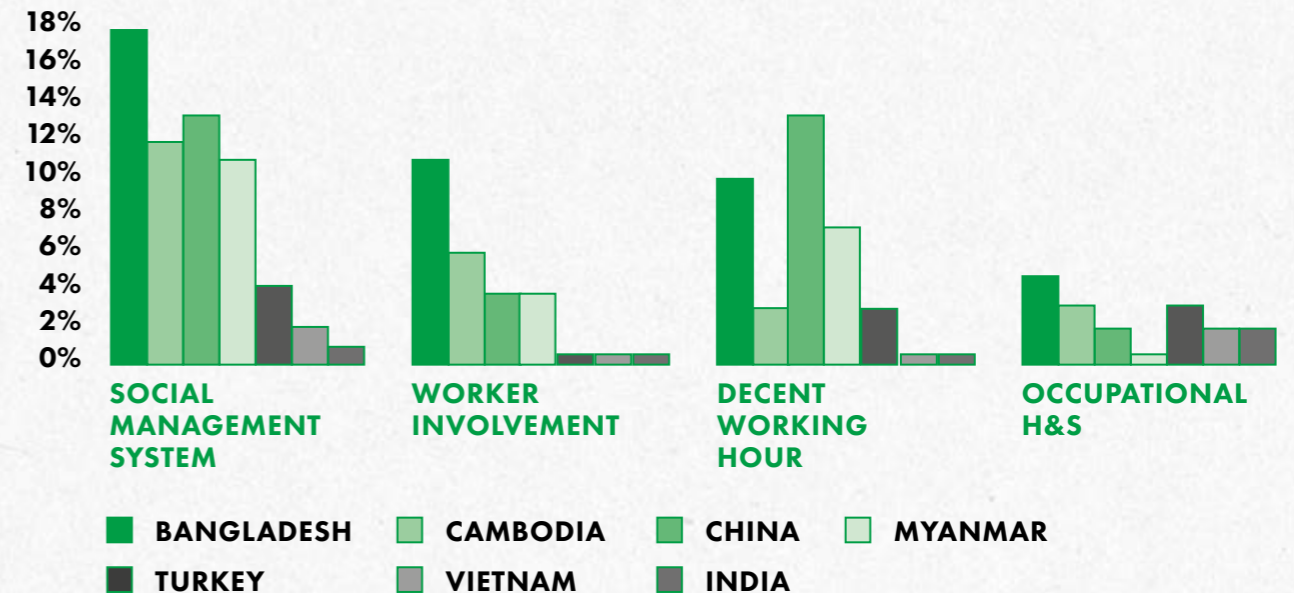
Factories that score A or B are more likely to have an effective Social Management System in place to control social and human rights issues of their workers.

2019 audit results showed that the highest amount of issues was in Social management systems, Worker involvement, Decent working hours and Health and Safety.

ISSUES WITH FACTORIES COMPLYING TO THE WE CODE OF CONDUCT:

- 59% of workers are working in a factory where the Social management system has to improve.
- 24% of factories do not involve workers enough, they fail to train workers on their rights, have no long-term goals to protect workers and often the grievance mechanisms are failing.
- 34% of workers do structurally or occasionally work too many hours.
- 16% of workers are not working in a healthy or safe environment, due to insufficient worker safety training, missing safety guards on machinery and because they fail to use personal protection equipment.

ISSUES WITH FACTORIES COMPLYING TO THE WE CODE OF CONDUCT



We encourage factory management to improve their knowledge of social management systems and worker rights by following online training and workshops. 20 factories entered into training and workshops on our request in 2019, being trained on several different topics, such as how to set up a good social management system, or how to draft a remediation plan. Better knowledge and guidance with remediation plans will result better working conditions generally.

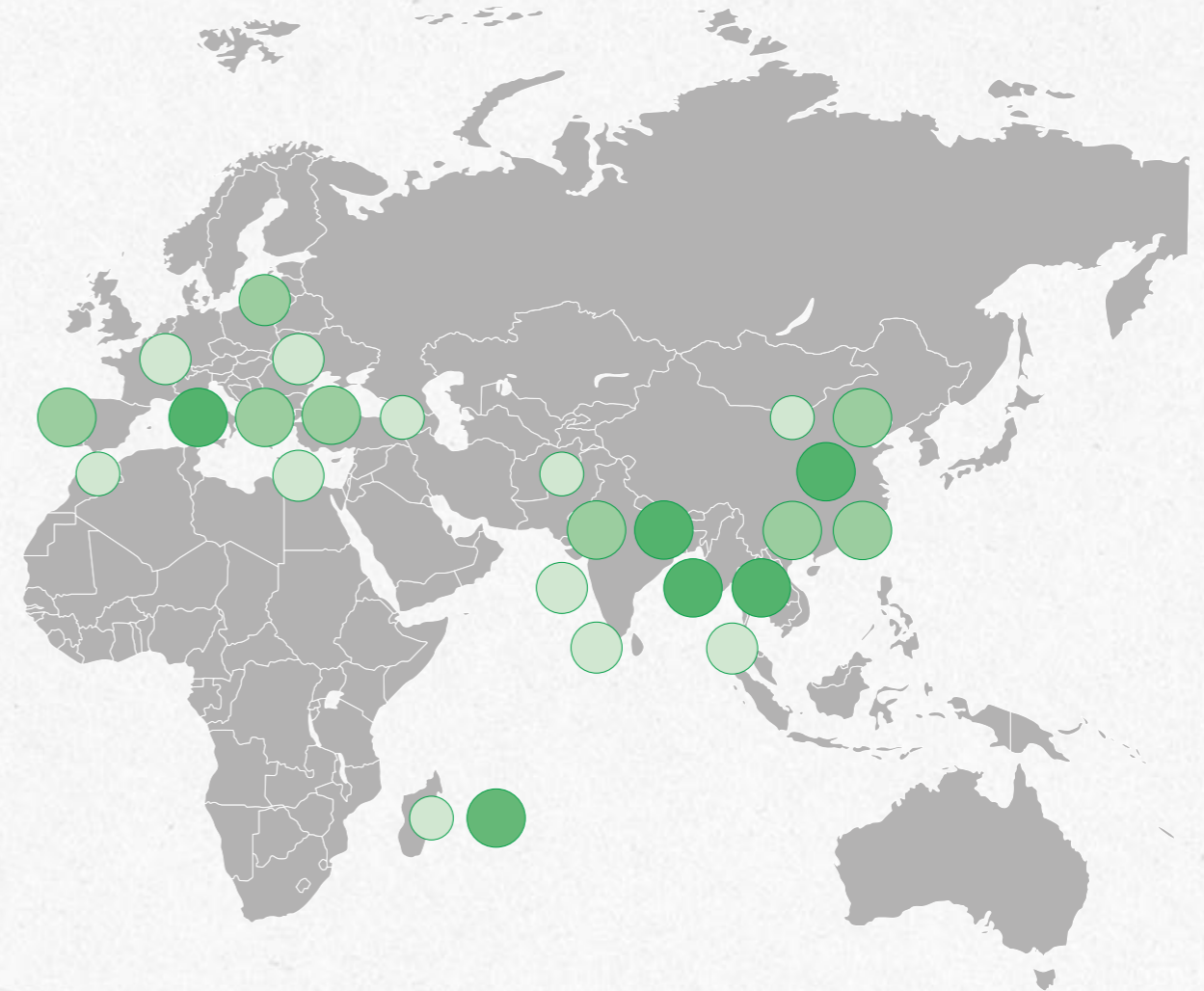
- WE Fashion has 185 active factories in their database from 101 suppliers. Products have been supplied by 93 suppliers and produced in 140 factories, of which 13 factories were located in non-risk countries and 127 factories were located in risk countries.
- In 2019 WE Fashion produced in 20 countries: Bangladesh, Bulgaria, Cambodia, China, India, Italy, Lao People’s Democratic Republic, Madagascar, Mauritius, Morocco, Myanmar, Netherlands, Pakistan, Poland, Portugal, Romania, Sri Lanka, Thailand, Turkey, Vietnam.
- The main production countries were Bangladesh, China, Cambodia, Myanmar, Turkey, Mauritius and India. Five countries were classified as non-risk, based on the Worldwide Governance Indicators by the World Bank.
- The factories in our supply chain in risk countries employ an estimated total of 80,000 workers. 31% of those work in Bangladesh, and 38% work in China, Cambodia and Myanmar. In other countries where we produce, the number of workers is much lower, so we have a relatively lower impact.

Not all workers in a factory work on our products, but all workers in a factory are impacted by the facility complying to the Code of Conduct, or offering training and improved wage payment conditions.

ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- We will ask all our strategic suppliers to complete the amfori BSCI workshops, or participating in other capacity building tools for suppliers that are not in the amfori BSCI scheme or don’t have workshops available in their country.
- Investigate the use of inspections form the Social Labour & Convergence Project (SLCP) and the Higg FSLM module, as replacement for, or next to, BSCI audits.
- Look into ways of communicating with factory workers.

FEWER FACILITIES    MORE FACILITIES



SAFE FACTORIES

Because building safety is not sufficiently and thoroughly inspected during social audits, we need to find a model that covers more factories in our supply chain to be strictly monitored on building safety. In Bangladesh the Accord monitors the building and fire safety. In the coming years we will expand checks on building safety in other countries.

We have identified that worker safety is a risk in all risk countries where production for WE Fashion takes place. It is not only about the structural safety of buildings and fire safety, but also about a safe workspace without practices such as unsafe chemical use, noise, high temperatures without proper ventilation, and repetitive motion.

PERFORMANCE 2019

OUR GOAL IS THAT AT LEAST HALF OF THE WORKERS IN OUR SUPPLY CHAIN WORK IN SAFE AND HEALTHY CONDITIONS BY 2025.

2019 → 31%

2025 → 50%



RESULTS OF WORKING TOWARDS FACTORIES THAT HAVE NO SEVERE HEALTH & SAFETY ISSUES:

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

By the end of 2019, 6 of the 16 factories have finished the inspection program on initial issues, and a total of 1639 issues has been identified. In the past 5.5 years in total 90,2% of initial issues in the factories had been corrected and another 7% initial issues have been corrected but still needed to be confirmed by means of an inspection.

The improvement has slowed compared to earlier years, the main reason being that factories need to be inspected for the installation of approved fire alarm and fire protection systems.

