



**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.

[Read more here](#)



**SUSTAINABILITY  
REPORT 2023**

**WE**



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# FOREWORD



The one constant factor in retail is that everything changes. 2023 brought many unforeseen challenges again, especially around customer behaviour. Given the corrective measures following the sudden inflation sparked by the war in Ukraine, we had expected a positive come-back in customer spending. However, an eruption of violence in the Middle East further heightened concerns about the future, which combined with the wettest fall in recent times, led to conservative shopping behaviour. Our flexibility and resilience were once again tested in 2023.

We've learned more about upcoming laws and regulations surrounding CSR. More clarity will come in 2024, but we've begun our preparations for the Corporate Sustainability Reporting Directive (CSRD). We value the increased focus on sustainability by European lawmakers to create a level playing field. Yet the pressure to comply with numerous reporting obligations is a concern widely shared in our industry. It is an operational burden, especially given the business pressures we already face.

For most of our sustainability goals, we've either made progress or managed to maintain our existing achievements, such as the use of cotton. As the year went on and we obtained more knowledge, we came to the conclusion that our goals were unrealistic in particular areas. Therefore, we, among other

things, changed our target on sustainable dying processes, to measuring the environmental impact at our direct suppliers. Going through the 'dual materiality process' for the GSRD surely helped refocus some efforts and, as a result, shift some targets.

Whilst we support lawmakers' efforts against greenwashing, we're also critical of recent guidelines on sustainability communication, which require great precision. As a result, we - like most brands - stopped labelling products that were significantly improved from a sustainability perspective as 'more sustainable'. It was a useful guide for customers with a keen interest in the field, to make better choices. But the Dutch ACM found this misleading. Frankly, we think a better solution would have been to agree upon criteria for the use of 'more sustainable', rather than dropping the concept altogether. Using Better Cotton, a minimum percentage of recycled yarns, or a minimum percentage of natural fibres - which are proven to have less impact on the environment - would have been a more productive measure to assist customers in their shopping journeys. Hopefully, the governing bodies will reconsider their actions, as we have certainly taken a step back rather than forward.

Diversity and Inclusion has always been an important topic for WE®. Our core vision is rooted in togetherness; WE® believes that life is Better Together. In 2023, we clearly articulated our vision with our activation of 'Safe Spaces', where we offered our changing rooms as safe havens for those wishing to dress up for Pride events in a secluded and safe environment. It was frequently used, yet more importantly, it was helpful in making a greater audience aware that this service is needed in today's society. Our staff were happy to help - it gave them a real sense of belonging to this important community. We will continue this initiative in 2024.

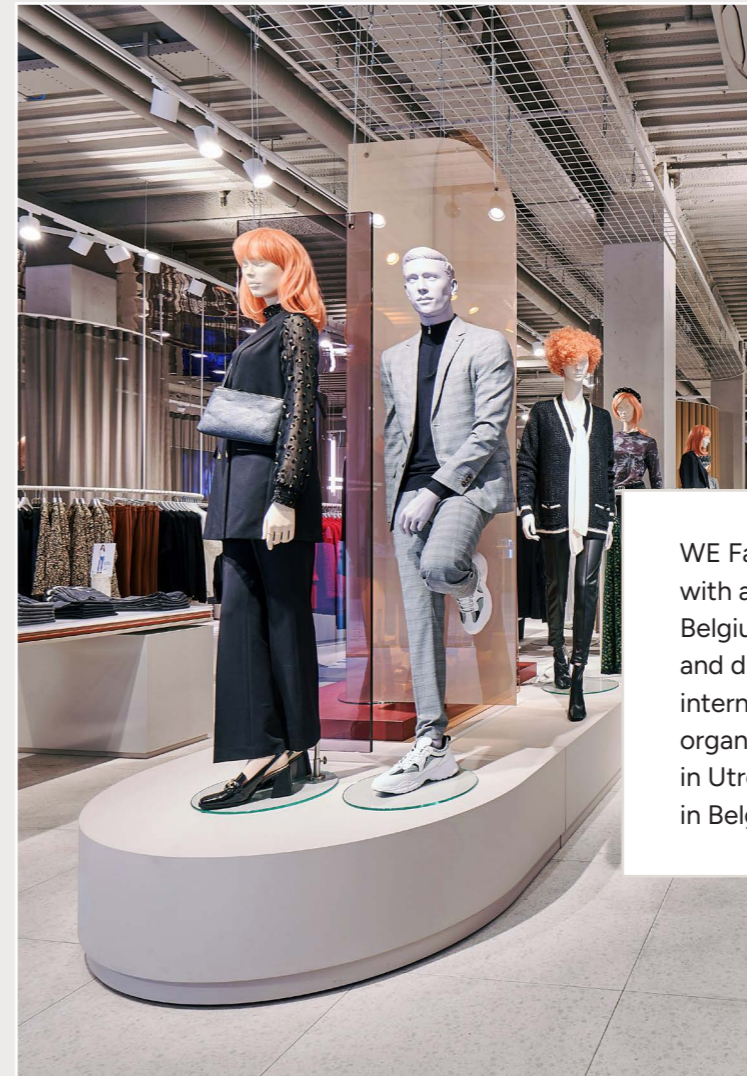
As we look ahead to 2024, the focus is very much on the preparation of the CSRD and other regulations. Despite earlier reports, this brings a whole new level into view. It requires an intensification of our tools, but also calls for us to re-align our CSR department and resources.

We remain as committed as ever to our sustainability mission. We owe it to our customers, our suppliers, our partners, our workforce, and our families and friends.

Joris Aperghis, CEO



## INTRODUCTION



WE Fashion is an international company with around 135 stores in the Netherlands, Belgium, and Switzerland, 1555 employees, and distribution in over 25 countries. The international distribution centre and the organisation's head office are located in Utrecht. There are also local offices in Belgium and Switzerland.

# SUSTAINABILITY AT WE FASHION







**WE® Values**

We believe that life has more meaning when lived and experienced with others. We believe it so strongly, we have founded WE® based on this very idea.

We believe in random acts of kindness. In group hugs, shared adventures and helping others. We believe in uniting our differences and embracing change.

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

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

Our audiences inspire us in everything we do, and we seek to overachieve their expectations. We serve to connect.

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

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

- C**ustomer Focus
- O**perational Excellence
- N**ewness Loving
- N**aturally Stylish
- E**ngaging
- C**are
- T**ogetherness



To emphasise the holistic approach we have on sustainability, we have integrated our responsibilities into our overall WE® business strategy: sustainable business. In addition, CARE has been added to our connect values in 2021, which means that the commitment of employees to WE CARE, our sustainability mission, will be assessed annually.

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 in the lives of people and the environment.

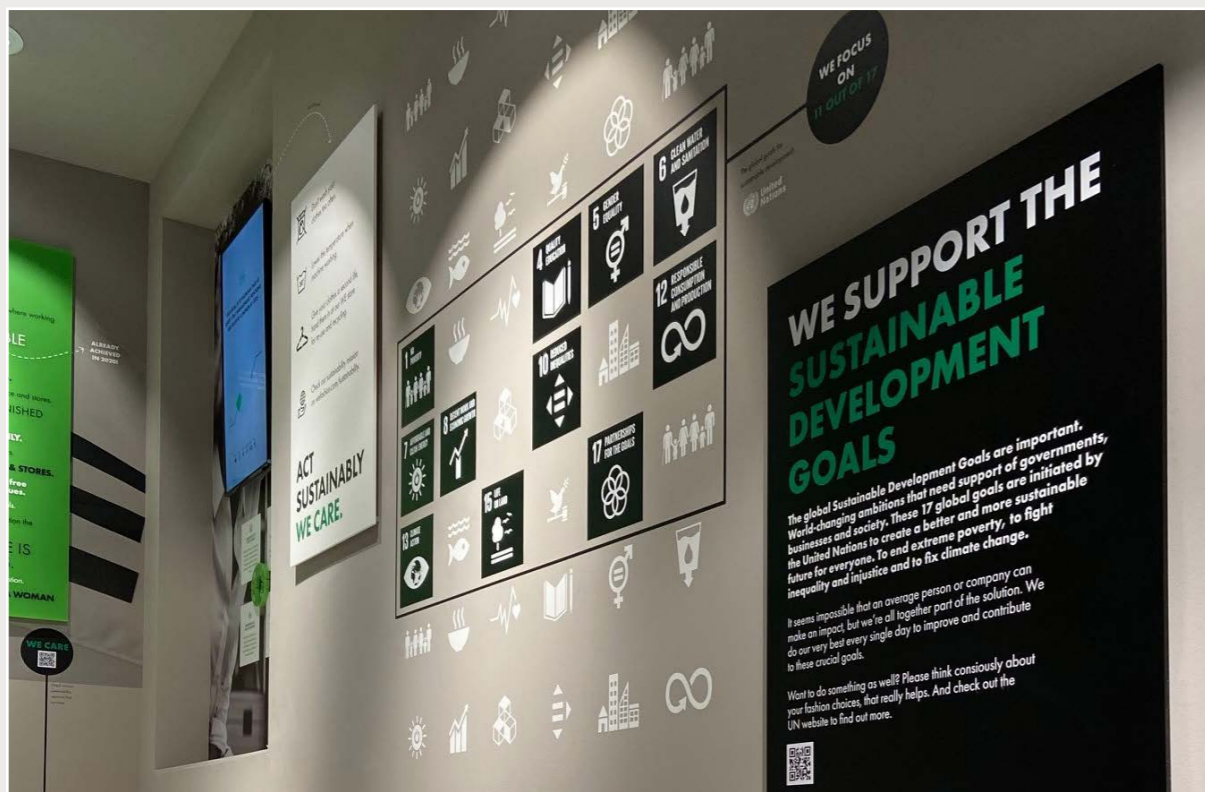


### Sustainability vision

Finding the right connection between social, environmental, and economic interests to make fashion more sustainable.

### Sustainability mission

Our main goal is to have the right balance between social, environmental, and economic interests. We do this by collaborating with stakeholders and continuously striving to become more sustainable in every aspect of our organisation. We believe it's important that our customers can trust us in the way we make our products, every day and step by step, in a manner with less impact.



### Sustainability Team

The WE® sustainability team identifies social and environmental opportunities and risks, puts them in context, and relates them to WE Fashion's activities. They do so by working with appropriate stakeholders, both internal and external, such as government, NGOs, trade unions, suppliers, and other textile companies. This way, they gain valuable information on emerging social and environmental issues and work towards improvements. These issues may be relevant today, tomorrow, and/or in the longer term.

The WE® sustainability team is an independent, separate department within the company. The Head of Sustainability directly reports to the CEO. Not only does this demonstrate the organisation's commitment to sustainability, it also supports a decision-making process that is led by the highest level and is independent of other departments. The sustainability team also collaborates with the WE® Management Team to both inform and work with them on making the right decisions on future strategies.

The team – along with other departments within WE Fashion – works on addressing necessary improvements in social and environmental performance, and collaborates with suppliers and factories to improve labour conditions and lower environmental impact in manufacturing countries. The buying department is one of the key partners in achieving these improvements.



### Risk analysis

We base our risk analysis on the OECD Guidelines for Multinational Enterprises, to address and mitigate the potential negative impacts of our activities in our supply chains. The OECD Guidelines help implement due diligence recommendations included in the UN Guiding Principles on Business and Human Rights.

The risks identified for the analysis came from various sources, such as NGOs, union and industry research, and historical data. We also extended the risk analysis to a factory level, to obtain a better understanding of the circumstances on a factory level. We determined the extent of damage the risks could cause and the probability of their occurrence. We know many risks interconnect with others. High risks translate events that have happened before and are likely to happen again, or products and materials that have been bought and will be bought again. The connection with other risks is included too. On the opposite side, low risks entail rarely used products and materials, as well as events that are unlikely to occur in WE Fashion's supply chain, but still pose a potential threat in general.

The analysis confirms that the activities we have undertaken in recent years are already prioritising the most salient risks.

To focus on the right set of priorities for the WE® sustainability strategy 2020-2025, the materiality of the prioritised risks was discussed during a stakeholder dialogue in early 2020. We were able to set smart targets and prioritise the risks that scored highest in the analysis, and incorporate actions to engage the suppliers and factories in our supply chain.