During the inspections, often new issues are identified, issues that were not seen before or have been found only in a later stage. In 2019 197 new issues were identified. Factories who remediate the initial issues are recognised for that by the Accord, as they have proven to take safety of their factories serious. But they are required to keep the safety on a high level, by implementing policies and procedures, and by keeping the employees updated via trainings.

The issues that factories struggle the most with to finish the program, all have to do with the installation of fire alarm systems, sprinkler systems etc.

- The Bangladesh Accord offers training for workers committees and workers. The training program is based around the presence of unions, worker safety committees and training of all workers, and handles hazard identification, communication skills and problem solving. All factories in Bangladesh have started with the Accord worker training program and a total of 42 trainings have been given to more than 30.000 workers. All workers who produce for WE Fashion in Bangladesh have now repeatedly been involved in trainings regarding safer workplaces. We are committed to complete this task together with the factories.

	REMEDIATION COMPLETED	REMEDIED BUT NOT VERIFIED YET	REMAINS TO BE REMEDIATED
STRUCTURAL ISSUES	97%	2%	1%
FIRE ISSUES	85%	10%	5%
ELECTRICAL ISSUES	91%	7%	1%

- During the social audits performed in 2019, we found that 12% of factories had problems in the area of Occupational Health and Safety. The main findings were a lack of use of PPE, insufficient worker safety training, and missing safety guards on machinery. WE Fashion will continue to support the factories in Bangladesh via the Transition Accord during the improvement process, also when the inspection program will be handed over to the RSC, the new body in Bangladesh that includes brand, unions and the BGMEA. This handover in May 2020 will give the country and the suppliers the ownership of the subject, as they should have. We will be continuing to support the new set up of the RSC until the Transition Accord expires.

ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- WE Fashion supports the handover to the RSC Sustainability Council in May 2020, and will continue the Bangladesh Accord membership.
- Start a research into possible initiatives that work on Building safety in other risk countries such as China, India, Myanmar and Turkey.
- Map the WE Fashion supply chain on homeworkers.



ENGAGEMENT WITH FACTORIES DOWN THE SUPPLY CHAIN

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

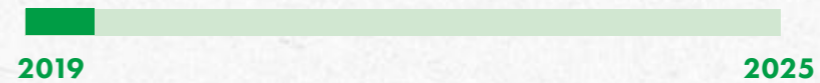
The biggest risk identified to this topic is the fact that we do not have a complete view on the supply chain. Traceability is difficult to get from factories down the supply chain that WE Fashion has no direct business relation with. Without this transparency we can't identify and control all environmental, social and human rights risks.

If we look to the future, we want to take two steps. One is to accept a wider range of audit standards for lower tier factories. With the introduction of the SAC Higg FSLM tool and accepting available audit reports, we expect the number to grow. The other one is to look at a nomination model for the wet processing and materials suppliers, to enter into a direct collaboration with these factories and thus be able to exert more influence on their social and environmental compliance.

PERFORMANCE 2019

OUR GOAL IS THAT 50% OF THE WET PROCESSING UNITS AND FABRIC SUPPLIER IN RISK COUNTRIES ARE ENGAGED IN A VALID AUDIT CYCLE BY 2025.

2019 → 4,5%
2025 → 50%





RESULTS OF ENGAGING WITH LOWER TIER FACTORIES AND GET MORE TRANSPARENCY

- We launched a new mapping tool, and asked all suppliers to give us a complete overview of actors in the supply chain, producing for WE Fashion, including contact details, sustainable certifications and audit schemes.
- In 2019, 134 factories in our supply chain were confirmed part of our supply chain as wet processing units or fabric supplier. So far, 4,5% of these locations have received a social audit or check from other brands or NGO's.

ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Train and support Buying in data collection regarding lower tier factories, wet processing techniques and materials used.
- Start monitoring lower tier factories such as fabric, materials and yarn suppliers on social compliance status.
- Research the possibility of nominating fabric suppliers and wet-processing units, to get more control over lower tiers in our supply chain.

MITIGATION OF FORCED AND BONDED LABOUR

Modern slavery is a big issue in most of our sourcing countries. Through social audits we assess if factories follow the policy on forced labour set out in our Code of Conduct. Because we are aware that audits are not providing the full picture we want to dive deeper into our supply chain and work together with a local NGO to make sure forced labour is not part our supply our chain and to raise awareness on management and worker level.

In our supply chain, there are several materials, regions or countries that have a link with forced and bonded labour. We have identified the following risk area's: Modern slavery in China, Cambodia, Myanmar and Bangladesh, Sumangali in Tamil Nadu India and Syrian refugees in Turkey.

PERFORMANCE 2019

OUR GOAL IS TO ONLY ACCEPT PRODUCTS FROM FACTORIES THAT ARE FREE FROM FORCED AND BONDED LABOUR BY 2025.

2019 → 99%
2025 → 100%



RESULTS OF ACTIVITIES AGAINST FORCED LABOUR

- During an audit in January 2019, auditors in Myanmar were alarmed by the fact that it seemed that workers were not free to leave the factory premises. Next to that, the workers in the factory had to work excessive overtime, and the factory did not have a fire safety certificate. The auditors flagged these issues as very serious as factory management was not prepared to be fully open.
- Due to the zero-tolerance strategy of the BSCI, the issue was shared with the brands that produce in this factory. Together with our local agent, the factory owners and management, and a third-party consultant a plan was drafted to help the factory to improve. By the end of May 2019, the auditors assessed the factory again and found these issues solved.

- In 2019, the Leiden Asia Center (LAC) published a report where they analysed the outsourcing by Chinese factories to North Korea, and the employment of North Korean workers in Chinese factories. The flow of goods from western brands and retailers appeared to be a relationship with flows of goods going to Europe.
- As a result of the publication, WE Fashion checked whether this misconduct also happened in its own supply chain. In 2019, production in this region was limited to 4 factories. The WE Code of Conduct states that suppliers only can work with subcontractors that are approved by us. To make sure production only takes place in approved factories and to prevent forced labour from occurring at these factories, WE Fashion aligned with our agent to always perform inline inspections, for all orders produced in these factories.
- In Tamil Nadu, India, the practice of sumangali is forbidden, but still in use, particularly in the textile industry. Girls are hired on contracts for three to five years, during which they live on the premises of the factory and earn a wage. At the end of the contract they are paid a lump sum to pay for a dowry. In practice, many of the girls do not live in freedom.
- WE Fashion is engaged in the project 'Remedies towards a better workplace' in Tamil Nadu with one supplier and its supply chain. The goal was to help and set up Worker Committees in the factories and spinning mills in Tamil Nadu in our supply chain, and map the upstream supply chain to include all subcontractors and material suppliers.
- As a result, 5 spinning mills employing almost 4000 workers, of which half of them are women, have engaged with a local NGO and are being trained so they can establish concrete policies and procedures to enable them to identify and remediate labour issues in a timely manner, including in their supply chain.
- In Turkey, Syrian refugees are working in textile factories for several years now. Turkish suppliers in our supply chain signed a document, in which they state to employ all workers in our supply chain in a way that respects their legal, worker, and human rights.



- All suppliers have signed the document. In 2019, 5 Syrian workers were registered in the factories in our supply chain. In one factory an issue was raised during the audit, the Syrian workers had not received training in Arabic. The issue was mitigated by the factory within a reasonable timeframe.
- In 2019, WE Fashion signed the Cotton Pledge, committing to end the practice of forced labour in the cotton sector in Turkmenistan. In 2012 we already signed the Cotton Pledge to end forced labour in Uzbekistan. The topic is part of the WE Code of Conduct we ask suppliers to adhere to. It is hopeful to see that the end for government-sponsored forced labour in the cotton fields in Uzbekistan is finally in sight. We continue to work on this important topic.
- BCI is suspending its assurance activities in the Xinjiang region of China for the upcoming cotton season (2020-21) based on the recognition that the operating environment prevents credible assurance and licensing from being executed. While BCI will not license any Better Cotton from Xinjiang, they will continue to support farmers in the region during this period.
- WE Fashion stopped sourcing cotton from China's Xinjiang province over concerns about mass human rights abuses there - including forced labour by prisoners. The ban on the use of cotton from Xinjiang is now part of the WE Code of Conduct.

ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Participate in the Arisa project “Continuous improvement of labour conditions in Tamil Nadu supply chains”, to include other factories in Tamil Nadu, but also to expand to other regions in India.
- Factories with issues on bonded / forced labour will be supported by WE. According the WE Forced Labour Policy, we will assign the support of an NGO-consultant to remediate the issue and prepare for the next audit to prove change.



ADDRESSING CHILD LABOUR

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

Around the world, in 2019 child labour is still happening. In our supply chain, there are several materials, regions or countries that have a risk of being linked to child labour. We have identified the following risk area’s: cotton farming, children of Syrian refugees in Turkey, young female workers in Tamil Nadu India, and children working in Bangladesh and Cambodia.

PERFORMANCE 2019

WE ONLY ACCEPT PRODUCTS FROM FACTORIES THAT ARE FREE FROM CHILD LABOUR, DISCRIMINATION AND GENDER ISSUES.

2019 → 96%
2025 → 100%



RESULTS OF ACTIVITIES TO MITIGATE CHILD LABOUR, DISCRIMINATION AND GENDER ISSUES:

- In March 2019, when auditors arrived at a factory premises in Turkey, auditors found that a group of workers were running away. Some of the workers looked very young, it was unclear why those people ran away and the auditors did not receive a sufficient explanation from the factory, therefore they decided to abort the audit. Due to the zero-tolerance strategy of the BSCI, the issue was shared with the brands that produce in this factory. The factory management followed a series of trainings such as Responsible Recruitment, Worker Involvement in Improving Working

Conditions and Grievance Mechanisms, and Young Worker Management. By July 2019 the factory had corrected all issues, as assessed during a next inspection.

- In 8 factories, of which 6 in Bangladesh, minor issues with discrimination were found during inspections in 2019. The most common issue was that factories did not identify and conduct any internal assessment on the most frequent areas where discrimination could take place. All factories had remediated this issue by the end of the year.
- In one factory in Romania, there was no child labour policy available. Although the minimum age is set in the facility's policies, there were no written policies and procedures in place to prohibit child labour, and to protect them from any form of exploitation, whether direct or indirect. There were also no written remedies policies and procedures. By June 2019, the factory created and implemented the necessary internal policies and procedures.
- WE Fashion engaged in the collective project 'Remedies towards a better workplace' in Tamil Nadu' from the Dutch Agreement on Sustainable Garments and Textile. The project aims to find sustainable solutions that address the root causes of child labour and provide children with access to education. In the project the setup of Worker Committees in the factories and spinning mills in Tamil Nadu in our supply chain played a central part. Because it is more likely that child labour can be found in lower tiers of the supply chain, the mapping of the upstream supply chain to include all subcontractors and material suppliers became an important part of the project.
- We worked with one supplier in this project, they listed 10 spinning mills for our supply chain. Five of these mills enrolled in the project and started the training program. The local partner in this project was SAVE. Factories will be trained so they can establish concrete policies and procedures to enable them to identify and remediate labour issues in a timely manner, including in their supply chain. These factories together are employing almost 4000 workers, of which half of them are women. These 4000 workers will benefit from the improved working conditions at their factories. The other 5 factories are in contact with SAVE, so we expect more spinning mills to join in the future.

- In 2018 WE Fashion has published the WE Child Labour Policy and the WE Forced Labour Policy. These policies are published [here](#).
- 17 factories followed the amfori workshop on Young Worker Management in 2019. Attendees will learn what amfori BSCI requires for child labour and young worker management, what mechanisms can be used in the factories to prevent the risk of child labour, and to get informed about monitoring systems that can help to control these issues efficiently.
- 3 factories in India followed the amfori workshop on Empowering Women in the Workplace in 2019, where factory management learns about the local legal requirements and expectations, develop awareness about sexual harassment and why it is a problem, and take these learnings to carry out their responsibilities in the Internal Complaints Committee and grievance mechanism.
- WE signed a commitment to end child labour by 2025 during the event 'Taking next steps'. Our aim is to use the learnings from the project in Tamil Nadu with Save and Arisa to reach manufacturers in India and other risk countries, and connect them with local NGO's to address child labour, discrimination and gender. [Link](#).

ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Factories with issues on child labour will always be supported by WE Fashion. According to the WE Child Labour Policy we will assign the support of an NGO-consultant to remediate the issue and prepare for the next audit to prove change.

GRIEVANCE MECHANISMS

Addressing issues like child labour, discrimination and gender is often difficult for workers, as factory management can come back with repercussions towards the complainant. In an unsafe working environment, the complaints are not always handled fairly, which makes workers face verbal and physical abuse, and sometimes the risk of losing their job.

Brands can help by starting an open dialogue, and offering support. Involvement of local parties like worker representatives, unions and NGO's supports the process, so both factory management, workers and their representatives feel safe and confident to engage.

PERFORMANCE 2019

OUR GOAL IS THAT 30% OF THE FACTORIES HAVE ADOPTED A WORKING AND EFFECTIVE GRIEVANCES MECHANISM, OR ARE INVOLVED IN A GRIEVANCE MECHANISM PROGRAM, BY 2025.

2019 → 3,6%

2025 → 30%



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.

RESULTS OF PROMOTING THE ADOPTION OF AN EFFECTIVE GRIEVANCE MECHANISM:

- In Bangladesh, 18 factories fall under the Bangladesh Accord and have access to its grievance mechanism. The Accord only deals with complaints related to Health & Safety. In 2019 the Accord issued 4 health & safety complaints, that were all solved within the given timeframe. The Accord notes all complaints that come in, and if the complaint does not concern Health & Safety, it will

be forwarded to the brands that produce in the factories. This way we received 1 other complaint. This complaint concerned a worker not receiving the severance payment as required by law. The issue was picked up by the respective factory management and dealt with.

- BSCI has a complaints mechanism. The BSCI, however, does not cover the entire network of factories. To give everyone the same chance, WE Fashion is looking at other complaints mechanisms that cover all involved. 11 factories followed the amfori BSCI workshop on Grievance Mechanism in 2019.
- Part of the Agreement on Sustainable Garment and Textile (AGT) is a complaints mechanism that offers two different routes for providing access to remedy.
- First, workers who experience violations of the AGT agreement can reach out to local unions and NGO's and Civil Society Organizations, who can file a complaint on their behalf to the AGT Secretariat. The complaints are then shared by the AGT Secretariat with the respective brands who produce in the specific factory. The AGT expects a brand to mitigate and remediate the complaint.
- The Steering Committee of the AGT also has the opportunity to raise concerns about the lack of progress, or the submission of low-quality action plans by associated brands. When there is a dispute, the AGT Steering Committee can submit the case to an independent Complaints & Disputes Committee to deal with.

ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Start monitoring and deeper investigation of grievance mechanism during audit report review. Availability of a suggestion box should not be best practice.
- Continue to work together with the Fair Wear Foundation (FWF) to see if we can use the FWF complaints mechanism as non-FWF members.
- Continue to keep the complaints register up to date, and monitor until the complaint is resolved. If necessary, we take steps to help to get it solved.



TOWARDS PAYING A LIVING WAGE

A living wage is a wage that is sufficient to meet the basic needs of a family of average size in the country where that family lives. In many production countries the minimum wage is not enough to maintain a family. This increases the risk of overtime, child labour and forced labour.

Over the past 6 years WE Fashion conducted research into the wages paid to employees in factories producing our goods. We look at the lowest paid wages in all factories, both from direct suppliers and subcontractors. In the research we check whether the paid wages meet the statutory minimum wages. In addition, we also compare wages with various Living Wage Benchmarks. We have identified that the payment of living wages to workers is a risk in all risk countries where production for WE Fashion takes place. The risk has been identified as one of the two highest risks in our risk assessment.

PERFORMANCE 2019

OUR GOAL IS THAT 100% OF FACTORIES CONTINUE TO PAY ALL ITS WORKERS THE STATUTORY MINIMUM WAGE, OR HIGHER.

2019 → 100%
 2025 → 100%



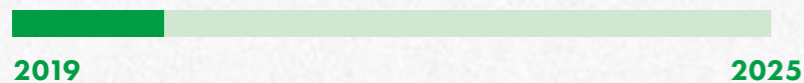
WE Fashion looks at the lowest wages paid per factory since 2015. The data research evaluates the lowest wage against local minimum wage and living wage benchmarks. As wages are based on the worker living situation and other local characteristics this is an ever-changing value that needs to be assessed regularly. We expect all factories to pay every worker at least the statutory minimum wage.

PERFORMANCE 2019

OUR GOAL IS THAT 50% OF THE PRODUCTS WILL COME FROM FACTORIES THAT PAY THE LOCAL LIVING WAGE BY 2025.

2019 → 10%

2025 → 50%



When setting a target, we choose to use the SA8000 standard as a benchmark for living wages since this system has a benchmark for all countries producing for WE Fashion, it is the official best practice system of BSCI, and the calculation of the SA8000 living wage is included in the BSCI audit reports which accounted for the majority of all audits in our supply chain.

However, since formulating this goal we got informed we could not rely on the data that was used in the received audit reports. For this reason, we have decided to use available tools and methodologies such as the Fair Wear wage ladder and the Anker method, as used by the Global Living wage Coalition.



RESULTS OF WORKING TOWARDS PAYING A LIVING WAGE:

- In Bangladesh hundreds of workers, from 2 of the factories where we produce, were accused by the industrial police after the wage protests in December 2018. The charges were unclear, and also addressed to “unknown workers”, which puts all workers of these factories at risk of arrest and punishment. Both factories have been requested to revoke the complaint and lift the accusations. One factory revoked the complaint, the other factory was not aware of the accusations. We are in dialogue to get these complaints revoked by the industrial police. The case is still hanging.
- WE Fashion participated in the living wage workshops from the Dutch Agreement on Sustainable Garments and Textile.

In November 2019, all suppliers of WE Fashion in Bangladesh participated in seminar ‘Labour Minute Costing and Price Negotiations with Buyers’, organised by the Fair Wear Foundation. The Head of Sustainability of WE Fashion and other brands representatives participated in the event too. Both suppliers and brands learned a lot about labour minute costing and price negotiations.

ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Complete the annual wage research, to continue the comparison, and measure the improvements made.
- Join a project to research the payment of a living wage at a few key suppliers.
- Set up a WE living wage policy.



PERFORMANCE 2019

OUR GOAL IS THAT 20% OF THE CMT FACTORIES PRODUCING FOR WE FASHION IN RISK COUNTRIES HAVE A WORKING COLLECTIVE BARGAINING AGREEMENT IN PLACE THAT IS SUPPORTED BY LOCAL UNIONS, BY 2025.

2019 → Baseline benchmarking starts in 2020

2025 → 20%







Inviting trade unions into the factory, raising awareness for collective bargaining and setting a collective bargaining agreement in place will help the workers to improve their wages. Not only for the orders we produce, but structurally.

ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Zero measurement of all suppliers in Cambodia with a Collective Bargaining Agreement, supported by a local union.
- Deeper investigation of worker representatives and trade unions listed in the amfori BSCI audit reports. Research the Union's independent status, and check if the worker representative is included in decision making by the factory management.



ACHIEVEMENTS AND GOALS

		2019	GOAL 2025
 IMPROVING THE SUPPLY CHAIN	Our goal is that 70% of the products will come from factories where working conditions qualify as “good” by 2025. We will continue to work with the remaining factories to action the identified improvement areas.	44%	70%
	Our goal is that 50% of the products will come from factories that pay the local living wage by 2025.	18%	50%
	We only accept products from factories that are free from child labour, discrimination and gender issues.	96%	100%
 MAKING BETTER PRODUCTS	Our goal is to use 100% more sustainable cotton by 2021.	63%	100%
	Our goal is to use only 100% animal-friendly materials by 2025.	25%	100%
	Our goal is that 50% of the products will be dyed and washed with clean techniques by 2025.	(Benchmarking in 2020)	50%
	Our goal is that 20% of the materials used will be made from recycled fibers by 2025.	0.1%	20%
	Our goal is to maintain that at least 1 in 3 management positions are filled by a woman by 2025.	41%	33%
 IMPROVING OUR WAY OF WORKING	Our goal is that 100% of our B2C packaging will be made from sustainable materials by 2025.	15%	100%
	Our goal is that 50% of the non-commercial articles will be a sustainable option by 2025.	6%	50%
	Our goal is that waste from the head office and stores will be reduced by 30% by 2025.	(Benchmarking in 2020)	-30%
	Our goal is that CO ₂ emissions from the head office and stores will be reduced by 30% by 2025.	(Benchmarking in 2020)	-30%
	Our goal is that 100% of product waste will be donated to charities by 2025.	96%	100%
 GIVING BACK TO SOCIETY			



MAKING BETTER PRODUCTS

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

70% of the raw materials in the collections of WE Fashion is cotton. By using more sustainable cotton in our collections we do not only reduce the use of water, chemicals and pesticides, we also improve the livelihood of farmers and their families in cotton producing countries. Next to material use, the use of chemicals, water and energy in production has a hefty footprint, especially during dyeing and finishing. WE Fashion aims for a clean environment in and around the factories in which our goods are produced and where materials are made. With increasing insight in the supply chain, we have better knowledge of the highest risks and have the possibility to start working on improvements.