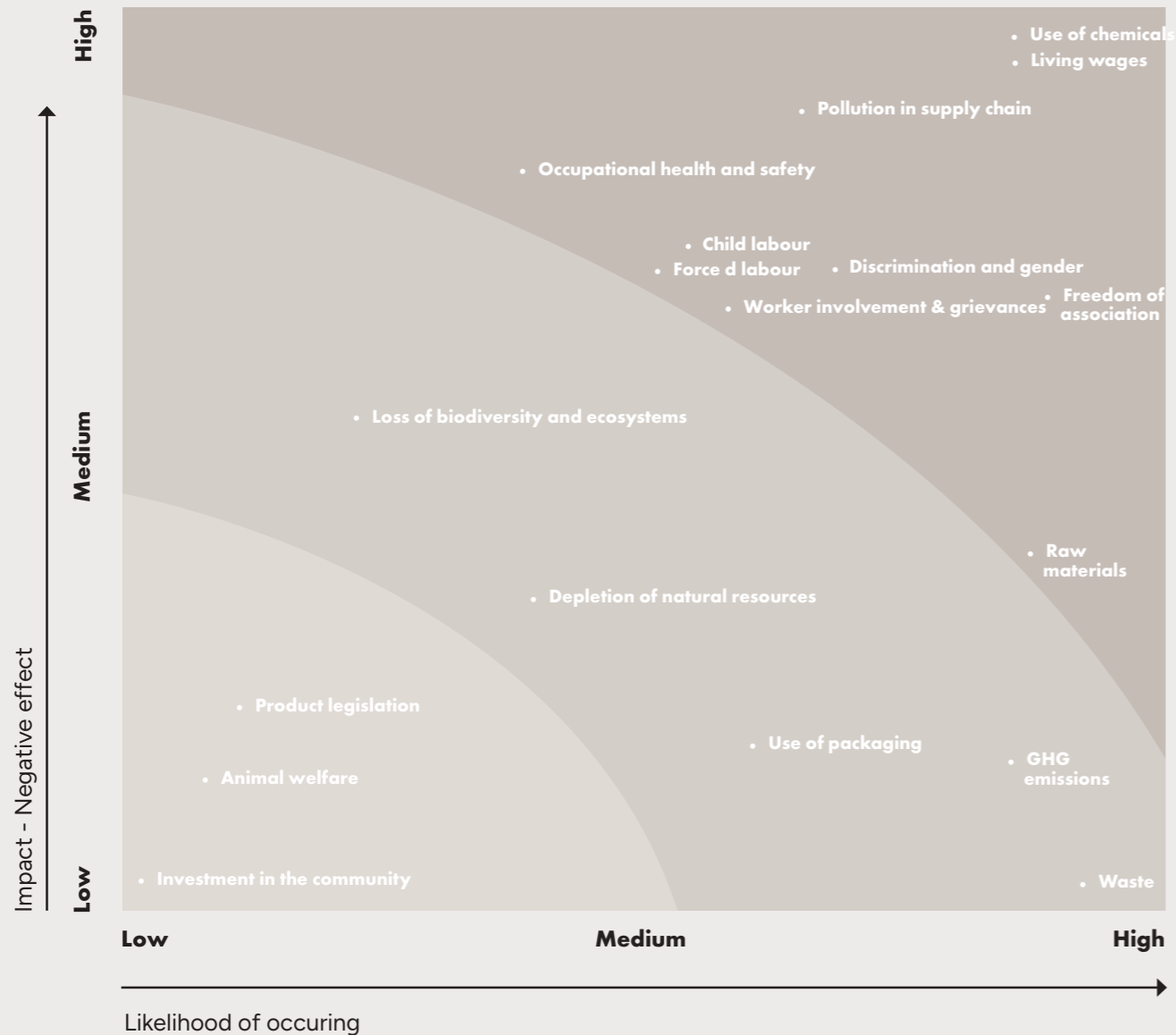
We measure progress for each target by establishing monitoring and evaluation procedures and standards. We aim for more collaboration with workers, factory management, and local stakeholders in producing countries to make a real impact on the ground.

Risks are subject to change. In addition, new risks may arise when circumstances change. Where this affects WE Fashion's supply chain, we will take these into account and determine the appropriate action for WE Fashion.

For 2024, we have planned to review our current risk assessment, and complete a double materiality assessment to identify the most important sustainability topics. This process will be according to the requirements as described in the Corporate Sustainability Reporting Directive (CSRD). A double materiality involves evaluating the impact WE Fashion has on society and the environment (inside out), but also the impact that society and the environment have on WE Fashion (outside in). A large group of both internal and external stakeholders will be consulted, and input from other sources will be gathered to develop the assessment and determine the material topics for WE Fashion.







### Risk analysis

WE Fashion has carried out an extensive risk analysis. The identification of risks, as listed by WE Fashion, has been based on several resources and include:

- Reports consulted from Clean Clothes Campaign, WRC, Fair Wear Foundation, SOMO, Greenpeace, Arisa, ILO Call to Action Covid-19;
- Tools from the Dutch Agreement on Sustainable Garments and Textile, Modint, and MVO Nederland;
- Issues covered during audits and inspections of the Amfori Business Social Compliance Initiative, amfori Business Environmental Performance Initiative, Better Cotton, International Accord, Leather Working Group, and Higg tools;
- Issues related to the materials we use in our products;
- Issues related to the countries in which our products are produced.

### Risk prioritisation

The risk matrix was discussed with management and the owner of the company. We prioritised the risks below. The targets in the WE® sustainability strategy 2020-2025 include the most serious risks in our supply chain, as well as risks in our operations that can harm people and the environment. We expect that the targets set by the management team for 2025 will help reduce the risks in our supply chain.

- Use of hazardous chemicals
- No basic need wages - living wages
- Pollution in supply chain
- Presence of discrimination and gender
- Lack of freedom of association and the right of workers to bargain collectively
- Raw material use (environmental issues)
- No worker involvement and grievance mechanisms
- Presence of child labour/young workers
- Presence of bonded labour/forced labour
- Occupational health and safety
- Use of packaging
- GHG emissions



### WE Fashion sustainability strategy 2020-2025

In 2023, WE Fashion sourced from factories in 15 countries, many of which are in regions where human rights, environmental protection, animal rights, and the health and safety of workers 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 ILOs fundamental labour standards helped us to set policies and conduct our due diligence by investigating the human rights, environmental, or animal welfare violations in our supply chains.

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:

- Making our products and processes more sustainable
- Improving the working conditions
- Optimising the way we work
- Contributing to society

Each pillar includes multiple 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 within the supply chain. For consumers (by offering them more sustainable products), for our colleagues (by providing them with a healthy and safe working environment), and for the wider community in which we operate.









# OUR GOALS FOR 2025



# ACHIEVEMENTS AND GOALS

		2019	2020	2021	2022	2023	Goal 2025
 <b>IMPROVING THE WORKING CONDITIONS</b>	Our goal is that by 2025, 70% of products will come from factories where working conditions are qualified as "good". We will continue to work with the remaining factories to address the identified areas for improvement.	44%	63%	70%	73%	75%	70%
	Each year, WE Fashion will carry out a project with a focus on social dialogue and or living wage.	✓	✓	✓	✓	✓	100%
	We only accept products from factories that are free of child labour, discrimination and gender issues.	96%	97%	98%	98%	98%	100%
 <b>MAKING OUR PRODUCTS &amp; PROCESSES MORE SUSTAINABLE</b>	Our goal is to use 100% more sustainably sourced cotton by 2021.	63%	97%	99%	100%	100%	100%
	Our goal is to use 100% animal-friendly materials by 2025 (mainly wool).	25%	33%	35%	54%	58%	100%
	Our goal is that 50% of the products will be dyed and washed with cleaner techniques by 2025. * Goal is being revised	-	-	-	44%	54%	65%
	Our goal is that 20% of the materials used will be made from recycled fibers by 2025.	0,1%	1,4%	2,8%	7,1%	9%	20%
 <b>OPTIMISING THE WAY WE WORK</b>	Our goal is to maintain that at least 1 in 3 management positions are filled by a woman by 2025. *Incl store managers **Excl store managers	41%	38%	44%	*66% **46%	*65% **39%	33%
	Our goal is that 100% of our B2C packaging will be made from sustainable materials by 2025.	15%	38%	36%	36%	55%	100%
	Our goal is that 50% of non-commercial articles will be a sustainable options by 2025.	6%	19%	16%	16%	79%	50%
	Our goal is to reduce the waste from our head office and stores by 30% by 2025.	-	-10%	-3%	8%	-1%	-30%
	Our goal is to reduce the CO <sup>2</sup> emissions from our headquarters and stores with 30% by 2025.	-	-33%	-21%	-40%	-51%	-30%
 <b>CONTRIBUTING TO SOCIETY</b>	Our goal is to donate 100% of product waste to charity by 2025.	96%	96%	99%	99%	99%	100%



### Responsible stakeholder engagement

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

### Governments

We are in dialogue with the Dutch government as both regulators and legislators. We also work with authorities via bodies, such as trade associations and (until the end of 2021) straight into the Dutch Sustainable Clothing and Textiles Agreement.

### Associations and industry

WE Fashion is a member of trade association INretail, which represents the interests of retailers in fashion, shoes, sports, and interior design. INretail represented the industry in the steering committee of the Dutch Sustainable Clothing and Textiles Agreement and was involved in the negotiations for the Next Generation Agreement in 2022 and 2023.

### Employees

We are committed to our colleagues by offering them a wide range of training courses, a works council, policies and procedures, like the WE® Whistleblower Policy, regular performance reviews, and an open and informal workspace that includes time for fun.



### Suppliers

We strive for long-term partnerships with our suppliers. We have one-to-one contact on a frequent basis. We visit our suppliers regularly, share information on the WE Fashion compliance programme, and demand for sustainable materials and opportunities to participate in projects and training.

### 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 shape the direction of topics in our sustainability strategy. We take product complaints seriously and use the feedback to improve our products and take immediate actions when needed.

### Community

The communities around our offices and stores, and those near the factories in which we manufacture, are stakeholders in our operations, as these are affected by job creation and economic development. We carry out a role as a good neighbour to the communities we're active in. We also support many charities via the WE® Get Together Foundation.

### External organizations

Our relationships with organisations, such as non-governmental organisations (NGOs), Civil Society organisations (CSOs), and unions provide valuable insight. These organisations are important, as a partner in initiatives and projects, and their critical voice helps us to tackle the most relevant and urgent risks.

### Multi-stakeholder initiatives

We engaged in several memberships of multi-stakeholder initiatives for the purpose of conducting due diligence, taking steps, and working with other brands, retailers, NGOs, and labour unions, aiming for more sustainable products and a more sustainable supply chain.

### International Accord

We are committed to ensuring the safety of workers in our supply chain. In 2013, WE Fashion signed the Bangladesh Accord, which has led to significant improvements in building safety and a fundamental change in mindset among factory owners and employer associations in Bangladesh. It has also been a successful example of a strong and effective grievance mechanism.

In 2018, we signed the Transition Agreement to continue working on improving safety in the Bangladeshi garment sector through a multi-stakeholder partnership. In 2021, we signed the International Accord. This agreement includes the work of the Accord in Bangladesh and consultations with stakeholders on extending the Accord in other countries. In early 2023, WE Fashion signed the Pakistan Accord, extending the International Accord to Pakistan.

### Better Cotton

Through Better Cotton and its partners, farmers receive training in efficient water use, care for the health of soil and natural habitats, reduction in the use of the most harmful chemicals, and the application of decent work

principles. Since the start of our membership – back in 2015 – Better Cotton has become the leading standard for more sustainable cotton sourcing at WE Fashion. For more information, please read our website: [www.wefashion.nl/nl\\_NL/we-care/planet/verduurzamen-van-onze-producten-en-processen/](http://www.wefashion.nl/nl_NL/we-care/planet/verduurzamen-van-onze-producten-en-processen/)

### Business Social Compliance initiative

WE Fashion has been a member of the Amfori Business Social Compliance Initiative (BSCI) since 2004. The WE® Code of Conduct follows the BSCI principles and requires them to be implemented by suppliers and the factories they work with in high-risk countries. The Code consists of 13 principles that are monitored at factory level by independent auditors, so we know where significant improvements can be made. For more information, please read our website.

### Business Environmental Performance Initiative

WE Fashion has been a member of the Amfori Environmental Performance Initiative (BEPI) since 2017. BEPI provides a practical framework that supports factories to reduce their environmental impact, business risks, and costs by adopting improved environmental practices.

### Leather Working Group

The Leather Working Group (LWG) has developed environmental standards for leather tanning and processing. The assessments focus on water consumption, waste management, and transparency of wastewater treatment. Factories can obtain different levels of certification for different levels of performance.

### Cascale (before: Sustainable Apparel Coalition)

In 2021, WE Fashion re-joined the Sustainable Apparel Coalition (now known as Cascale), an industry-wide group of more than 200 leading apparel and footwear brands, retailers, suppliers, academics, and NGOs committed to reducing the environmental impacts of apparel and footwear products. As part of our membership requirements, we conducted the Brand & Retail Module (Higg BRM), and monitored our suppliers' use of the Facility Environmental Module (Higg FEM) and the Facility Social & Labor Module (Higg FSLM).

- The Higg Brand & Retail Module (Higg BRM) helps brands and retailers in the textile, apparel, and footwear industries to measure the environmental, social, and governance impact of their business operations. They also identify opportunities – allowing them to improve their sustainability performance on an annual basis.
- The Higg Facility Environmental Module (Higg FEM) informs manufacturers, brands, and retailers about the environmental performance of their individual facilities, empowering them to scale sustainability improvements.
- The Higg Facility Social & Labor Module (Higg FSLM) promotes safe and fair social and labour conditions for value chain workers around the world. Facilitating companies can use the scored assessment to understand hotspots and reduce audit fatigue.



**Dutch (Next Generation) Agreement on Sustainable Garments and Textile**

Between 2016 and 2021, WE Fashion - alongside 80 other companies, the government, trade unions, NGOs, and industry associations - participated in the Dutch Sustainable Apparel and Textile Agreement to promote a sustainable apparel and textile industry. The initiative addressed mainly social and environmental themes, as well as due diligence, buying practices, transparency, and stakeholder involvement. Its assessment framework was based on the OECD's Guidelines for Multinational Enterprises. For the assessment framework, please see: [www.imvoconvenanten.nl/en/garments-textile/tools](http://www.imvoconvenanten.nl/en/garments-textile/tools).

As the agreement expired in December 2021, WE Fashion participated in the negotiation process for the Next Generation Agreement. This Agreement would be a follow-up of the previous agreement to pursue good practices and remain collectively focused on a new sectoral agreement for responsible supply chains in the garment and textile sector. In 2023, the Social and Economic Council (SER), which facilitated this process, announced that negotiations had ended, as parties could not agree on the scope of the possible agreement. After ending the negotiations, the industry organisations Modint and INretail took the initiative to work on an alternative for which a more detailed plan will be developed in 2024. WE Fashion will share its knowledge and vision during this process, as we continue to believe in the importance of collectively working to mitigate risks.



### Stakeholders we involve in conducting our due diligence:

Organisation	
<b>American Apparel &amp; Footwear Association (AAFA)</b>	US trade association representing apparel, footwear, and other sewn products firms and their suppliers, which compete in the global market.
<b>Amfori</b>	Global business association for open and sustainable trade.
<b>Arisa</b>	Dutch non-profit organisation which aims to improve working conditions in supply chains in South Asia.
<b>Awaj Foundation</b>	A labour rights organisation in Bangladesh.
<b>Better Cotton</b>	A non-profit, multi-stakeholder governance group that promotes better standards in cotton farming and practices.
<b>BHive</b>	The BHive® is a digital chemical management platform for the textile and apparel industry.
<b>Business Social Compliance Initiative</b>	An industry-driven movement by Amfori that aims to monitor and assess workplace standards across the global supply chain.
<b>Cascale (before: Sustainable Apparel Coalition)</b>	The apparel, footwear, and textile industry's alliance for sustainable production. With the mission to transform business for exponential impact through ground-breaking tools, collaborative partnerships, and trusted leadership for industry sustainability.
<b>Cividep</b>	A labour rights organisation in India.
<b>Clean Clothes Campaign</b>	A global network dedicated to improving working conditions and empowering workers in the global garment and sportswear industries.