Our goals to make better products contributes to the SDG's 6, 7, 12, 13 and 15.



SUSTAINABLE MATERIALS

In 2019, WE Fashion committed to use 100% sustainable cotton in its collections by the end of 2021, and 70% sustainable materials in the entire collection by 2025.

We have identified that there are many environmental risks related to the materials we use. When the materials grow, farmers need water, pesticides and fertilizers. When yarns and fabrics are produced the use of water, energy and chemicals is abundant. Water scarcity, chemical pollution, land depletion and greenhouse gas emissions are a treat to the environment. The use of chemicals has been identified as one of the two highest risks in our risk assessment.

PERFORMANCE 2019

OUR GOAL IS TO USE 100% MORE SUSTAINABLE COTTON BY 2021

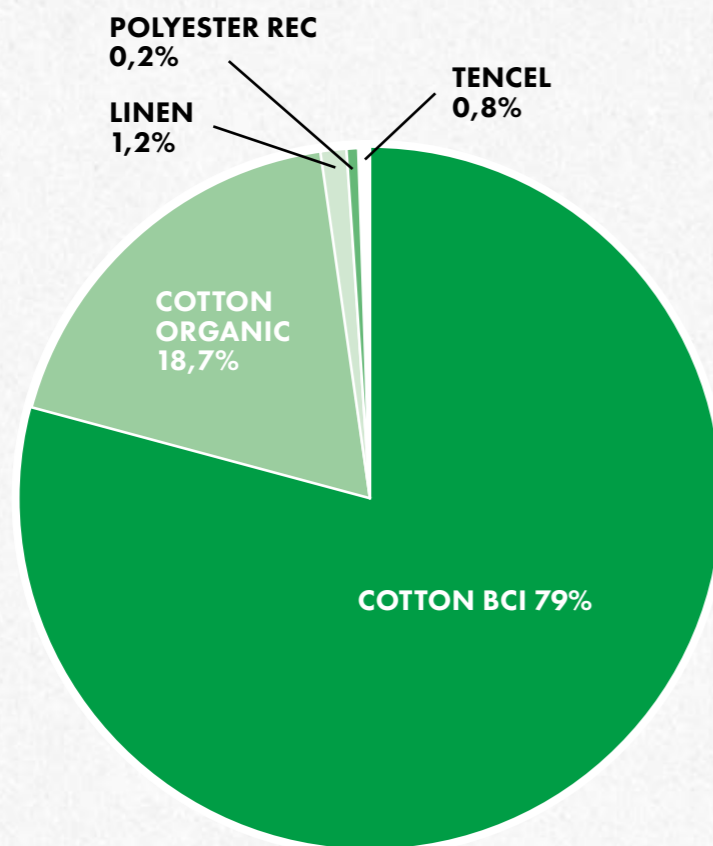
2019 → 63%
2025 → 100%



RESULTS OF WORKING TOWARDS THE UPTAKE OF MORE SUSTAINABLE COTTON SOURCED BY WE FASHION:

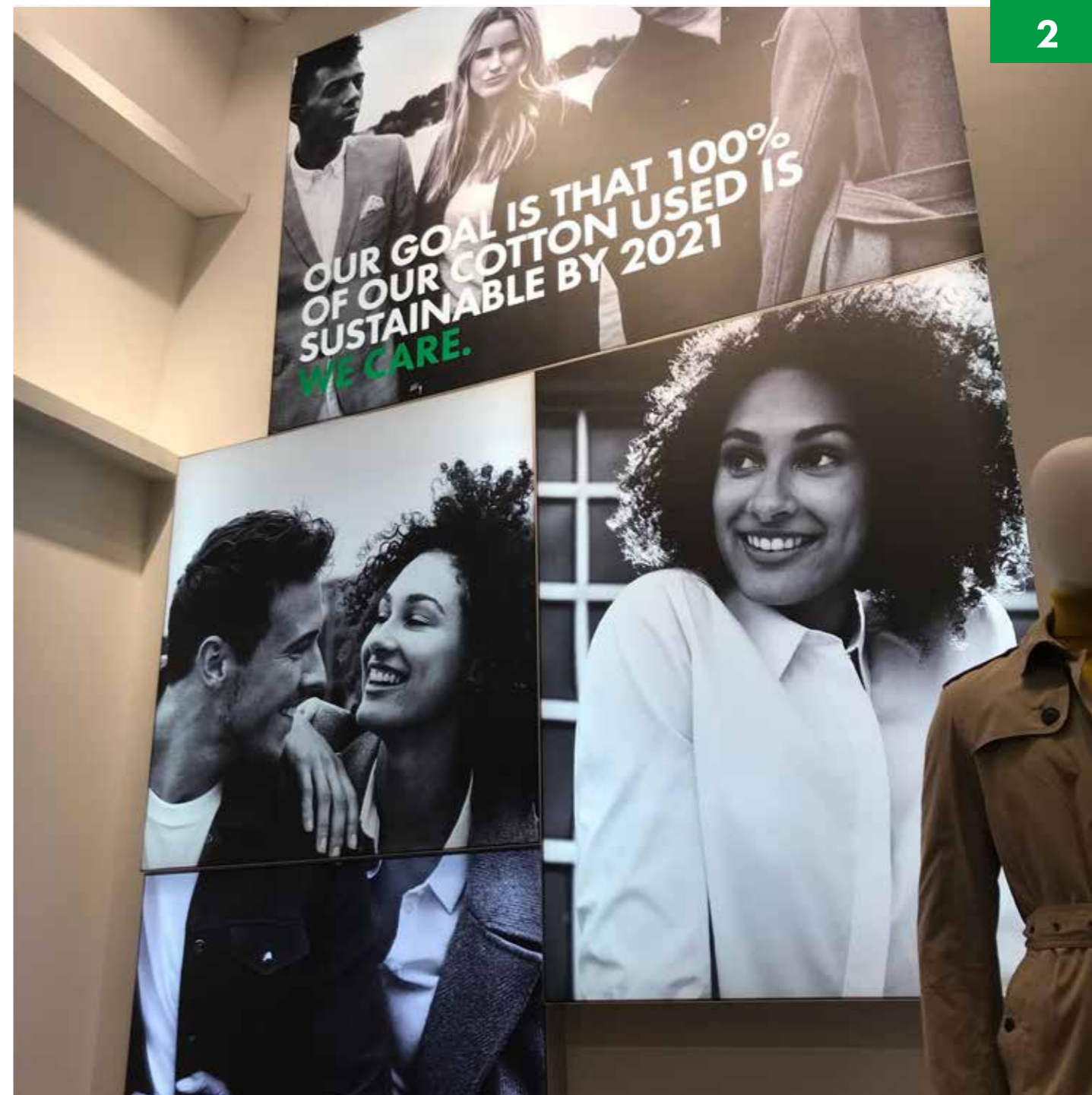
- Better Cotton is sourced via a system of Mass Balance and is not physically traceable to end products. See bettercotton.org/massbalance for details.
- In 2019 we sourced 50,6% of our cotton as Better Cotton. Our investment enabled Better Cotton to be produced on almost 3,000 HA of land and enabled BCI to reach and train almost 1,750 farmers on more sustainable practices.
- Thanks to our sourcing of Better Cotton, an estimated 900 kg of pesticides were avoided and 1,4 billion liters of water were saved. And BCI Farmers benefited from an estimated 400.000 EUR additional profit thanks to our sourcing of Better Cotton. BCI Farmers experience profit increases for a variety of reasons, most commonly due to increased yields and optimised use of inputs, such as irrigation water, pesticides or synthetic fertilizer.
- We sourced 12,3% of our cotton as organic cotton in 2019. Most of the organic cotton is certified according to Organic Cotton standard (OCS). The OCS certification is focused on traceability of the organic content, traced by transaction certificates. Every time the organic content goes to a new company in the chain, a transaction certificate is given that confirms the organic content. This way we can trace the organic raw materials from the final product back to where they were produced.
- Organic cotton crops aren't treated with pesticides, insecticides, herbicides and Genetically Modified Organisms. These toxins are harmful for farmers and workers, consumers, and the entire wildlife eco-systems. According to the Higg MSI organic cotton emits 45% less CO₂eq and uses 85% less water to grow. The system allows farmers to grow more than one crop, which supplements their food and income.
- WE Fashion signed the 2025 Sustainable Cotton Challenge, and committed publicly to source 100% of its cotton as more sustainable in 2025.

SUSTAINABLE MATERIALS USED IN 2019



ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Research and update our requirements for sustainable cotton.
- Develop procedures for man-made fibers that are considered sustainable.
- Develop procedures for recycled fibers that are considered sustainable.
- Inform buying & design regularly on the progress and on possibly new sustainable materials which are considered sustainable by WE Fashion.



ANIMAL WELFARE

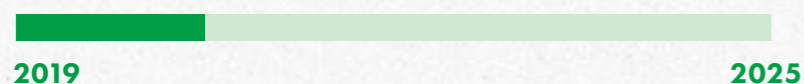
Animal welfare is an important part of ethical trading. All products or parts of products manufactured for WE Fashion should be produced without harm or cruelty caused to animals at any stage of production in the supply chain.

Several materials that are used by WE Fashion in its collections, pose a risk to animal welfare. In previous years we banned all use of fur, exotic skins and angora wool. Recently we added down to the ban. Leather and merino wool are still used, but are materials where animal welfare may be at stake, according to NGO's that advocate for animal welfare. We want to work towards products made with animal friendly materials only.