Organisation	
<b>Clevercare</b>	The Clevercare® initiative by Ginetex - the international association for textile care labels - is designed to remind us to be mindful of the environment when washing, drying, and caring for our clothes.
<b>CNV</b>	Christian National Trade Union Federation (CNV) is a federation of trade unions of the Netherlands.
<b>Dutch Circular Textile Valley</b>	A broad coalition of brands, retailers, manufacturers, their associations, knowledge institutes and government bodies that will collaborate on moving to a more circular clothing and textiles value chain in the Netherlands.
<b>Dutch Ministry of Foreign Affairs</b>	Netherlands' ministry responsible for foreign relations, foreign policy, international development, international trade, diaspora and matters dealing with the European Union, NATO and the Benelux Union.
<b>European Union</b>	A supranational political and economic union of member states that are located primarily in Europe.
<b>Fair Factories Clearinghouse</b>	A non-profit organisation that provides software to facilitate continuous improvements with social, environmental, and security issues.
<b>Fair Wear Foundation</b>	An independent multi-stakeholder organisation that works with garment brands, garment workers and industry influencers to improve labour conditions in garment factories.
<b>FNV</b>	The Dutch Trade Union Confederation (FNV) is a national trade union centre in the Netherlands.
<b>Four Paws</b>	A global animal welfare organisation.
<b>German Partnership for Sustainable Textiles</b>	A German multi-stakeholder initiative, aiming to make the global textile supply chain more sustainable.



Organisation	
<b>Higg/Wordly</b>	A public-benefit technology company for building software for assessment methodologies, developed by the Sustainable Apparel Coalition.
<b>IndustryAll</b>	An international trade union confederation consisting of about 800 unions in 140 countries.
<b>INretail</b>	The trade association in the Netherlands regarding non-food retail.
<b>International Accord</b>	A legally binding agreement between 190 garment brands and global trade unions, with the mission of ensuring safe workplaces in the textile and garment industry.
<b>Leather Working Group</b>	A global multi-stakeholder community committed to building a sustainable future with responsible leather.
<b>MADE in Myanmar</b>	The Multistakeholder Alliance for Decent Employment in Myanmar ('MADE in Myanmar') is a four-year project which is primarily funded by the European Union and participating brands/retailers. Their objective is to strengthen responsible business practices in the textile, clothing, and footwear sector, achieving critical industry improvements and protecting livelihoods of hundreds of thousands of families.
<b>Modint</b>	The trade association for manufacturers and suppliers in the fashion and textile industry.
<b>MVO Nederland</b>	Maatschappelijk Verantwoord Ondernemen Nederland – a cooperation between companies on sustainable business, provided by the Dutch Government.
<b>Netherlands Enterprise Agency (RVO)</b>	A government agency which operates under the auspices of the Ministry of Economic Affairs and Climate Policy.
<b>Open Supply Hub</b>	A collaborative, supply chain mapping platform, used and populated by stakeholders across sectors and supply chains.
<b>Reshare - Salvation Army</b>	Clothing program of the Dutch Salvation Army.

Organisation	
<b>Responsible Sourcing Network</b>	Global non-profit dedicated to ending forced labour in commodity supply chains.
<b>RMG Sustainability Council (RSC)</b>	An unprecedented private national (Bangladeshi) tripartite initiative that conducts structural, electrical, fire, and boiler safety inspections.
<b>Save</b>	A labour rights organisation in India.
<b>Social economical council (SER)</b>	An advisory body for the Dutch Government and Parliament on social and economic policy.
<b>Solidaridad</b>	International network organisation aiming to create fair and sustainable supply chains from producer to consumer.
<b>SOMO</b>	Stichting Onderzoek Multinationale Ondernemingen (Centre for Research on Multinational Corporations).
<b>Stichting UPV Textiel</b>	Stichting UPV Textiel supports producers and importers of clothing and household textiles in their individual Extended Producer Obligations (UPV). This involves organising the collection, reusability, and recycling of discarded textiles collectively, with the aim of transitioning to a circular textile chain.
<b>Textile Exchange</b>	Global non-profit organisation driving positive action on climate change across the fashion, textile, and apparel industry
<b>Unicef</b>	The United Nations Children's Fund, aims to protect children's rights.
<b>Uni Global Union</b>	A global union federation for the skills and services sectors, gathering national and regional trade union.



# IMPROVING THE WORKING CONDITIONS



## IMPROVING THE WORKING CONDITIONS

We strive for good working conditions for everyone in our supply chain. Workers' rights to decent wages, reasonable working hours, good working conditions, and non-discrimination must be respected. In addition, they must be protected from harassment and violence at work.

We do not have our own factories, but work with specialised suppliers who also produce for many other brands. We have been co-operating with our suppliers for many years, to improve social conditions for workers involved in production, and have been able to build a solid and strong social management system. That system monitors working conditions and seeks improvement, leading to progress in workers' lives.

There are many people working in the textile sector. Unfortunately, a lot of them still function under very poor social conditions. A good, long-term relationship with our suppliers forms the basis for tackling social problems in production. It also improves the work's quality and raises the factories to a higher level, due to training. We have one-to-one contact on a daily basis. We meet at supplier meetings and share information about WE Fashion's factory compliance programme, the demand for sustainable materials, and opportunities to participate in projects and training.

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 identifying and prioritising the risks, we have been able to set targets for those risks that are most important to us.



Our goals to improve the supply chain contribute to Sustainable Development Goals 1, 4, 5, 6, 8, 10, and 17.



### Supply chain

The textile chain is very extensive and involves many steps, all of which contribute to the creation of our clothes. A simple summary runs from farmer to trader, spinner to weaver, and sewing factory to laundry and distribution centre. In between all these steps, fibres, fabrics, and clothes are also traded, transported, and stored. We want to contribute to good working conditions and respect human rights in the supply chain, while also working on improving environmental conditions step by step.

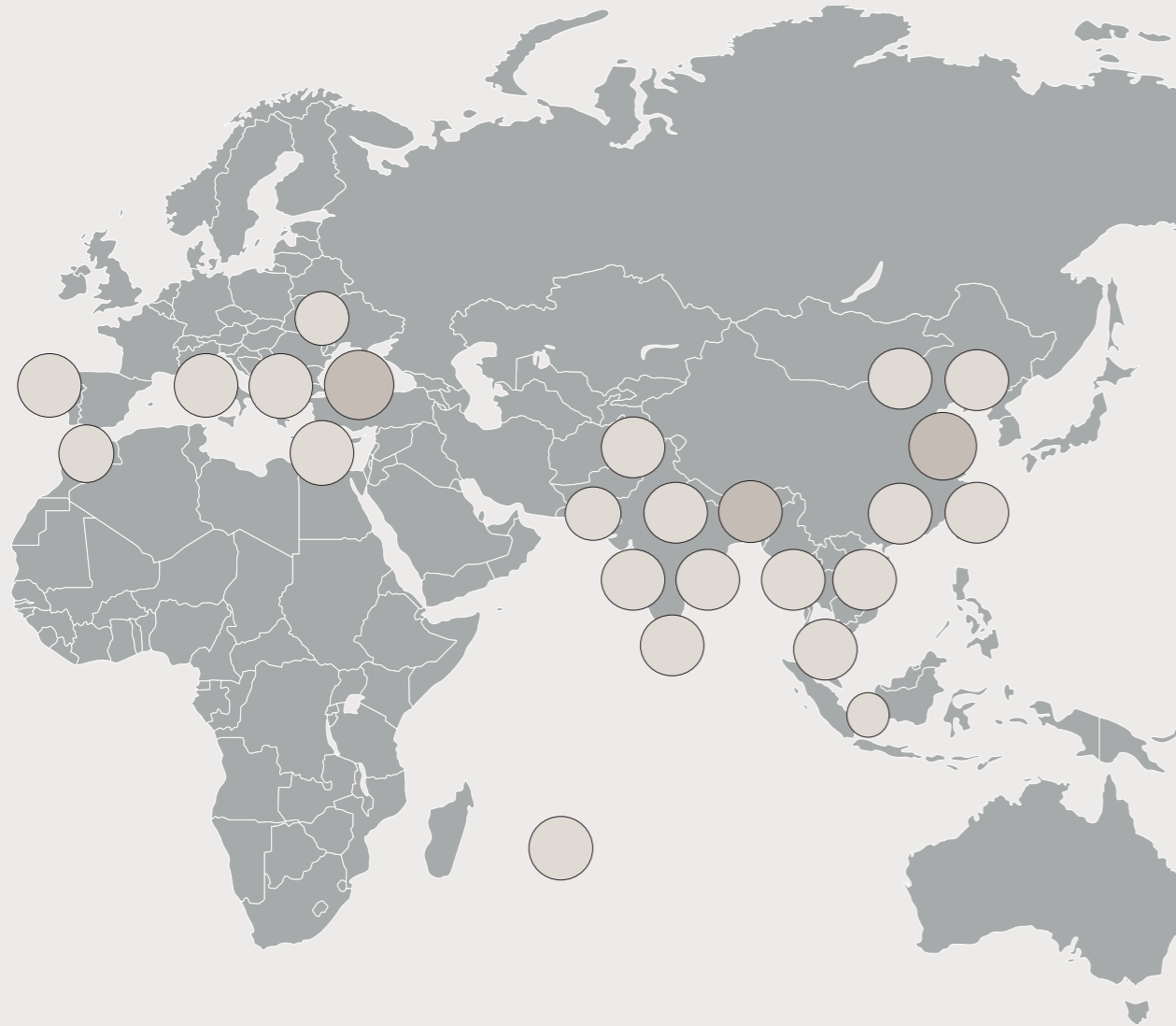
- WE Fashion has 120 active factories in their database. Out of these factories, 7 are located in non-risk countries and 113 in risk countries.
- In 2023, WE Fashion produced in 15 countries: Bangladesh, Bulgaria, Cambodia, China, India, Italy, Lao PDR, Mauritius, Morocco, Myanmar, The Netherlands, Pakistan, Portugal, Türkiye, and Vietnam.
- The main producing countries were Bangladesh, China, and India. These 3 countries were classified as high-risk countries, based on the World Bank's Worldwide Governance Indicators.
- Factories in our supply chain in risk countries employ an estimated total of 95.702 workers. Of these workers, 62% operate in Bangladesh.
- Not all factory workers work on our products, yet the entire workforce in a factory is impacted by the facility complying to the Code of Conduct, or offering training and improved working conditions.



1

There's an estimated total of 95,700 workers in factories that produce our garments.

**Production countries**



**Fewer facilities** ○ **More facilities** ●

Source: Open supply hub

**Engagement with factories lower down the supply chain**

To obtain a clear overview of the social and environmental performance of factories in lower layers of our supply chain, also known as lower tiers, we started registering wet-processing units and material suppliers used to manufacture our products.

We are working towards a full picture of the supply chain. Traceability in the supply chain is a difficult task, as we often have no direct relationship with the factories further down the chain. However, it is imperative to identify and mitigate environmental, social, and human rights risks in our supply chain. We have started registering wet-processing units and material suppliers for each product. In some cases, our suppliers use internal facilities, also called in-house facilities, for the wet processing and material supply. In others, our suppliers use external partners for these processes.

**Below, you can find the results of identifying factories lower down our supply chain.**

- Each year, we ask our supplier to update the visibility of the lower levels in our supply chain using our mapping tool, and we ask all suppliers to provide us with a full overview of partners in the supply chain that produce for WE Fashion, including contact details, sustainable certifications, and audit arrangements. As this includes external partners not directly connected to WE Fashion, we do not publish this information publicly. Our direct suppliers are published on our website to ensure transparency.
- Among 94% of our first-tier suppliers, we have mapped at least one lower-tier facility.
- In 2023, we have mapped 406 lower-tier sites, including laundries, dyers, and fabric suppliers.
- 10% of lower-tier factories in our supply chain have indicated that they were engaged in one or more inspection systems for social compliance, such as BSCI, SLCP, SA8000, SMETA, and WRAP.

2

Among 94% of our first-tier suppliers, we have identified at least one lower-tier facility.



**Factory compliance**

WE Fashion has been working on improving the social conditions of workers 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 workers at all stages of the supply chain.

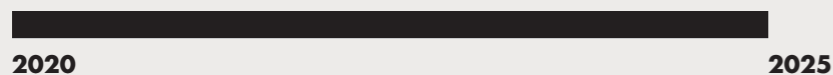
Factory compliance was identified as a risk very early on. In fact, it was the start of CSR in our company – well over 20 years ago. With the factory compliance programme, we understand what happens in factories and measure various aspects of working conditions within them. As of 2015, we only work with factories that give us insight into their working conditions, so that we can work together on improvements. This insight is obtained through independent audits with third-party audit companies. 81% of our suppliers use the Amfori BSCI standard. To relieve factories from audit fatigue, we also accept; SA8000, SEDEX SMETA, WRAP, SLCP, and FSLM.

The social audits include a broad range of topics, such as a social management system and cascade effect, workers involvement and protection, the rights of freedom of association and collective bargaining, no discrimination and gender equality, fair remuneration, decent working hours, occupational health and safety (OHS), no child labour, special protection for young workers, no precarious employment, no bonded labour, protection of the environments, and ethical business behaviour.

**PERFORMANCE 2023**

**Our goal is that by 2025, 70% of products will come from factories where working conditions are qualified as “good”.**

2023 → 75%  
2025 → 70%



‘Good’ working conditions are measured by an A or B rating on social audits, using the Amfori BSCI scoring standards and/or manual scoring of other social standards. For this goal, we were able to achieve the 75% rate by 2023. To continuously improve working conditions in the factories that make our products, this target remains a focus for the upcoming year. The priority topics to do so can be found under ‘Room for improvement’.

3

75% of factories have good working conditions.

Our audit monitoring process does not just consist of checking scores. Our CSR team attends continuous training to help us improve the audit process and stay abreast of good industry practices. As a result, we have expanded our audit process to include an in-depth information control by paying extra attention to matters, such as the protection of migrants, gender differences, and childcare. We also conduct a cross-check to address changes in factories over time, such as turnover and capacity. We are currently working on an audit process manual to standardise and continuously strengthen our audit procedure. In the upcoming year, we will consult external stakeholders on our process and manual.

In addition to social compliance requirements, WE Fashion also has a zero-tolerance policy on child and forced labour. This means that when cases of child labour or forced labour occur at one of our suppliers, our production is discontinued immediately. In collaboration with other brands, stakeholders, and the suppliers, we work towards remediation. If this is not possible, we initiate our responsible exit strategy.

4

We accept several social compliance standards, to relieve factories from audit fatigue. We constantly work on improving our audit process.

5

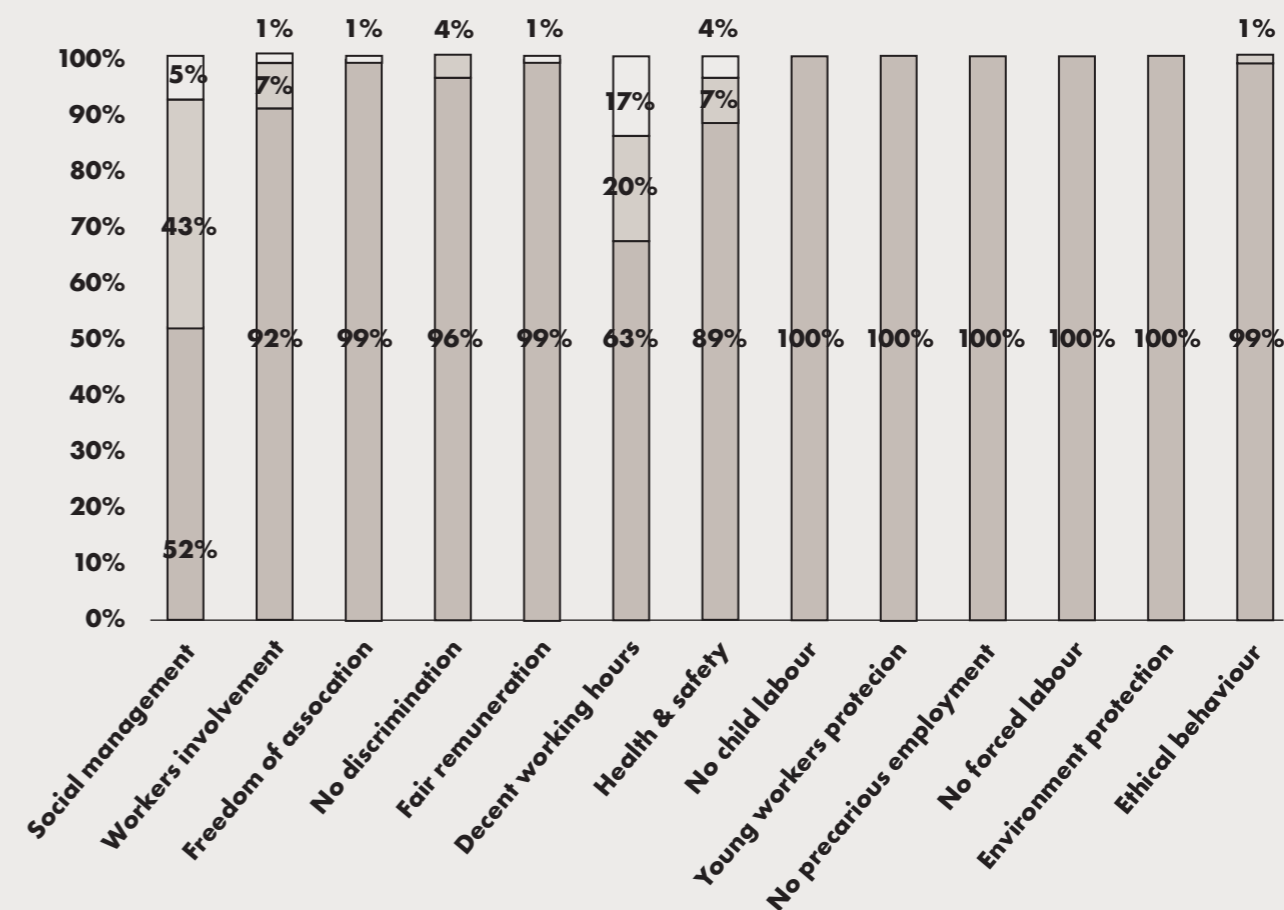
We constantly work on improving our audit process.

### Room for improvement

We are well aware that there is always room for improvement. Below, you can find the results of factory compliance with the WE® Code of Conduct and our identified main risks.

- 75% of products (measured in purchase value) come from factories scoring good during their last BSCI, SMETA, SLCP, WRAP, FSLM, or SA8000 audit.
- Audit results from 2023 show that the highest amount of issues were found in social management systems, decent working hours, health and safety, and worker involvement.
- Issues found during audits at factories:
  - Social management: 48% of factories need to improve their social management system.
  - Decent working hours: in 37% of the factories, workers structurally or occasionally work too many hours and/or do not receive enough rest or days off.
  - Health and safety: in 11% of the factories, improvements are needed for a healthy or safe environment. This is often due to insufficient safety training, missing safety devices on machinery, and failure to use personal protective equipment.
  - Worker involvement: 8% of factories do not sufficiently involve workers (previously 13%). They do not train workers on their rights, do not have long-term goals to protect workers, and often have failing grievance mechanisms.

Compliance rating on the performance areas





### Social Management

During the social audit, most problems were identified in the performance area 'social management'. This applies for all high-risk countries in our supply chain. To ensure a safe working environment, it is important that suppliers implement the necessary internal management systems. We often find that the lack of a strong social management system to monitor workers' social and human rights also leads to more problems in the other audit topics. A good system should include commitment to the Code of Conduct, an internal monitoring system, continuous worker training and education, a worker-complaints mechanism, involvement of workers and their representatives in information exchange on workplace issues, and creating worker awareness on rights and responsibilities.

In order to improve their social management system, we encourage factory management to enhance their knowledge and skills by attending (online) training and workshops. Via the Amfori platform, the suppliers have access to various resources on social management topics, such as labour rights, planning capacity, and worker awareness. In addition, WE Fashion also takes part in different social projects to support factory management in social compliance. You can read more on these projects in the section 'room for improvement – worker involvement'.

### Decent working hours

Suppliers and factories should ensure that workers are not required to work more than 48 regular hours per week. In exceptional cases, defined by the ILO, the limit of working hours may be exceeded, in which case overtime is permitted. The maximum weekly overtime accepted is 12 hours. However, the use of overtime must always be exceptional, voluntary, paid at a premium rate of not less than one and one-quarter times the regular rate, and shall not represent a substantially higher risk of occupational hazards. Furthermore, suppliers and factories shall grant their workers with the right to resting breaks in every workday and the right to – at least – one day off in every seven days, unless exceptions defined by collective agreements apply.

With the Amfori BSCI audits, we monitor the working hours and overtime pay rates in the factories. We find that most findings relate to excessive overtime or not enough rest days in between workdays. When working on remediation plans for this topic, factory management often points out to have issues with the capacity planning. In order to help the suppliers solve these issues, we offer them training on this topic. On the Amfori platform, there are regular training sessions organised. Since this area is mostly an issue in China, we urged all our suppliers in this country to attend a

training session specifically on decent working hours in China. Due to a great number of attendees, an extra training session was planned. In the upcoming year, we will continue our suppliers by improving their capacity planning. In addition, we organised training sessions for our own buying team on responsible buying practices, including the importance of capacity planning.

### Health & safety

During the social audits performed in 2023, we found that 11% of factories had occupational health and safety problems. The main observations include the non-use of personal protective equipment (e.g. dust masks or gloves), insufficient safety training for workers, and missing safety guards on machinery. We encourage our suppliers to work on continuous improvements and make structural changes to the management system, to keep raising the bar in this area.



**International Accord:**

WE Fashion considers health and safety to be important topics in our supply chain. Therefore, WE® not only checks this matter in social audits, but has also joined the International Accord in Bangladesh and Pakistan. The International Accord is a legally binding agreement between garment brands and global trade unions, whose mission is to ensure safe workplaces in the textile and garment industry. All affiliated factories undertake continuous workplace safety checks and improvements. When compared to audit results, we can see the effect of the continuous supervision of the Accord reflected in good scores on audits conducted in Bangladesh.

- In 2023, 62% of all workers in our supply chain worked in factories supervised by the RSC, which is 100% of all workers in Bangladesh.
- In 2023, WE Fashion has signed the International Accord. This is a follow-up initiative of the Bangladesh Accord which was started (and signed by WE®) in 2013.
- Over the past years, factories have rectified 97% of initial issues and another 94% of additional issues. Factories that have remedied the initial issues are recognised for this, having proved that they are serious about the safety of their factories. However, they need to maintain high levels of safety by implementing policies and procedures and keeping workers informed through training.
- The RSC training programme is based on the presence of unions, worker safety committees, and training for all workers. It also covers hazard identification, communication skills, and problem solving. All factories in Bangladesh have started the Accord's worker training programme.
- In 2023, the Accord was extended to Pakistan. WE Fashion is committed to this extension and will involve our suppliers in Pakistan. With this, another 7% of all workers in our supply chain will work in factories overseen by the RSC.

6

WE Fashion has a 97% remediation score in Bangladesh.

7

A total of 58,900 workers participate in the continuous training programme.

**Workers' involvement**

Suppliers are required to keep workers informed of their rights and responsibilities and build sufficient expertise to successfully embed these practices in business operations. Unfortunately, it appears that this is not always the case. In factories lacking strong worker involvement, there is often not enough training on workers' labour rights, no long-term goals to protect workers, or a poor grievance mechanism.

An important part of worker engagement is social dialogue. This includes the relationship between workers and factory management. If workers can voice their concerns freely and safely, problems can be addressed at an early stage, leading to better working conditions. A proper opportunity for social dialogue has multiple benefits for both workers and suppliers.

The presence of formal dialogue between management and workers contributes to sustainable business growth. Structured conversations between management and worker representatives help build a high-trust work environment in which workers are healthier, better educated, happier, and more capable of resolving grievances – all of which lead to a more committed and productive workforce. This ultimately leads to benefits as:

- Less absenteeism;
- Lower turnover of workers;
- On-time delivery, less delays;
- Retained/new clients and orders.

8

WE Fashion committed to the Pakistan Accord.



To help our suppliers enhance their workers' involvement, WE Fashion has been engaged in several projects to support our suppliers in remediation in the past. In 2023, we are took part in two projects:

#### **Amplify project**

This RVO (Rijksdienst voor Ondernemend Nederland) funded project is in partnership with other Dutch brands, Mondiaal FNV (an organisation for international solidarity and support affiliated with the largest trade union in The Netherlands), and the Awaj foundation (an Bangladeshi organisation that focuses on workers' rights and improving working conditions).

This project takes a sustainable approach to addressing the root causes of workers' rights violations in the Bangladeshi supply chain, by making workers' voices heard and including worker representation in Human Rights Due Diligence (HRDD) processes. Through strengthening social dialogue, the project also helps address other human rights, such as no child labour, living wage, gender equality, no discrimination, and harassment. It provides a permanent structure in which working conditions and labour rights issues can be addressed and follow-up actions taken to improve the situation.

The project takes place at two selected suppliers in the garment sector in Bangladesh - in Narayanganj district just outside Dhaka. At these suppliers, management teams have been trained on the importance of an effective social dialogue structure, and workers have received training on labour rights. Trained consultants supported the factory in organising open and fair elections to the workers' committee and trained the elected panel in forming a functional and effective workers' representation. As a result, 5,400 workers now have improved representation through a functional worker committee. We are currently nominating other suppliers in Bangladesh to expand this project.

#### **Factory support programme**

To enhance worker involvement in India, WE Fashion has been engaged in a project called the 'Factory Support Program (FSP) for Garment and Textile Industry in Bangalore'.

This programme is a collaboration between Arisa and Cividep India. It focuses on improving social dialogue within factories by looking beyond auditing and corrective action. The project also focuses on creating dialogue structures and processes within workplaces in which concerns are raised and resolved through open communication between workers and management at different levels. FSP also seeks to create conditions for open communication between management and workers.

To ensure this, a series of facilitated conversations between factory management and workers were carried out at one of our suppliers in India. The latest workshop served as a central platform for fostering cooperation, trust, and understanding among all stakeholders. By creating an environment conducive to open dialogue and mutual respect, the workshop laid the foundation for sustainable collaboration and joint problem-solving within the factory. Moving forward, continuous dialogue and the implementation of tangible solutions are essential to bring positive change and foster a culture of cooperation and dialogue in the workplace. We are currently exploring opportunities to expand this project and/or identify other suppliers for participation.

9

WE Fashion participated in the 'Factory Support Program' to improve social dialogue at our suppliers in India.

10

Thanks to the Amplify project , 5,400 workers now have improved representation through a functional worker committee.

**Addressing child labour**

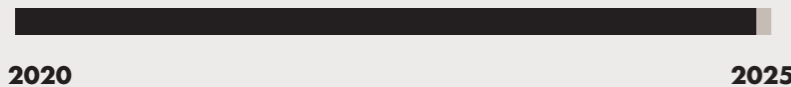
Unfortunately, child labour still occurs all over the world. In our supply chain, there are several materials, regions, or countries at risk of being associated with child labour. We have identified the following high-risk areas: cotton cultivation, children of Syrian refugees in Türkiye, young female workers in spinning mills in Tamil Nadu India, and children working in lower factories in Bangladesh, Cambodia, and Vietnam.