PERFORMANCE 2019

OUR GOAL IS TO USE ONLY 100% ANIMAL-FRIENDLY MATERIALS BY 2025.

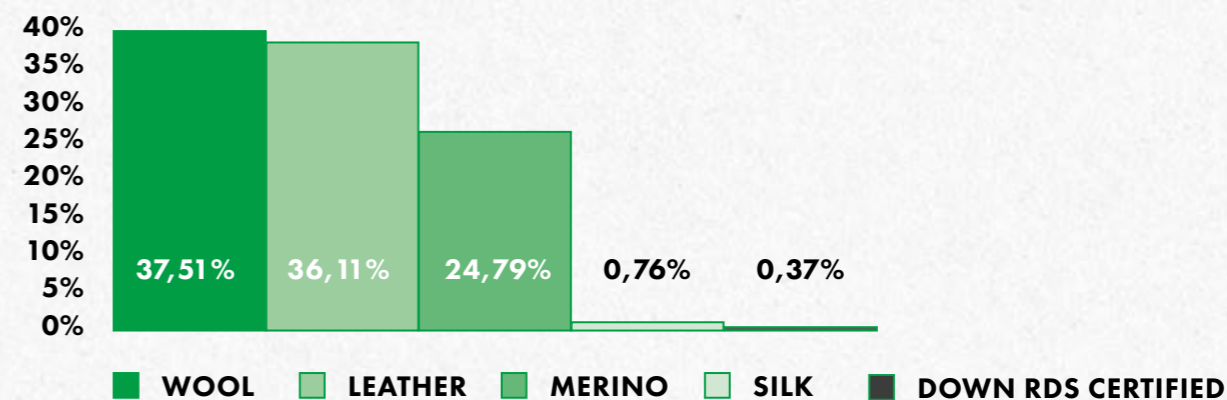
2019 → 25%
2025 → 100%



RESULTS OF WORKING TOWARDS THE UPTAKE OF ONLY ANIMAL FRIENDLY MATERIALS IN THE COLLECTIONS OF WE FASHION

- Farmers might use mulesing to prevent the parasitic infection flystrike. This practice involves removing strips of wool-bearing skin from around the breech of the highly wrinkled merino sheep, which can be painful. Mulesing is a common practice in Australia for this purpose. The merino wool WE Fashion uses is traceable, it comes from South Africa, a country where farmers use other ways to avoid flystrike in merino sheep like working with good genetics. To assure this, our suppliers have to supply documents in which they declare and show that the merino wool used in our products comes from merino sheep which are not mulesed.

- In 2019, we sold a jacket with down, certified according the Responsible Down Standard. RDS ensures that the down in a product does not come from birds that have been live-plucked or force-fed, and that their welfare has been protected from the time they were hatchlings. Because we only used down occasionally, we will stop using real down and will only use other insulation in jackets in the future.
- We are working towards the use of Responsible Wool Standard (RWS) certified wool in our products. RWS is a standard that protects the Five Freedoms animals at all times: freedom from hunger and thirst, from discomfort, from pain, injury or disease, to express normal behaviour, and freedom from fear and distress.
- The leather we use comes mainly from cows. We only use limited amounts of leather, it accounts for 1,4% of our material use in 2019. To achieve our goal to use 100% animal friendly materials in 2025, we are working on a policy and buying procedures which will ensure that the leather from animals that had a good life.



ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Develop a Sustainable Leather Policy that covers both environmental issues and animal welfare issues.
- Look into certification mechanisms to assure leather comes from supply chains without animal cruelty.

RECYCLING AND CIRCULAR BUSINESS MODELS

Waste has a huge negative impact on the natural environment, which makes recycling of materials important. Recycling helps to reduce the pollution caused by waste, it also reduces the need for raw materials so natural resources are not depleted. In addition to recycling, circular business models also include reduce, reuse and repair as feasible options to reduce the use of natural resources, and stop the generation of industrial and consumer waste. These business models are key to transition to a more resource efficient and circular economy.

WE Fashion works in a predominantly linear business model and uses only limited recycled materials in its collections, which poses a risk to depletion of natural resources and chemical pollution. Material footprint calculations show that the majority of materials that are recycled, have a significant lower footprint than virgin materials. However, this lower material footprint does not always have a large impact on the total footprint performance of a product, where other processes are responsible for a much larger share of the footprint.

PERFORMANCE 2019

OUR GOAL IS THAT 20% OF THE MATERIALS USED WILL BE MADE FROM RECYCLED FIBERS BY 2025.

2019 → 0,1%

2025 → 20%



RESULTS OF WORKING TOWARDS THE UPTAKE OF RECYCLED FIBERS IN THE COLLECTIONS OF WE FASHION:

- In 2019 we only made very limited use of recycled materials in our collections. The recycled materials concerned polyester and polyamide. All products produced with recycled fibers for WE Fashion in 2019 were certified according the Global Recycle Standard (GRS) or the Recycled Claim Standard (RCS).
- WE Fashion is always looking to reduce the need for new clothes, by selling high quality garments that can be worn for a long time. WRAP UK research has shown that increasing the active life of clothing by nine months would reduce the annual carbon, water and waste footprints by 20-30% each.
- By using recycled fibers, we saved the use of water, energy, chemicals, and we reduced waste.



ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Define what circularity is for WE Fashion, and research different opportunities in circularity that could be incorporated in our business. (ref Sectorplan Circulair 2050)
- Keep Buying & Design trained on the latest possibilities and requirements around recycled fibers and materials, considered sustainable by WE Fashion.

SUSTAINABLE PRODUCTS FROM SUSTAINABLE FACTORIES

Sustainable manufacturing is important to create sustainable products. It's not only about the materials we use, but also about the processes we use to make the final products. Factories that are sustainable are minimizing the negative environmental impacts while conserving energy and natural resources. It is also about the safety of employees and products, and the safety of the community around the factories.

WE Fashion sells a wide range of products in its stores. Because of the variety of products, many different production processes are needed. Where some processes do not have a large footprint, other processes are very polluting. We have identified the following risk area's: cotton farming, wet processing, and leather tanning.

PERFORMANCE 2019

OUR GOAL IS THAT 50% OF THE PRODUCTS WILL BE DYED AND WASHED WITH CLEAN TECHNIQUES BY 2025.

2019 → 1,4%

2025 → 50%



RESULTS OF WORKING TOWARDS THE UPTAKE OF PRODUCTS PRODUCED IN A SUSTAINABLE WAY:

- 48% of the leather used in 2019 came from tanneries that were certified or audited by the Leather Working Group (LWG). The LWG helps leather manufacturers and tanneries in managing and adhering to the processes they use, and assesses these companies against the LWG standard.

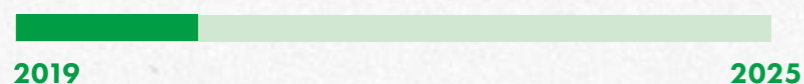
- Tanneries that are LWG certified do reduce the use of water, energy and chemicals. We aim to source all leather for our collections from LWG certified tanneries in 2025.
- WE Fashion joined the Sustainable Apparel Coalition (SAC). SAC works with several different modules, of which the Higg Product Module will be one. This tool will measure the environmental impact a product makes throughout its life-cycle. This can include how much water a product uses, how much energy it consumes, even how it affects the overall global climate. By assessing life-cycle impact, WE Fashion and the manufacturers of our products can make other decisions or improvements to produce our products more responsibly. We plan to implement this tool in our operations as soon as it is launched at the end of 2020, to be able to control the environmental impact of the products we develop.

PERFORMANCE 2019

OUR GOAL IS THAT 50% OF THE PRODUCTS COME FROM PROCESSING FACTORIES THAT HAVE TAKEN MEASURES TO REDUCE THE USE OF WATER, CHEMICALS AND ENERGY BY 2025.

2019 → 12%

2025 → 50%



RESULTS OF WORKING TOWARDS MORE PRODUCTS COMING FROM SUSTAINABLE FACTORIES:

- In January 2020 WE Fashion has become a member of the Sustainable Apparel Coalition (SAC). SAC works with several different modules, of which the Higg Facility Environmental Module (Higg FEM). This tool informs brands, retailers, and manufacturers about the environmental performance of facilities, so they can make improvements that reduce negative impacts. The module can be used by factories at any tier of the supply chain. By the end of 2019, this module was in use by 32 processing factories and materials suppliers in our supply chain.
- The module will give us the tools to measure the savings factories make in reducing the environmental impact in the supply chain, by improving their Higg FEM performance.
- By the end of 2019, 16 factories in our supply chain had finished the Higg FEM module.
- 39 factories producing for WE Fashion in 2019 were Oekotex 100 certified. When a factory is Oekotex 100 certified this ensures the end-product made in these facilities does not contain chemicals that are harmful to health of people and the environment.
- In 2019, 4 tanneries were certified by LWG, and 2 tanneries were audited LWG but not certified yet.



ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Create a Wet Processing Strategy.
- Develop a procedure for eco-design, such as tools for selecting materials, dyes and wet processes, which show the impact of choice and alternatives.
- Define specific goals on reducing the impact of dyeing and finishing in the supply chain.
- Develop and introduce a WE MRSL.



IMPROVING OUR WAY OF WORKING



IMPROVING OUR WAY OF WORKING

As a company, we are responsible for the wellbeing of the employees in the stores and offices, and for the environment we work in. Everyone needs to be able to grow and to develop further within the organization. WE Fashion believes that life together is more beautiful and that is reflected in the workplace. For example, in the way we work together and in our service; we inspire customers to feel confident, so that they can connect even more easily with people around them.

WE Fashion wants to reduce the use of water, energy and chemicals in its activities, and reduce greenhouse gas emissions. In the past years we took several steps to reduce the footprint of WE Fashion. We reduced the use of energy by installing LED lighting in the offices and the stores, and by installing solar panels on the roof of our warehouse. And all electricity in our operations is green. We look critically at the waste that we produce. Less is always better, and a lot of waste can be reused or recycled.

Our goals to improve our way of working contribute to the SDG's 4, 5, 7, 12, 13 and 15.



HEALTHY WORK ENVIRONMENT

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

At WE Fashion, 73% of the employees are female. It is important that this is reflecting in the management positions. To safeguard this, we have set ourselves the goal to have at least 33% women in the senior management team.