In our sustainability strategy, one of our goals states: 'We only accept product from factories that are free of child labour, discrimination and gender issues'. This is measured by the 'no child labour', 'no discrimination' and 'no forced labour' performance areas of the social audits. Currently, the score on this goal is 98%. The remaining issues of 2% can be found in the 'no discrimination' area, mostly in the issue 'no internal assessment on discrimination behaviour and or root cause'. In the upcoming year, we will support our suppliers to work on these remaining issues.

**PERFORMANCE 2023**

**We only accept products from factories that are free of child labour, discrimination, and gender issues.**

2023 → 98%  
2025 → 100%



11

98% of our products come from factories free of discrimination. We will support the remaining 2% factories in improving their anti-discrimination policies.

12

100% of our products come from factories that are free of child labour.

**Addressing child labour**

**Below, you can find the results of the activities to mitigate child labour, discrimination, and gender issues.**

- WE Fashion has published the WE® Child Labour Policy. This policy can be found on [https://www.wefashion.nl/nl\\_NL/we-care/transparency/](https://www.wefashion.nl/nl_NL/we-care/transparency/).
- In 2023, we started our revision of the WE® Child Labour Policy. We are currently in the stage of gaining feedback of external stakeholders.
- When child labour occurs in factories, it is important to not immediately drop relations with this factory, but rather to focus on remediation. 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.
- Since child labour is more likely to be prevalent in lower tiers, WE Fashion puts effort in mapping all facilities in our supply chain, including fabric suppliers, spinning mills, and washing facilities.

13

WE Fashion has a specific Child Labour Policy.



### 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. As we are aware that audits are not providing the full picture, we strive to expand our collaboration with local NGOs to make sure forced labour is not part of our supply chain, and to raise awareness on management and worker level.

Global supply chains for raw materials, including some agricultural products of relevance to our business, can be lengthy and quite complex, reducing our potential influence and adding further hurdles to the challenge of understanding and effectively addressing issues that may exist. WE Fashion only accepts products from factories that are free from forced and bonded labour, and is committed to playing a positive role in helping society eliminate all forms of forced labour.

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 areas: modern slavery in China, Cambodia, Myanmar, Bangladesh and Mauritius, Sumangali in Tamil Nadu, India, Syrian refugees in Türkiye, and state imposed forced labour in Xinjiang, production of Cotton.

### Below, you can find the results of the activities against forced labour.

- WE Fashion has published the WE® Forced Labour Policy. This policy can be found on [https://www.wefashion.nl/nl\\_NL/we-care-about/transparency/](https://www.wefashion.nl/nl_NL/we-care-about/transparency/). We are currently in the process of updating our policies.
- Mid 2020, WE Fashion asked its suppliers to stop sourcing cotton from China's Xinjiang province, due to concerns about mass human rights abuses there - including state-imposed forced labour by prisoners. The ban on the use of cotton from Xinjiang is now part of the WE® Code of Conduct.
- WE Fashion has signed the Call to Action on human rights in Xinjiang, where the Chinese government is accused of human rights violations against the ethnic minority group of Uyghurs. The allegations concern the recruitment of Uyghur workers in textile factories that could potentially be linked to forced labour. We are concerned that forced labour remains a significant problem in many parts of the world.

- To ensure that no cotton comes from Xinjiang or any other areas of possible misconduct, we cross-check supplier documents for all our certified products using our sustainable certificates and transactional data on the location of fabric suppliers.
- In 2023, the sustainability team trained the buying teams on responsible procurement, including the requirements related to the Call to Action commitments.
- Due to the increase of Syrian refugees in Türkiye, WE Fashion has a separate Policy for refugees under temporary protection in Türkiye. This policy is signed by all our Turkish suppliers and focuses mainly on the employment of all displaced nationals in our supply chain, in a way that respects their legal, worker, and human rights. By signing the policy, our Turkish suppliers declare to be transparent about contracts and working conditions, guarantee the absence of forced labour, and make legal wages. Our policy is currently under review.
- In 2023, WE Fashion has signed the AAFA/FLA Apparel & Footwear Industry Commitment to Responsible Recruitment – an enhanced, proactive industry effort to address potential forced labour risks for migrant workers in the global supply chain. By joining this effort, we are committed to the fair treatment of workers in the apparel, footwear, and travel goods supply chains.

14

WE Fashion has specific policies on Forced Labour, Refugee protection in Türkiye, and the use of cotton material.

15

In 2023, WE Fashion signed the AAFA/FLA Apparel & Footwear Industry Commitment to Responsible Recruitment.

### Collective action

By monitoring social performance through audits and social projects, as well as staying abreast of current global events and maintaining close contact with (local) stakeholders, we strive to stay on top of urgent issues that require immediate action in our supply chain. An additional approach to improving working conditions in our supply chain is by participating in multi-stakeholder initiatives, such as The international Accord. Also, WE Fashion joined a country working group in Mauritius and the Multi-stakeholder Alliance for Decent Employment in the Myanmar apparel industry (MADE in Myanmar) in 2023.

### MADE in Myanmar Program

In February 2021, the elected civilian government led by Aung San Suu Kyi was deposed, and the military declared a one-year state of emergency. In August 2021, this state of emergency was extended. The military coup has led to an unstable, uncertain, and unsettled situation that put human rights under pressure and in which power has been concentrated with the military rulers since 2021. In 2022, The Ethical Trade Initiative (ETI) conducted a country-wide assessment, which presented several severe issues in the sector. This report also pointed out that it would be the workers themselves who would suffer severely if brands would withdraw their business in Myanmar. We believe, however challenging, it is important to make responsible decisions that impact the workers in the most positive way. Therefore, we continue our business in Myanmar with a heightened due diligence process.

As part of this heightened due diligence process, we have joined the Multi-stakeholder Alliance for Decent Employment in the Myanmar apparel industry (MADE in Myanmar). This is a collaboration with the EU, Eurocham, SMART Myanmar, Sequa (a German NGO), multiple brands, and local stakeholders. This programme will mainly focus on strengthening and protecting responsible business practices in the textile, clothing, and footwear sectors – and contains three main components;

- SMART Factories programme: a series of in-depth assessments at factories, performed by a team of experts. After the assessments, factories are informed of any problems and are given a few months to resolve them, as well as encouraged to attend training sessions. Currently, all our suppliers have done the first social assessment - in fact, one of them has completed the full programme. Besides social issues, the programme also focuses on chemical management and energy efficiency;

- The Forum on Supply Chain Conduct, containing: industry level dialogues, the set-up of a grievance mechanism, capacity building for companies and business associations on legal compliance, and the support of labour rights organisations and trade unions;
- The Center for the Advancement of Women: providing a nutritional help desk for workers, sewing training, computer and business skills, support for peer groups, and psychosocial support.

Other initiatives to our heightened due diligence process in Myanmar are:

- **Increased collective action and enhanced monitoring processes**  
WE Fashion does not have a large leverage in Myanmar, so collective action is needed to remain responsible. Therefore, we are in constant contact with other brands sourcing in Myanmar, as well as (local) stakeholders, such as the Myanmar Centre for Responsible Business (MCRB) and the Myanmar Industry Craft Service-Trade Unions Federation (MICS-TUsF). We have also joined Eurocham (European Chamber of Commerce), which gives us up-to-date insights into the situation.
- **Enhanced monitoring processes**  
We use a cross-check method for all audit results in Myanmar, to measure changes in the establishment. Topics we use for this method include workforce, working hours, grievance procedures, employee committees, contracts, and health and safety. Prior to the conduction of audits, we have contact with the audit firms to discuss the focus topics. After the audit, we discuss any points of interest during the conduct of the audits. We also focus on improvement plans by consulting the Amfori Human rights in Myanmar Guidance and supporting suppliers to participate in additional training sessions.
- **Capacity building**  
As the situation in Myanmar is complex and constantly evolving, it is important to have local staff. Our sourcing partner has hired a dedicated local staff member who's focus is to constantly be in contact with the suppliers we work with, and to support them in making any necessary progress and or to maintain the good practices they have.



### Country working group Mauritius

By providing transparent and public insight into our suppliers, e.g. on Open Supply Hub, we also ensure that external stakeholders can contact us about possible misconduct in the chain. In November 2022, we were approached by an NGO regarding possible misconduct in Mauritius. This NGO conducted an investigation in the garment industry in Mauritius, including one of our suppliers. The investigation revealed indicators of severe breaches of our Code of Conduct. After receiving these allegations and having an in-depth conversation with the NGO, WE Fashion has taken an active role to develop a country working group, to collectively determine next steps with regards to improving working conditions in Mauritius, and to increase capacity and leverage. This country working group was led by the American Apparel and Footwear Association (AAFA) and contained various brands sourcing from Mauritius.

Within this country working group, brands have collaborated with both each other and the American Apparel & Footwear Association (AAFA), to contact the Mauritius government and AAFA's counterpart in Mauritius, and the Mauritius Exporters Association (MEXA), to urge them to address the concerns raised by the NGO. As part of those efforts, AAFA has urged the Mauritius government to pass legislation to protect foreign migrant workers and urged MEXA to approve a code of conduct for members that recognizes and protects the rights of foreign migrant workers. Partially due to its efforts, MEXA approved a new code of conduct and has required every member to implement the new code of conduct. The Mauritius government has issued new legislation governing labour recruiters, and reached new agreements with home countries on labour recruitment.

Additionally we have signed the AAFA/FLA Apparel & Footwear Industry Commitment to Responsible Recruitment, an enhanced, proactive industry effort to address potential forced labour risks for migrant workers in the global supply chain. By joining this effort, we are committed to the fair treatment of workers in the apparel, footwear, and travel goods supply chains. One important part of this ongoing effort is working together to eliminate conditions that can lead to forced labour in the countries from which we source products. Therefore, we will work with our global supply chain partners to create ethical recruitment conditions. Currently, we are incorporating the Commitment to Responsible Recruitment into our company social compliance standards, such as the revision of our Code of Conduct.

Besides the commitment and being part of the country working group, also supplier-specific brand-groups were formed to work on collective action on supplier level. We have shared processes and expertise to design a collective approach towards our shared supplier. As a first step, we have deployed an independent third-party to conduct an extensive investigation regarding the possible misconducts pointed out by the NGO. The investigation pointed out issues with factory safety, poor living conditions, and insufficient recruitment practices. With these findings, we have finalised a corrective action plan and are currently monitoring the remediation actions of the factory. In order to prevent the issues from reoccurring, we zoom in on improving the local policies and processes, as well as a revision of our own policies which will apply for all our production locations, including outside Mauritius. Lastly we have enhanced our monitoring processes in two ways:

- We are in dialogue with the auditing standards on how to adjust auditing systems to improve the monitoring, as well as the quality checks of auditing results. We also are looking into ways to improve collective action and leverage when misconducts occur;
- We have pinpointed new KPIs we will add to our monitoring audit process to look into when we receive audit results. This will lead to additional information points and follow-up conversations with our suppliers.

### Grievance mechanisms

It is important to increase social dialogue and worker involvement within the factories, so workers and factory management build a relationship that allows issues to be raised and resolved effectively. However, certain topics require a more elaborate system. Addressing sensitive issues like child labour, discrimination, and gender issues is often difficult for workers, as factory management may respond with repercussions for the complainant. In an unsafe working environment, complaints are not always handled fairly, leading workers to face verbal and/or physical violence and the risk of losing their jobs.

We believe that every person involved in WE Fashion's supply chain should have the opportunity to file a complaint if their rights are threatened. This is set forth in the United Nations Guiding Principles on Business and Human Rights, also known as the Ruggie Framework.

Brands can help these workers by starting an open dialogue and offering support. An external grievance mechanism can be an effective tool to guarantee that all stakeholders can raise complaints in a safe manner. WE Fashion promotes the application of an effective grievance mechanism and supports a couple of different ways to help workers raise their issues:

- **Amfori - BSCI and Speak for change (S4C)**

WE Fashion is a member of Amfori BSCI. During audits, BSCI auditors check factories for the availability of an effective grievance mechanism. For the mechanism to be effective, complaints must be received, documented, and resolved. We recognise that internal grievance systems are often ineffective. In addition, BSCI does not cover the entire network of factories. To allow everyone to make complaints known in a safe, efficient, and inclusive way, WE Fashion is looking at other grievance mechanisms that are monitored externally.

To strengthen business partners' operational complaints systems, Amfori, in collaboration with Ulula- a tech company specialised in transparency, has launched the Speak for Change (S4C) programme. With this programme, it is possible to address complaints raised in the global supply chains, which cannot or have not been addressed through internal operational complaints mechanism from suppliers. The Amfori Programme is set up to receive complaints from both workers, communities, and their representatives who believe that they have been negatively impacted. A complaint can be submitted via phone, online form, or chat application. After investigation, the complaint will be visible for a brand to collaborate on remediation actions.

By supporting the implementation of the programme, we can achieve the following: actionable insights to reduce risks in operations and sourcing and enhanced compliance with existing and upcoming international human rights due diligence regulations.

The programme started with a pilot in Vietnam. After many useful learnings and feedback, the procedure and technology has been fine-tuned. In 2022, WE Fashion joined the S4C workgroup focused on upscaling the programme. Since then, the programme was expanded to Türkiye, Bangladesh, and certain regions in India. In the upcoming year more regions and countries will be included. This means that 64% of workers in WE Fashion's supply chain have access to the complaints mechanism of Amfori.

- **Principles of Speak for Change**





- **International Accord**

In Bangladesh, all factories we work with fall under the International Accord and have access to the grievance mechanism. This means that 62% of workers in WE Fashion's supply chain have access to the complaints mechanism of the Transition Accord in their native language.

The Accord only handles complaints related to health and safety. The Accord notes all complaints that come in, and if the complaint is not related to health and safety, it is forwarded to the brands producing in the factories. Together with the suppliers and affiliated trade unions, the brands seek solutions to these issues.

In early 2023, WE Fashion also signed the Pakistan Accord, which means that our suppliers in Pakistan will be included in the Accord's grievance mechanism. This will grant another 7% of the workers within WE Fashion's supply chain access to the grievance mechanism.

Besides the option of filing a complaint through the above channels, all stakeholders can also inform us about (possible) misconduct in our supply chain by contacting our CSR team at [CSR@wefashion.com](mailto:CSR@wefashion.com).

**Buying practices**

It is through buying practices that WE Fashion has the most impact on human rights in the supply chain. Where responsible buying is an investment in the relationship with suppliers, aggressive price negotiation, inaccurate forecasting, late orders, and last-minute changes can strain on this relationship. When a supplier is put under pressure, it may lead to poor working conditions and low wages for workers.

WE® has a two-way Code of Conduct, which includes the responsibilities of our buyers. The WE® Code of Conduct (CoC) is an agreement with key points, such as safe working conditions, no child labour, no forced labour, and responsible purchasing practices. This code is signed by all suppliers and factories producing products for WE Fashion. In the CoC, all parties declare to uphold at least the minimum standards on terms of working conditions. This is a 'two-way Code of Conduct', as it also contains agreements WE Fashion will abide by. Currently, we are in the revision process of our CoC.

In 2023, the CSR team organised a Responsible Purchasing Practises training for the buying department. In three sessions, our buyers and assistant buyers were trained by an external expert on the influence of social compliance, responsible purchasing, and on the working conditions in the supply chain. The training highlighted various components from the buying cycle and linked these to impact the individual buyer can have. During the participative sessions, buyers were invited to share examples and challenges from own experience. Collectively, the groups discussed on how to overcome such challenges and learn from each other's experience. This also includes more collaboration between both the CSR and three buying departments. The focus of this first series was to increase awareness on RPP amongst the buyer departments. Currently, we are organising follow-up sessions to build on the lessons learned, and come to practical agreements on how to enhance our responsible purchasing.

16

78% of workers in the production locations have access to an external complaints mechanism.

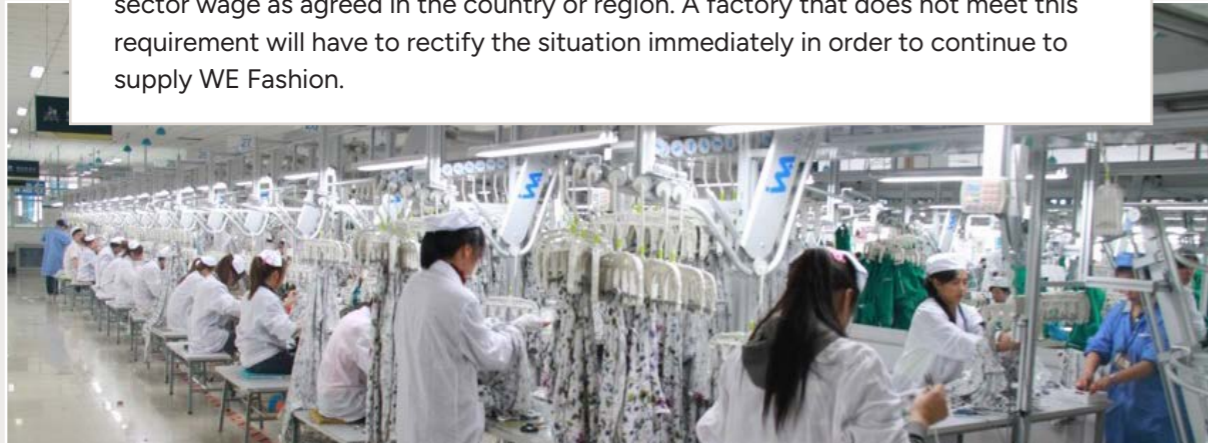


17

We had 'Responsible Purchasing Practises training' sessions for all our buyers.

**Moving towards a living wage**

Over the past years, WE Fashion conducted research into the wages paid to employees in factories producing products for us. We look at the lowest paid wages in all factories, both from direct suppliers and subcontractors. We expect all factories to pay every worker at least the statutory minimum wage or the leading sector wage as agreed in the country or region. A factory that does not meet this requirement will have to rectify the situation immediately in order to continue to supply WE Fashion.



WE Fashion conducts an annual wage gap analysis, using the Global Living wage coalition data.

A living wage is a wage that is sufficient to meet the basic needs of a family of average size in the country in which 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. We have identified that the payment of living wages to workers is a risk in the risk countries in which production for WE Fashion takes place.

18

In 2023, WE® conducted the Amplify project on improving social dialogue with a labour union, one of our key suppliers, and other brands.

There is a high complexity to achieving living wage. Issues that we face are insufficient monitoring tools for living wage, a low leverage at our suppliers, and a lack of knowledge at supplier level. Achieving living wages will therefore require a collaborative approach and greater local awareness. In order to do this, we focus on social dialogue at our supplier level. By strengthening the collaboration between workers and management, complex topics – like living wage – become better approachable. Therefore, our strategy for living wage starts with collaborative social projects focused on social dialogue.

**REVISED GOAL 2023**

**Each year, WE Fashion will carry out a project with a focus on social dialogue and or living wage.**

2023 → ✓  
2025 → 100%

With this goal, we commit to annual projects focusing on various aspects of living wages. Different aspects may include monitoring, tools for measuring wages, supplier knowledge on living wages, improving social dialogue and freedom of association, supporting the presence of collective agreements, and improving our own procurement practices and internal policies. In 2023, we conducted the Amplify project in collaboration with Mondiaal FNV and other brands. This programme focuses both on the ‘social dialogue’ aspect in the factories, as well as on our own internal policies and purchasing practices. Currently, we are looking into options of expanding this project to more suppliers in Bangladesh.

19

100% of factories supplying to WE Fashion pay the minimum wage or more.



# MAKING OUR PRODUCTS & PROCESSES MORE SUSTAINABLE



## MAKING OUR PRODUCTS AND PROCESSES MORE SUSTAINABLE

WE Fashion wants to minimise the burden on the environment by using more environmentally friendly fibres and materials for products, as well as cleaner factories for production. The reduction of water, chemicals, and energy in production is important, as is the reduction of the waste produced. By doing so, the footprint of our products becomes smaller, which is good for both the environment and the people living in it.

In 2023, 58% of the raw materials in WE Fashion's collections was cotton. By using more sustainably sourced materials in our collections, we not only reduce the use of water, chemicals, and pesticides, but also improve the livelihoods of farmers and their families in cotton-producing countries. In 2023, 71.11% of total collections were made of more sustainable materials, compared to 68.8% in 2022. The growth versus last year is due to both an increase of the share of cotton (for which we only source more sustainably) and an increase in other materials with lower impact, like recycled polyester. For specific targets per material, see our Sustainable Materials Commitment on [www.wefashion.com/nl\\_NL/we-care/transparency/](http://www.wefashion.com/nl_NL/we-care/transparency/).

Besides material use, the use of chemicals, water, and energy in production has a substantial footprint. WE Fashion aims for a clean environment in and around the factories in which our goods are produced and where materials are made. Therefore, we are mapping our tier 2 and, where possible, our tier 3 locations. With increasing insight into the supply chain, we have better knowledge of the highest risks and have the possibility to start working on improvements.

Our goal of making better products contributes to Sustainable Development Goals 6, 7, 12, 13 and 15.





**More sustainable materials**

WE Fashion is proud to mention to have sourced 100% more sustainably cotton in its collections. More sustainably sourced cotton includes certified organic cotton, recycled cotton, and cotton sourced as Better Cotton. By sourcing more sustainable cotton, we are supporting better practices across the cotton industry.

**PERFORMANCE 2023**

**Our goal is to use 100% more sustainably sourced cotton by 2021.**

- 2021 → 98,5%
- 2022 → 100%
- 2023 → 100%

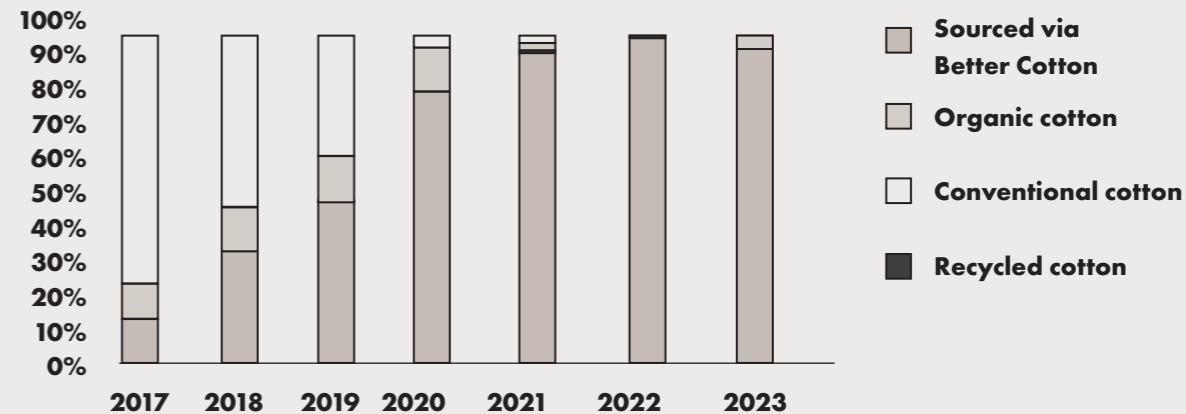


In 2022, we saved an estimate of 2 billion liters of water – this is equal to 790 Olympic swimming pools – thanks to our sourcing of Better Cotton (figures for 2023 not available yet).

Better Cotton is sourced via a system of Mass Balance and is not physically traceable to end products. See [bettercotton.org/massbalance](https://bettercotton.org/massbalance) for more details.

The following data is based on 2022, as figures for 2023 were not yet available when this report was written. However, we expect a similar amount or even slightly more, as we have sourced more sustainable cotton in 2023 versus 2022. Thanks to our sourcing of Better Cotton, an estimated 1206 kg of pesticides were avoided and an estimated 2 billion liters of water were saved. On average, Better Cotton farmers benefited from an estimated €374.135 additional profit thanks to our sourcing of Better Cotton. Better Cotton farmers experience profit increases for various reasons, most commonly due to increased yields and/or optimised use of inputs, such as irrigation water, pesticides, or synthetic fertilisers.

**Cotton share by source**



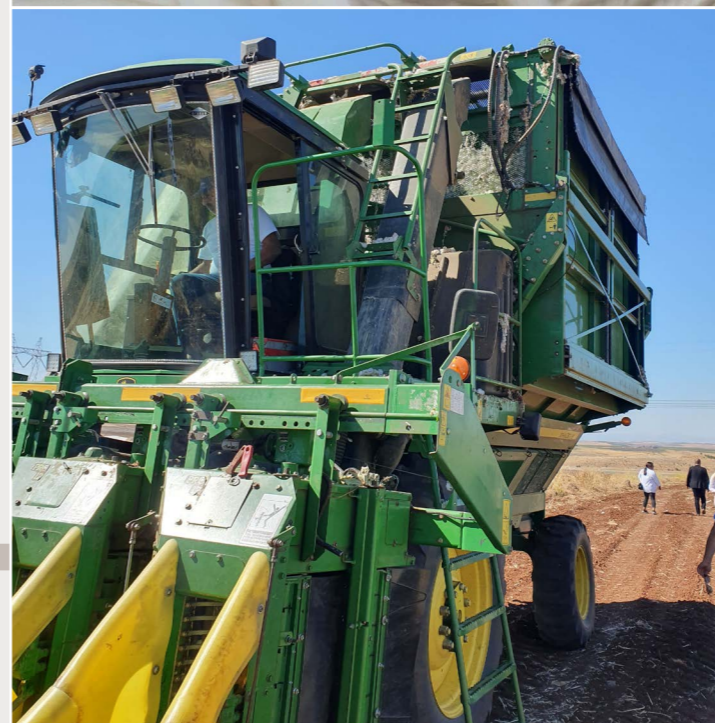
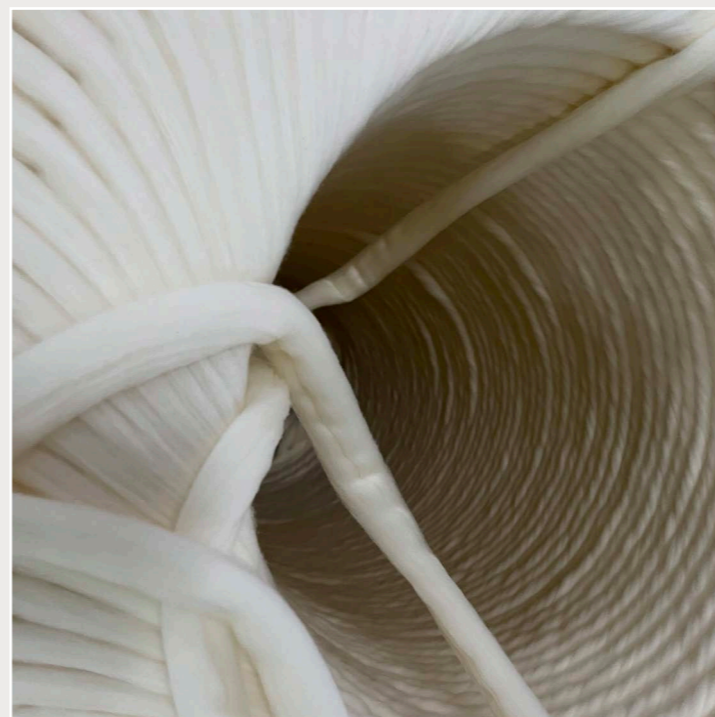
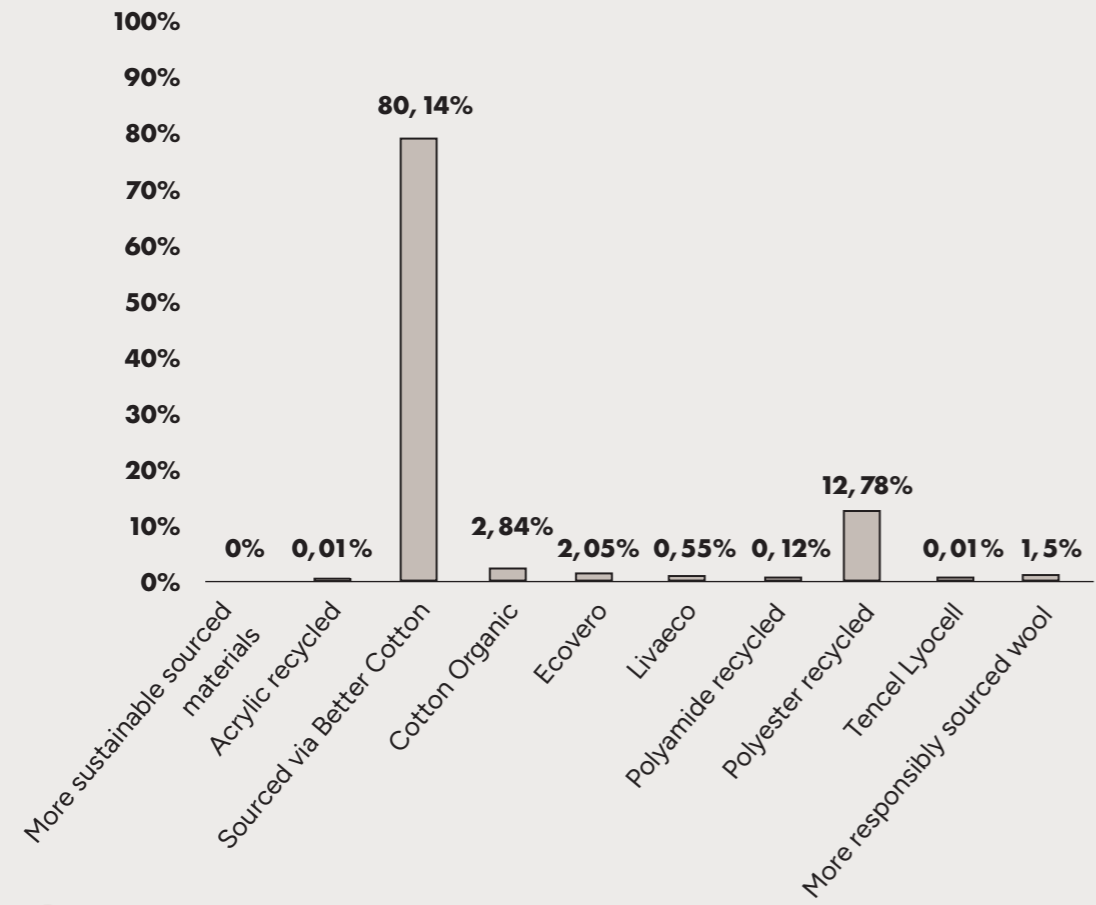
20