PERFORMANCE 2019

OUR GOAL IS TO MAINTAIN THAT AT LEAST 1 IN 3 MANAGEMENT POSITIONS ARE FILLED BY A WOMAN BY 2025

2019 → 41%

2025 → 33%



RESULTS OF WORKING TOWARDS EQUAL RIGHTS AND A HEALTHY WORKPLACE FOR EMPLOYEES OF WE FASHION:

- All employees at WE Fashion have plenty of opportunities to develop and become part of the senior leadership team when they grow. In 2019, 2 out of 3 new members of the senior leadership team were female colleagues.
- WE Fashion supports employees to keep a healthy work-life balance, it offers the opportunity to work part time, if possible employees can work from home, they offer a healthy canteen and sports opportunities, and much more.

- In 2019, every employee of WE Fashion can get a bicycle via the newly launched WE Cycle Scheme. The purpose of this scheme is to encourage bicycle use for commuting and to keep employees employable in a sustainable way. In addition, it is better for the environment and fits within our sustainability objectives with regard to offering responsible commuting options.
- In the context of the WE sustainability objectives, traveling by public transport is preferable to traveling by car. Traveling by public transport will be reimbursed by WE Fashion from December 2019. Employees can choose from several options, depending on what best suits their commuting needs.

2019	NUMBER OF STORES	NUMBER OF EMPLOYEES	FEMALE	MALE	AVERAGE AGE	ILLNESS %
NETHERLANDS	106	1365	970	395	28	3.9%
BELGIUM	26	196	171	25	37	10,1%
GERMANY	22	235	156	79	29	4,8%
SWITZERLAND	28	215	181	34	27	9.3%
LUXEMBOURG	1	3	2	1	40	0%
	183	2014	1480	534	32	5,2%

EDUCATION

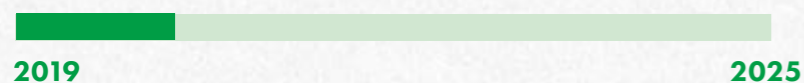
Everyone who works at WE Fashion should be a WE Ambassador. A WE Ambassador is someone who works with conviction and pride at WE Fashion, who knows how to properly advise our customer and who can inspire the customer with our products. We created the WE Academy to create passionate WE Ambassadors who are confident and proud to work for WE Fashion and who serve and inspire customers about our products.

Training is fruitful to both staff and employers of an organization, it is needed to create organizational development and success. Employees who are trained well, will become more efficient, productive, and will have bigger job satisfaction. Inadequately trained employees are likely to experience poor job performance and increased levels of work-related stress.

PERFORMANCE 2019

OUR GOAL IS THAT 100% OF THE REGULAR WE STAFF CAN EXPLAIN OUR SUSTAINABILITY MISSION BY 2025

2019 → 21%
2025 → 100%



RESULTS OF WORKING TOWARDS TRAINING WE STAFF ON OUR SUSTAINABILITY MISSION:

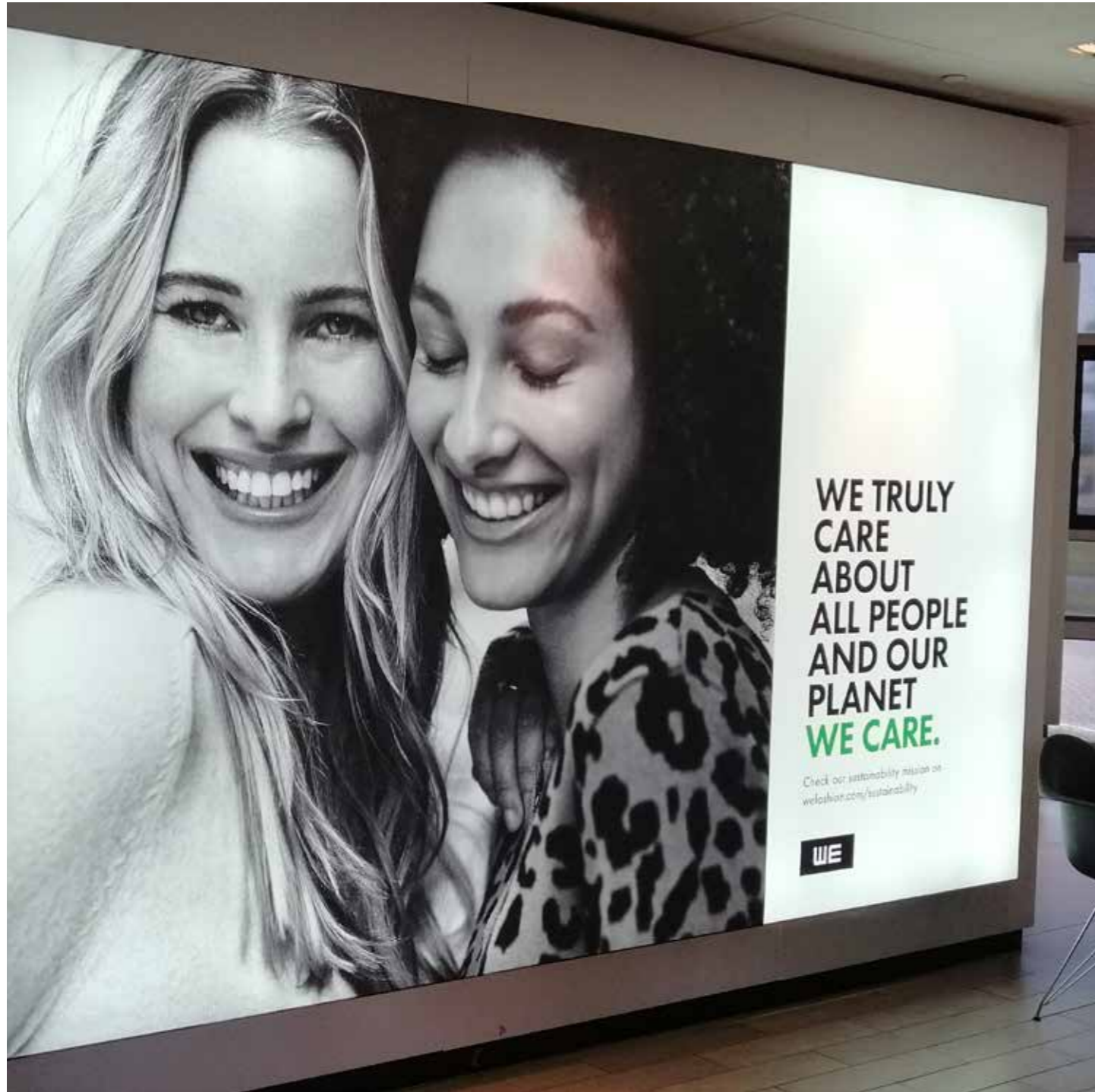
- In September 2019, the Dutch store managers were invited to join the kick-off event for the winter 2019 collection. There we launched the new WE Sustainability Mission, WE Care, and inspired the store management with all new activities we were going to undertake. The training covered the new sustainability strategy, as well as various topics in relation to production of goods,

such as working conditions, human rights and the environment, and the employee's own working context. In total, 110 store managers attended the WE Care workshops.

- All trainings and workshops are part of the WE Academy, which has been established in 2015 to help employees of WE Fashion to grow and to develop further within the organization. The WE Academy offers a variety of trainings and workshops, with information about the new collections, trainings to improve one's performance, and engagement programs.
- In 2019, the HR team developed materials for the store managers to share with their teams. The WE Care module is part of a larger learning program for store staff. Ultimately, we want every WE employee to be able to tell our sustainability story.
- In the same month we also organised four Lunch & Learn sessions, for HQ staff to learn more about the four pillars of WE Fashion's Sustainability Mission. During the Lunch & Learn sessions, employees had an interactive lunch with assignments and information on topics related to one of the WE CONNECT values.
- 80 employees from the headquarters attended the workshops, which hugely contributed to a better understanding of the opportunities and challenges the company deals with, and how everyone in their own position can contribute towards a better world.
- To promote the new sustainability strategy, we have developed a variety of materials, such as in-store promotion materials to show customers what sustainable materials have been used in our products. We also launched a booklet which gives customers insights in the steps we are taking. All the material has been supported with a video and pictures specifically shoot for WE Care.
- At the HQ, we have added sensors to the light switches in the meeting rooms, so they turn on and off automatically. We also ask staff to be conscious of their water use and to separate their waste. This awareness program has been launched all over the offices.

ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- The CSR department will develop new module for the WE Academy in 2020.



REDUCE WASTE

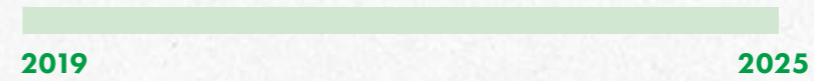
We develop, transport and sell goods, and during these activities we produce waste. This is mainly cardboard, plastic and paper, but also polyester window screens and textile waste. We aim to reduce the output of waste by looking for options to reuse or recycle the materials, but also by reducing the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

The creation of waste is a burden on the environment. Reduction of waste is the main focus, but when we create waste, instead of it being thrown away, many waste streams can be used to provide new resources, such as textile, paper, cardboard and plastic. The creation of waste has been identified as a medium risk in our operations. Our special attention goes to prevention of producing product waste streams that have the biggest impact due to their size: paper and cardboard, plastic, textile and in-store promotion screens.

PERFORMANCE 2019

OUR GOAL IS THAT WASTE FROM THE HEAD OFFICE AND STORES WILL BE REDUCED BY 30% BY 2025.