100% of cotton has been more sustainably sourced.

21

70% of the collection in 2023 was sourced with more sustainably sourced materials.

Share per more sustainably sourced materials 2023



22

Since 2016 we started sourcing via Better Cotton.



### 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. In consultation with FOUR PAWS, we have updated our animal welfare policy in 2022.

Several materials used for WE Fashion's collections pose a risk to animal welfare. In previous years, we banned all use of fur, exotic skins, angora wool, and down. Leather and merino wool are still used, though these are materials in which animal welfare may be at stake.

More sustainable wool is produced with farmers taking extra care of animal welfare and more sustainable land management. We want to work towards products made only with animal-friendly materials. We have taken steps to integrate certified wool in our collection.

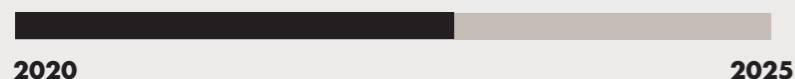
68% of all the wool yarns we select, comes from a chain with clear requirements for animal welfare and the environment. Next to wool we have two other animal derived materials, being leather and silk (respectively 15.52% and 0.85% share of all animal derived materials we buy). Out of all the materials we source, only 1.85% is coming from animals.

### PERFORMANCE 2023

**Our goal is to use 100% animal-friendly materials by 2025 (mainly wool).**

2023 → 58%

2025 → 100%



**Below, you can find the results of working towards the uptake of only animal-friendly materials in WE Fashion's collections.**

- 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. In the past, documents and statements from suppliers allowed us to trace the origin of merino wool to South Africa, a country where farmers use other ways to prevent flystrike in merino sheep. Since 2023, we have shifted to buying certified yarns, as we believe this is not only a better way to reduce the risk of mulesing, but also implies a focus on land management.

23

All leather items are LWG-certified.

24

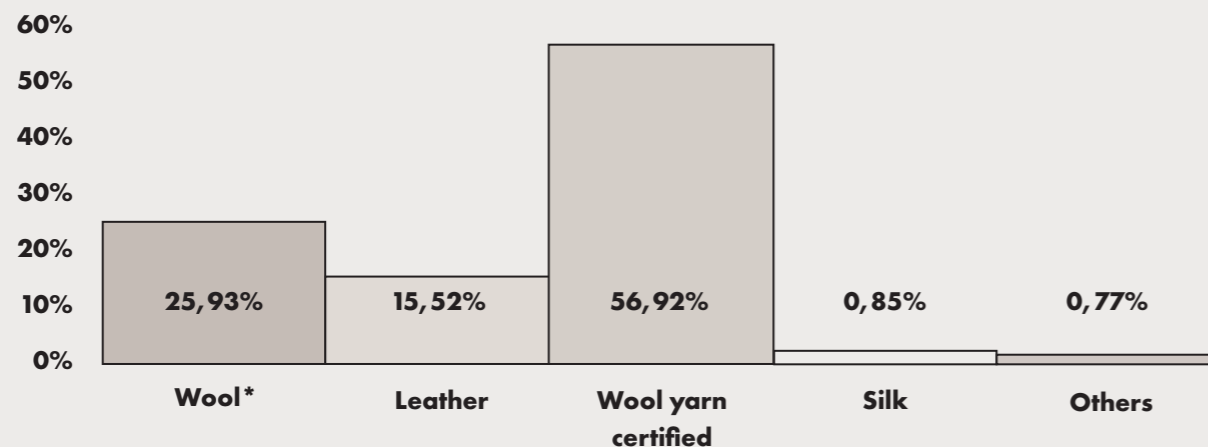
At WE Fashion we do not use down in our products.

- The amount of leather we use in our collections fell from 1.4% in 2019 to 0.3% in 2023. Although leather is a very small portion of the total materials we use, it is 15.52% of animal materials. As there are currently no standards guaranteeing animal welfare in the leather chain, we will not be able to take steps in the near future. Nevertheless, we think this is important. WE Fashion is a member of the Leather Working Group (LWG). The LWG is an organisation dedicated to reducing the negative impact of leather tanning. As a member of the LWG, we seek to use our influence to extend the LWG's reach to supply chain visibility, which is an important step in creating better husbandry. All the leather we use comes from LWG-certified tanneries.

25

68% of the wool in our products are made from certified yarns.

### Animal derived materials



\*Wool including alpaca & cashmere

### Recycling and circular business models

WE Fashion works in a predominantly linear business model, but the use of recycled materials in its collections has increased in the past years. Waste has a huge negative impact on the natural environment, which makes recycling materials important. Recycling helps reduce pollution caused by waste and also reduces the need for raw materials, so that natural resources are not depleted.

In 2022, we updated the WE® sustainable materials goals for polyester and polyamide, among others. We committed ourselves to buy at least 60% of recycled materials based on weight by 2025.

Besides recycling, circular business models also include reduction, reuse, and repair as feasible options to reduce the use of natural resources, as well as extend the lifespan of products to stop the generation of industrial and consumer waste. These business models are key for the transition to a more resource-efficient and circular economy. By introducing a 365-day guarantee for our men's Fundamentals collections, we contribute to the possibility of reusing our products and their durability.

By collecting old garments from our customers in our stores, we also work with a system that reduces the total amount of garments that end up as waste. Our partnership with ReShare allows us to give our customers' clothes a second life.

By collecting old garments from our customers in our stores, we are already working with a system that reduces the total amount of garments that end up as waste. Our partnership with ReShare allows us to give our customers' clothes a second life.

WE fashion is fully committed to the upcoming European Extended Producer Responsibilities (EPR) regulation. Currently, this has been translated into local regulations by two member states. We joined Re-Fashion in France, a French organisation that manages waste prevention and end-of-life management of products on behalf of textile companies. The Netherlands is the second country. The Netherlands is currently working on a similar system called the "Uitgebreide Producenten Verantwoordelijkheid" (UPV). WE Fashion actively participated in this discussion as a member of the working groups as early as 2022. In 2023, "UPV Textile Foundation" was founded and WE Fashion not only became a member - it continued its engagement by being active in expert groups and sitting on the board. The mission of UPV Textile Foundation is to develop a circular textile value chain with a collective approach. The goal is to reuse or recycle 50% of all textile products placed on the market by 2025. By 2030, this should increase to 75% and even 100% by 2050. For more info see: <https://www.stichtingupvtextiel.nl/en/>.

### PERFORMANCE 2023

**Our goal is that 20% of the materials used will be made from recycled fibres by 2025.**

2023 → 9%  
2025 → 20%



Below, you can find the results of working towards the uptake of recycled fibres in WE Fashion's collection.

- In 2023, the use of recycled materials in our collections grew from 1,4% (2020) to 9.0%. The recycled materials concern polyester, polyamide, and acrylic. All recycled fibre yarn for WE Fashion in 2023 were certified according the Global Recycle Standard (GRS) or the Recycled Claim Standard (RCS).
- WE Fashion aims for durability by designing items that last. Our men's Fundamentals collection is more sustainably sourced, made with great quality and offers customers a 365-day guarantee.

26

In all stores we have collecting points for customers to bring back old garments. We do this in collaboration with ReShare.

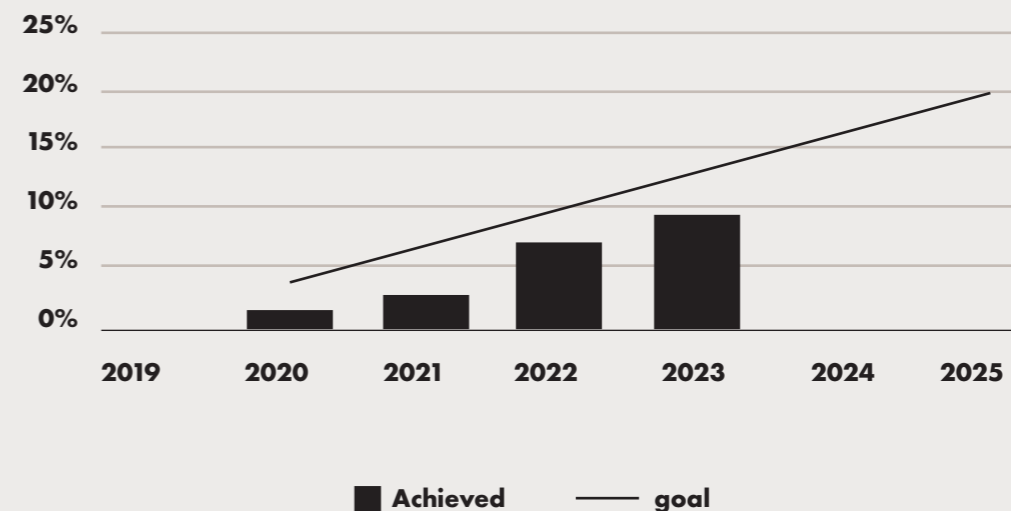
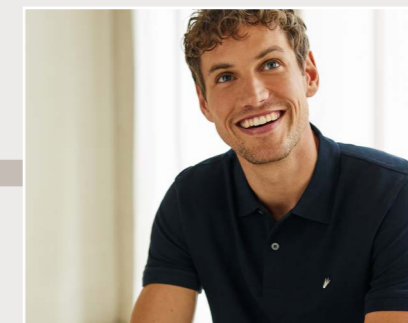
27

34% of all polyester we use in our products is recycled polyester.

- We do not want to waste any garments that could still be of value to someone. All items we commercially purchase will be sold in our stores, online, through online partners, in outlet sales, in sample sales, or will be donated to charity. We never destroy garments of good quality.