- 2019 → Benchmarking over 2019
- 2025 → -30%, compared to 2019



2019

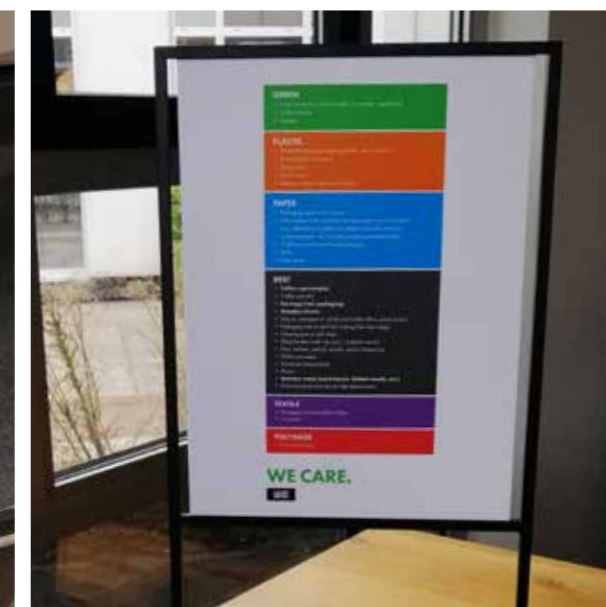
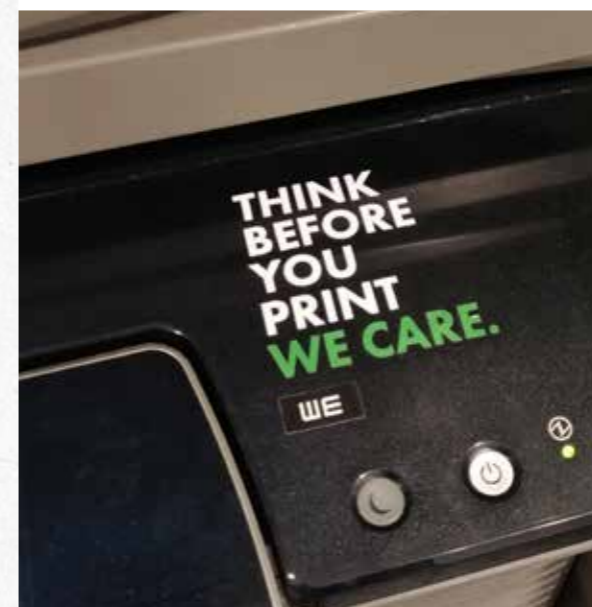
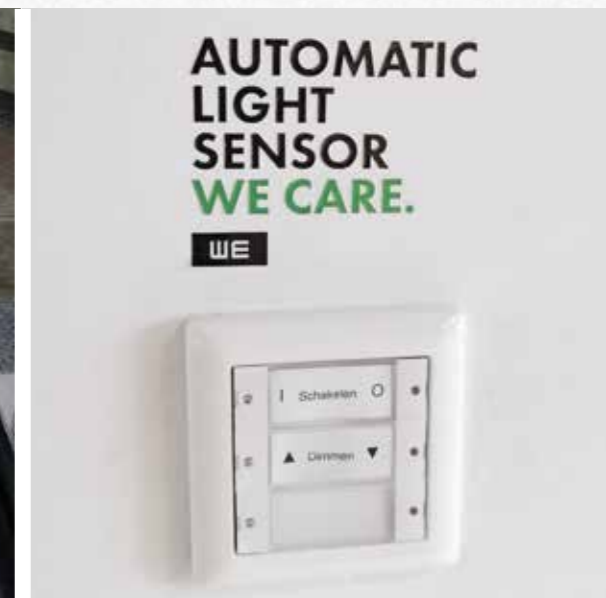
2025

RESULTS OF PRODUCING LESS WASTE IN OUR OWN OPERATIONS:

- For many years, we are separating cardboard and plastic at our distribution center, warehouse and store operations. Boxes and transparent plastic are separated in the distribution center and warehouse, and plastic polybags are collected from the stores and returned to our warehouse, where they are sold for recycling.
- Samples have been sold in sample sales, and the leftovers have been donated together with old collections and textile scraps to Sam's Kledingactie and Caritas.
- In October 2019 we introduced a waste separation plan in our HQ. Waste is now collected in the kitchen area's only, and separated in several different streams. We chose this option to be able to separate all waste properly. The canteen also offers now the opportunity to separate green and residual waste. With this modification, we save the use of more than 40.000 plastic bin bags every year. We separate green, plastic, paper, cardboard and residual waste. On the buying departments we also collect clear plastic polybags and textile waste separately.
- We use several sorts of hangers, but all these come from the same supplier. This supplier sorts and reuses the hangers where possible. In 2019, 63% of the hangers that we returned could be reused again.

ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Identify waste materials that have potential for recycling, such as coffee grounds, paper coffee cups, paper towels, POS material and office consumables.
- Monitor and adjust the HQ waste plan.
- Implement a waste plan in EDC/warehouse.



REDUCTION OF GREENHOUSE GAS EMISSIONS

We will measure our greenhouse gas emissions in CO₂ equivalents on an annual basis. Although we have reduced our CO₂ footprint significantly since we started measuring in 2009, we still believe we can reduce our CO₂ emissions further. In the past years we took several steps to reduce the footprint of WE Fashion. We reduced the use of energy by installing LED lighting in the offices and the stores, and by installing solar panels on the roof of our warehouse.

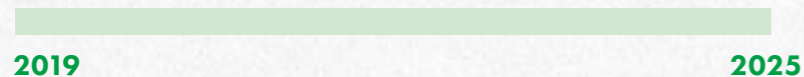
The risk of global warming is evident and it is likely that the greenhouse gas emissions of our complete supply chain is large. This is why we take several actions to reduce the footprint of our own operations in the Netherlands and in all countries where we are represented with stores. Product footprints are accounted for under Better Products.

PERFORMANCE 2019

OUR GOAL IS THAT CO₂ EMISSIONS FROM THE HEAD OFFICE AND STORES WILL BE REDUCED BY 30% BY 2025.

2019 → Benchmarking over 2019 (not finished yet)

2025 → -30%, compared to 2019



RESULTS OF REDUCING THE GREENHOUSE GAS EMISSIONS IN OUR OPERATIONS:

- WE Fashion staff commuted in 2019 almost 190 thousand kilometers by train to work, this is an increase of 29,5% to 2018. With the increase of use of public transport, we reduced 20 tCO₂, which is what 4400 trees absorb in a year.

- In November 2019, the WE Cycle Scheme has been introduced. The purpose of this scheme is to encourage bicycle use for commuting and to keep employees employable in a sustainable way. Both employee and the environment benefit.
- At the HQ, 5 stations for electrical cars were installed. Staff with an electric car have now the opportunity to charge the vehicles at work. Staff with a company car can also choose an electric or hybrid version of the preferred model, if available from the manufacturer.
- The steps we took in the past years to reduce the use of energy in our operations include a LED-lighting plan for all stores, the placement of 800 solar panels on the roof of our warehouse, and the change to 100% green electricity in all our operations. With these measures, we meet the requirements that our company has to meet according to the EED.
- The rest of the renewable energy came from hydro plants in 5 different countries in Europe. All energy used in our operations in 2019 was green and had a footprint of zero Kg of CO₂ per MWh.
- Renewable energy sourced from hydro plants comes from Norway 34%, Iceland 32%, France 25%, Austria 8% and Slovenia 1%.

ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Develop a CO₂ Reduction Plan 2020-2025.
- Develop a WE Sustainable Packaging Policy.
- Launch the WE Sustainable Packaging Policy and monitor the implementation.

SUSTAINABLE OPTIONS IN THE OFFICE

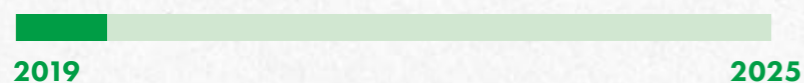
Next to garments we purchase to sell in our stores, we also purchase non-commercial items that we need in our operations, such as hangers, office stationary, paper, toners, coffee cups and much more. In order to choose for at least half of these items the sustainable choice, we need to first inventory which non-commercial items we buy, and in what quantities, so that we can prioritize the articles which correspond to the greatest environmental gains.

The purchase of non-commercial items is a low risk, looking at environmental impact and likelihood unsustainable practices occur. It supports however the allover sustainability program we launched, and shows that we also believe that a sustainable and healthy working environment is possible. Our special attention goes to packaging that we send to consumers, such as e-commerce packaging and polybag, where we aim for all packaging to be sustainable by 2025. In total we use approximately 200 types of non-commercial articles.

PERFORMANCE 2019

OUR GOAL IS THAT 50% OF THE NON-COMMERCIAL ARTICLES WILL BE A SUSTAINABLE OPTION BY 2025.

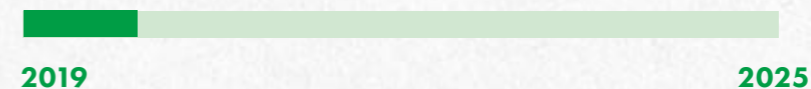
2019 → 6%
2025 → 50%



PERFORMANCE 2019

OUR GOAL IS THAT 100% OF OUR CONSUMER PACKAGING WILL BE MADE FROM SUSTAINABLE MATERIALS BY 2025.

2019 → 15%
2025 → 100%



RESULTS OF PROCURING MORE SUSTAINABLE OPTIONS FOR NON-COMMERCIAL ARTICLES:

- In 2019 we started to use coffee cups that are made from FSC certified paper and have a zero-carbon footprint. FSC is committed to conservation and responsible forest management that protects the habitats of plants and animals and respects the rights of the local population and forest workers. This also prevents a lot of CO₂ emissions caused by deforestation. The remaining CO₂ emissions caused by the production and transport of the coffee cups are offset by our supplier. This results in a compensation of approximately 8,500 kg CO₂eq.
- The carrier bags we use in the stores are made of one-third recycled Polyethylene. Studies have shown that these bags have the lowest footprint of all bags. The only real big issue is the waste stage. Plastics can be reused and recycled many times, but we all need to keep plastics from going to landfill and the ocean. On our carrier bags we ask our customer to reuse the bag again as many times as possible, and when it is time to discard it, then they should throw it in the plastic recycling bin.
- The tea we offer our staff in the office is Max Havelaar certified. The Max Havelaar label aims to improve the living and working conditions of small farmers and agricultural workers in disadvantaged regions.
- We only use FSC certified paper and cardboard for our hangtags, price tickets and promotional materials, as is the same for the branded stationery. 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.
- A group of 6 students from Utrecht University researched the possibilities for WE Fashion to reduce the amount of packaging in our products and operations. They specifically looked at two types of packaging: packaging for e-commerce and packaging used to protect products during transportation. The delivered advice is to use recycled polyethylene as material and smaller polybags by wrapping products smarter, and use alternatives for the e-commerce polybag, such as cardboard or reusable packaging.

ACTIVITIES WE WILL START WORKING ON THE NEXT YEAR:

- Develop a Sustainable Buying Policy for Non-Commercial articles (NCA).





GIVING BACK TO SOCIETY



GIVING BACK TO SOCIETY

WE Fashion supports various charities every year. Among other things, we've made funds available to support cancer research, help schools in developing countries build classrooms and buy furniture, support the homeless and disadvantaged in our own communities, and by helping to fund a local helpline for children.

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

The money for donations comes from the sample sales and incidental fundraising by our employees. We also donate samples and worn clothing to charitable organizations.

Our goals to give back to society contribute to the SDG 17.



CHARITY SUPPORT

The WE Get Together Foundation supports charities that work towards a better life for everyone by improving the standard of living, the environment in which people live, their health and the education of their children, and offering disaster relief.

The emphasis is on social projects in the countries where WE Fashion produces, but also in the countries where WE Fashion is operationally active. Themes that are supported by the Foundation include prosperity, health, education, environment and emergency aid.

Community and charity support have been an important part of our sustainability work over the past years, it is part of our value to share and connect.

PERFORMANCE 2019

OUR GOAL IS THAT 100% OF PRODUCT WASTE WILL BE DONATED TO CHARITIES BY 2025.

2019 → 96%
2025 → 100%

2019 2025

RESULTS OF DONATING ALL PRODUCT WASTE TO CHARITY:

- Since October 2019, WE Fashion and the Salvation Army are once again joining forces after a previous successful collaboration. This is a long-term and international Recycle Program as part of the sustainability mission WE Care. Customers can give their worn garments from WE Fashion a second life by handing it in at a WE store. All collected clothing will be donated to the Salvation Army ReShare and where possible will be reused or recycled. All wearable clothing will go to those in need or will be sold in the ReShare Stores at an affordable price. The income from the sales will support the Salvation Army's charitable work. By returning their clothes our customers are supporting a good cause, making other people happy and contributing to a better environment!

COLLECTION AND RECYCLING OF PRODUCT WASTE IN 2019

PRODUCT WASTE RESOURCES:	
OLD STOCK	6.4%
SAMPLES	60.9%
RETURNS / CUSTOMER COMPLAINTS	31.7%

PRODUCT WASTE DESTINATIONS:	
REUSE AFTER DONATION	51.7%
RECYCLED AS FIBRES	22.5%
SAMPLE SALE	17.5%
SALE IN RETAIL	3.9%
DISPOSED AS WASTE	4.3%

RESULTS OF CHARITY DONATIONS:

- We asked our staff what charities close to their heart deserved a donation. We received several reactions for support to local initiatives, and donated 2500 euro each to four charities. For these small charities the donation really makes a difference.
- A sum of 7500 euro has been donated to the Alzheimer Foundation, to help them to support scientific research into prevention and treatment of dementia.
- The neurofibromatosis Foundation in the Netherlands received 25000 euro for further research into this hereditary neurological disorder.
- We supported Maarten van de Weijden's Elfsteden swimming tour by donating 11111.11 euro. Maarten van der Weijden is committed to raise funds for several different cancer charities.
- We donated 1500 euro to The Pollinators, an initiative to protect bees and supports beekeeping around the world. Most of the world's food production is depending on pollination. However, biodiversity is decreasing due to large scale agriculture.
- Danspaleis Utrecht is an initiative that organizes dance events to keep all elderly people in the Netherlands vital, both physically and mentally. We donated 5000 euro to enable them to purchase a new décor for their performances.
- We donated 5000 euro to Het Smulhuis in Utrecht, a place to eat for the homeless in Utrecht. They used the donation to give their customers a nice Christmas and New Year's Eve meal.
- RRDF – Menstrupedia, an initiative in India to support women in rural communities to start a conversation about menstruation and thus fight the stigma associated with this. We donated 17500 euro for the purchase of sanitary towel vending machines and incinerators, and to develop and publish a comic book.
- We supported our neighbour Dress 4 Success Utrecht with a donation of garments they can use to dress people with a minimum income with appropriate clothing and advice for a job application, free of charge.

- Floja Malawi is an initiative that supports a community in Malawi with education, nutrition and good health for 90 children. We donated 17500 euro to pay for classroom furniture, the installation of electricity and lighting in classrooms, and to build 2 new classrooms. The funding for the build of the new classrooms will be shared with the local community.





Photographer: Dirk Hol

TRANSPARENCY

Information on where our products are produced is making it easier to help workers and their representatives to come forward with complaints about working conditions and environmental issues in our supply chain. When concerns are raised by international or local stakeholders, we will investigate the issue. If we can, we will help to solve the problem together with factories, suppliers, other brands and stakeholders.

In 2019, we took some important steps towards more transparency, this will help the engagement with stakeholders, and will improve and validate our sustainability goals and action plan.

- Since 2016, WE Fashion has shared its factory list with the Dutch Agreement on Sustainable Garments and Textile (AGT). The aggregated list of production locations of all the companies participating in AGT are disclosed on the Open Apparel Registry (OAR) website.
- In November 2019, WE Fashion published its first list of factories online. You can find the list [here](#).
- WE Fashion signed the Transparency Pledge. The objective of the Transparency Pledge is to help the garment industry reach a common minimum standard for factory disclosures.
- WE Fashion factory list has also been published on [Open Apparel Registry \(OAR\)](#).
- To get stakeholders feedback on the methodology used for our risk assessment and sustainability strategy 2020-2025, we organised a stakeholder meeting. We invited all relevant stakeholders and asked them to look at the methodology and to think about how we could improve the risk analysis and the objectives.
- They gave valuable advice and tips, that helped us to prioritise and finish the working plan for the coming 5 years.

CONTRIBUTING WITH THE WE SUSTAINABILITY STRATEGY TO THE SDG'S

The sustainable development goals (SDG's) are a universal set of goals, targets and indicators to be achieved by the year 2030. They provide a focus for how businesses, governments and civil society can tackle global challenges in order to promote a more sustainable future for all.






With the WE Sustainability Strategy and with the many partnerships WE Fashion is engaged in, we support the targets of several SDG's.

The goals and actions as described by WE Fashion in the sustainability strategy directly and indirectly 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 DEVELOPMENT GOALS



With the goals set in the WE Sustainability Strategy for 2025 we contribute to the following SDG's:

GOAL	CONTRIBUTING GOALS 2025	CONTRIBUTING MEMBERSHIPS
	<ul style="list-style-type: none"> 50% of the products will come from factories that pay the local living wage 100% of factories continue to pay all its workers the statutory minimum wage, or higher 	<ul style="list-style-type: none"> - Agreement on Sustainable Garment and Textile - Amfori Business Social Compliance Initiative - Better Cotton Initiative
	<ul style="list-style-type: none"> Only accept products from factories that are free from child labour, discrimination and gender issues 100% of the regular WE staff can explain our sustainability mission 	<ul style="list-style-type: none"> - Amfori Business Social Compliance Initiative - Agreement on Sustainable Garment and Textile - Amfori Business Social Compliance Initiative
	<ul style="list-style-type: none"> Only accept products from factories that are free from child labour, discrimination and gender issues Maintain that at least 1 in 3 management positions are filled by a woman 	<ul style="list-style-type: none"> - Agreement on Sustainable Garment and Textile
	<ul style="list-style-type: none"> At least half of the workers in our supply chain work in safe and healthy conditions 50% of the products will be dyed and washed with clean techniques 50% of the products come from processing factories that have taken measures to reduce the use of water, chemicals and energy 	<ul style="list-style-type: none"> - Sustainable Apparel Coalition - Agreement on Sustainable Garment and Textile - Dutch Circular Textile Value - Better Cotton Initiative - Leather Working Group
	<ul style="list-style-type: none"> 50% of the products come from processing factories that have taken measures to reduce the use of water, chemicals and energy CO₂ emissions from the head office and stores will be reduced by 30% 	<ul style="list-style-type: none"> - Sustainable Apparel Coalition - Agreement on Sustainable Garment and Textile - Dutch Circular Textile Value

GOAL	CONTRIBUTING GOALS 2025	CONTRIBUTING MEMBERSHIPS
	<ul style="list-style-type: none"> 70% of the products will come from factories that have good working conditions We only accept products from factories that are free from forced and bonded labour. At least half of the workers in our supply chain work in safe and healthy conditions 50% of the wet processing units and fabric supplier in risk countries are engaged in a valid audit cycle 	<ul style="list-style-type: none"> - Agreement on Sustainable Garment and Textile - Amfori Business Social Compliance Initiative - Accord on fire and building safety in Bangladesh
	<ul style="list-style-type: none"> 70% of the products will come from factories that have good working conditions 30% of the factories have adopted a working and effective grievances mechanism, or are involved in a Grievance Mechanism program 50% of the products will come from factories that pay the local living wage 100% of factories continue to pay all its workers the statutory minimum wage, or higher 	<ul style="list-style-type: none"> - Agreement on Sustainable Garment and Textile - Amfori Business Social Compliance Initiative - Better Cotton Initiative
	<ul style="list-style-type: none"> Use 100% more sustainable cotton Only use 100% animal-friendly materials by 2025. 20% of the materials used will be made from recycled fibers 50% of the products will be dyed and washed with clean techniques 50% of the products come from processing factories that have taken measures to reduce the use of water, chemicals and energy 	<ul style="list-style-type: none"> - Agreement on Sustainable Garment and Textile - Amfori Business Social Compliance Initiative - Sustainable Apparel Coalition - Better Cotton Initiative - Leather Working Group - Dutch Circular Textile Value

GOAL	CONTRIBUTING GOALS 2025	CONTRIBUTING MEMBERSHIPS
	<ul style="list-style-type: none"> Waste from the head office and stores will be reduced by 30% 50% of the non-commercial articles will be a sustainable option 100% of our consumer packaging will be made from sustainable materials 100% of product waste will be donated to charities 	
	<ul style="list-style-type: none"> Use 100% more sustainable cotton 50% of the products will be dyed and washed with clean techniques 50% of the products come from processing factories that have taken measures to reduce the use of water, chemicals and energy CO₂ emissions from the head office and stores will be reduced by 30% 	<ul style="list-style-type: none"> - Sustainable Apparel Coalition - Better Cotton Initiative - Leather Working Group - Dutch Circular Textile Value
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ACKNOWLEDGEMENT

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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THANK YOU

We are proud that the WE Sustainability Strategy forms an essential element of our company. We believe this strategy will enable us to deliver greater value and innovation.

Visit our [website](#).