28

We aim for durability, so also in 2023 we offered 365-day guarantee on men's Fundamentals





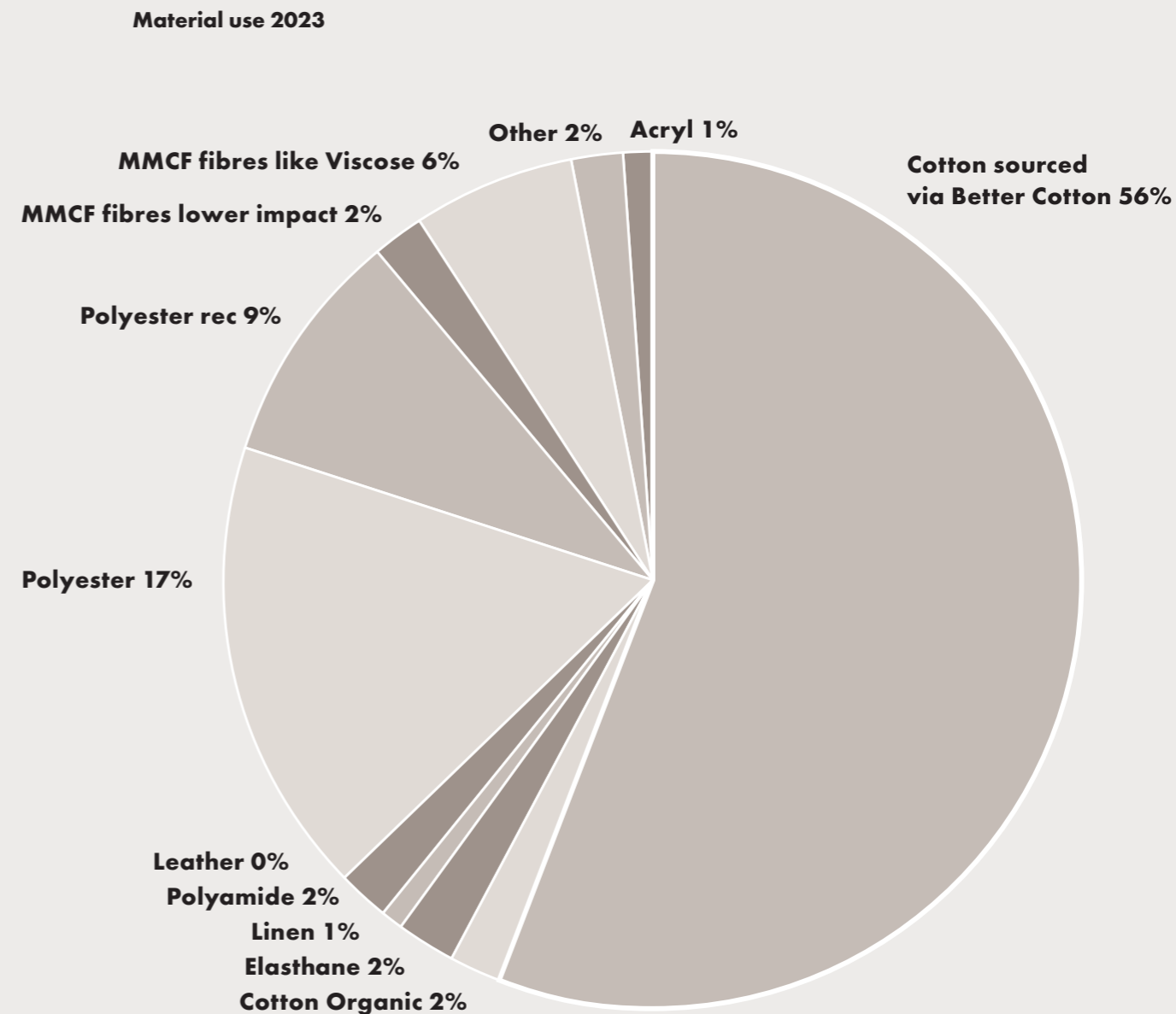
### Man-Made Cellulosic Fibres

Man-Made Cellulosic Fibers (MMCFs) are regenerated fibres usually made from the dissolved wood pulp or “cellulose” of trees. Viscose, lyocell, and modal are all types of man-made cellulosic. As they are plant-based, MMCFs are renewable and have the potential to be a lower impact material if the wood is sustainably sourced and the processing chemicals are handled properly.

Two of the most common man-made cellulose are lyocell and modal, which, like other MMCFs, are made from wood and are both biodegradable. With lyocell, the wood pulp is dissolved using a non-toxic solvent in a closed-loop system.

All MMCFs deal with forest degradation and loss of natural habitats and biodiversity due to unsustainable wood sourcing or poor land management. WE fashion has partnered with fibre producers, such as Lenzing and Birla. These companies have sourcing policies to prevent sourcing wood from protected and ancient forests. Our updated Sustainable Materials policy now states that 100% of MMCFs should come from FSC-certified wood by 2025.

7.7% of our collection is made with MMCFs. 24% of all MMCFs in our collection are more sustainable. This is mainly LENZING™ ECOVERO™ and Livaeco™ from Birla Cellulose™. In 2022, this was 15%.



### Sustainable products from more sustainable factories

Sustainable manufacturing is important to create more sustainable products. It's not just about the materials we use, but also the processes being used to make the final products. Factories that pay attention to using renewable energy or other chemicals during processing minimise negative environmental impacts and conserve energy and natural resources. Sustainable manufacturing is also important for 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. While some processes do not have a large footprint, others are highly polluting. We have identified the following risk areas: cotton farming, wet processing, and leather tanning.

We have identified that there are many environmental risks related to the materials we use. When materials grow, farmers need water, pesticides, and fertilisers. The production of yarns and fabrics uses a lot of water, energy, and chemicals. Water scarcity, chemical

pollution, land depletion, and greenhouse gas emissions threaten the environment. The use of chemicals has been identified as one of the two highest risks in our risk assessment.

As mentioned before, cotton farming is seen as a high risk with regards to the environmental impact of cotton farming, we are a member of Better Cotton. We source all our cotton via Better Cotton or as organic cotton for some specific products. For more info, please see the goal we have on cotton.

For leather, we are reducing our impact by only selecting leather which is tanned in factories that are Leather Working Group (LWG)-certified. The LWG helps leather manufacturers and tanneries manage the tannery processes, and assesses these companies according to the LWG standard. WE Fashion is also a member of the LWG.

To monitor the use of chemicals, we are currently working with a RSL (Restricted Substance List) to check the presence of chemicals in our products. Together with stakeholders, we are developing a plan to implement working with a MRSL (Manufacturing Restricted Substance List). The MRSL approach also helps protect workers, local communities, and the environment from the potential impact of harmful chemicals. Preferably the MRSL of the ZDHC.

The ZDHC (Zero Discharge of Hazardous Chemicals) is a programme launched in 2011 and is a coordinated industry response to Greenpeace's campaign. Initiated by six clothing brands, it now represents a global multi-stakeholder initiative involving more than 160 parties from the fashion and footwear industries, including manufacturers, chemical companies, and brands.

Where the RSL is a chemical checklist in testing finished products for the presence of restricted substances, the MRSL is a list that provides brands, retailers, suppliers, and manufacturers with acceptable limits of restricted substances in chemical formulations used in the raw material and product manufacturing processes.

Besides reducing the use and presence of harmful chemicals, we are also looking into other aspects to move towards cleaner techniques and factories. This includes reducing water consumption, energy consumption, wastewater treatment, and new techniques for treatment, such as ozone. We notice that some of our key suppliers are already making significant progress in using, for example, the ZDHC MRSL, wastewater treatment, new washing techniques, and have developed plans to improve even further.

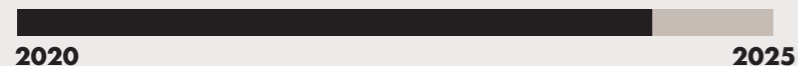
The environmental impact during the full production process is, assumingly, the highest in tier 2 – the so called washing and dyeing facilities. This could either take place at a factory of the same tier 1 supplier for the vertically integrated suppliers or at a different factory. We map most of the tier 2 production locations in our supply chain and therefore know where the washing and dyeing processes take place. At the moment, we are not yet able to track the volume per tier 2 production site for some of our procurement values. As a result, it is also currently impossible to track our initial goal (“for 50% of our products to be dyed and washed with cleaner techniques by 2025”), as that takes place in tier 2. Since we also map our production locations at tier 1, and we know exactly what the purchase value is per supplier, we can measure their environmental performance based on purchase value. Due to the limitations at tier 2, the data available at tier 1, the realisation that environmental impact also needs to be reduced at tier 1, and the fact that we have more influence at tier 1, we decided to change our target to “increasing the proportion of tier 1 factories measuring environmental impact by 20% by 2025, compared to baseline of 2022.” The share in 2022 was 44% and is based on purchase value. We collect data at factory level through the FSLM Higg tool (both self-assessed and verified), Amfori BEPI, ZDHC Roadmap to Zero and at product level through EIM scores of Jeanalogia, and GOTS-certified products.

We still acknowledge that the biggest risks are at tier 2. Therefore, we will continue to monitor these facilities and their processes, and will look for opportunities to be able to express the share in purchase value. For the coming years, we will also increase our knowledge about the environmental impact of production processes and moving towards lower impact processes based on the data collected.

### PERFORMANCE 2023

**Our goal is to increase the share of tier 1 factories that measure the environmental impact by 20% points versus baseline 2022 by 2025.**

2022 → 44%  
 2023 → 54%  
 2025 → 64%



**Below, you can find the results of working towards the uptake of more sustainably produced products.**

- 100% of leather used in 2023 came from tanneries certified or audited by the Leather Working Group (LWG), compared to 48% in 2019. The LWG helps leather manufacturers and tanneries manage and adhere to the tannery processes they use, and assesses these companies according to the LWG standard. Leather has a 0.29% share in our collection.
- Together with suppliers, we monitor the environmental impact of their factories and processes. To identify the use of water, energy and chemicals, we look at the various initiatives - such as EIM, FEM and MRSL - with a specific focus on denim because of its high impact during washing and dyeing processes.

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100% of leather comes from LWG-certified tanneries.

- In order to work towards improvements in the environmental performance of the facilities involved in the production of our products, it is important to monitor environmental processes. Therefore, we register the engagement and certification of first and lower-tier factories with environmental tools and systems. Due to the complexity of the topic, we focus on a wide range of existing environmental performance systems and certification, such as GOTS, OCS, Oekotex 100, Oekotex Steps, BEPI, LWG, HIGG, ZDHC, GRS, Fairtrade, and Better Cotton.

30

As a member of Cascale we use the Facility Environmental Module (FEM) to measure the environmental impact of facilities amongst other programs.

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Together with suppliers, WE Fashion is working to monitor the environmental performance of tier 1 and tier 2 facilities, processes and products.





# OPTIMISING THE WAY WE WORK



### OPTIMISING THE WAY WE WORK

As a company, we are responsible for the well-being and health of WE Fashion’s employees, but also for the environment in and around our stores and offices. Everyone should be able to grow and develop within the organisation. WE Fashion believes that life together is more beautiful, which is reflected in the workplace. For example, in the way we work together and in the service we provide: we inspire customers to feel confident, so that they can make even easier contact with people around them.

This responsibility also concerns our role within the current climate changes. Earlier, we mentioned our efforts with regard to water, energy, and chemical reduction. In addition, we have taken steps to reduce our Greenhouse Gas (GHG) emissions, which is important to limit global warming.

We have reduced energy consumption by installing LED lighting in the offices and stores, and by installing solar panels on the roof of our warehouse. All electricity in our operations is green. All new company cars are electric, and we have invested in expanding charging stations. Since 2023, 2 out of 7 of our trucks are powered by electricity, which represents almost 30% of our fleet.

We look critically at the waste we produce. Less is always better and a great deal of waste can be reused or recycled.

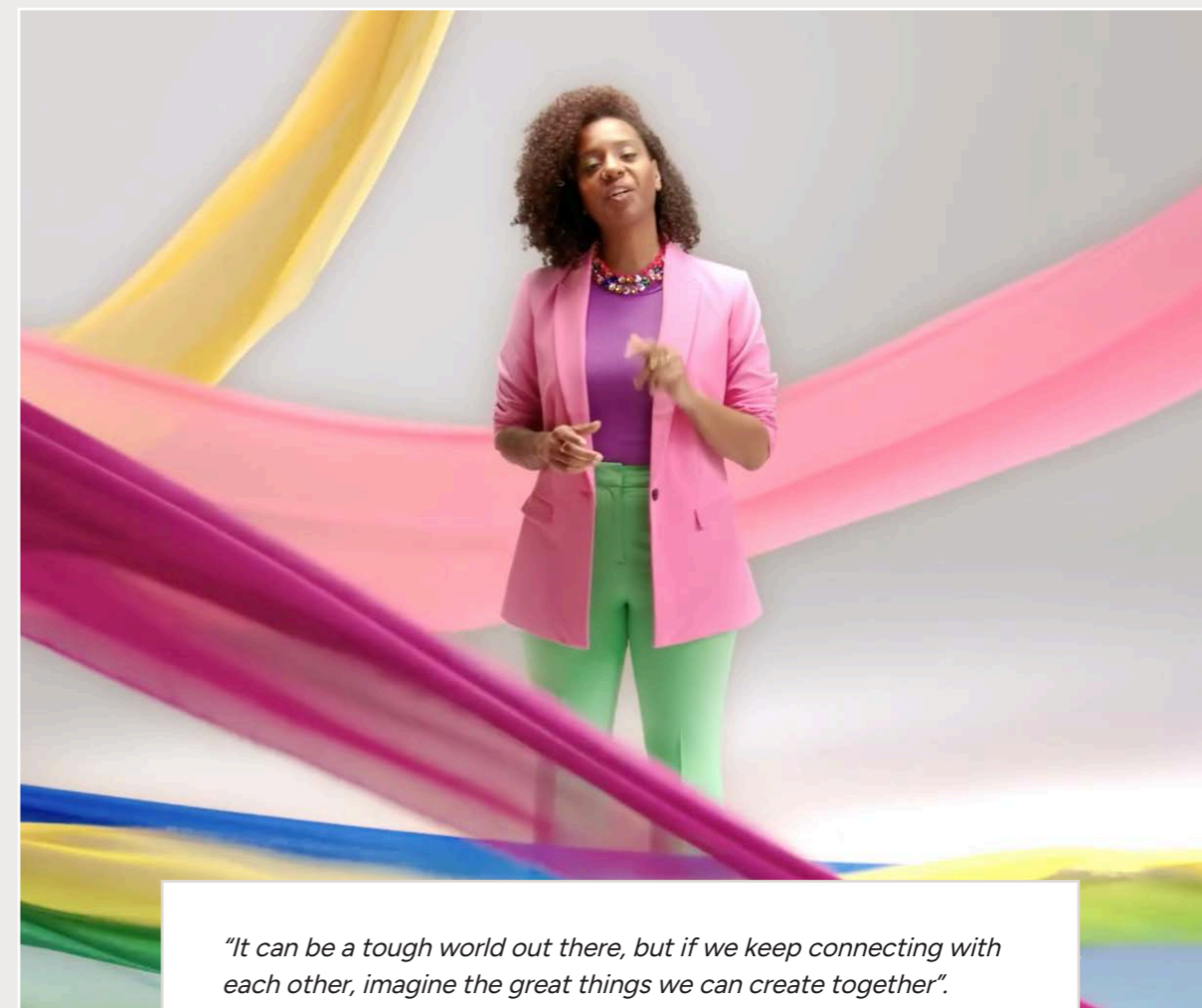
Our goals to optimize our way of working contribute to the Sustainable Development Goals 4, 5, 7, 12, 13 and 15.



### Diversity and Inclusivity

Diversity and inclusivity (D&I) have always been important to WE Fashion. We believe that life has more meaning when it is lived and experienced together. We believe in this so strongly that we have founded our entire business upon this very idea. At WE®, we like to highlight our connecting culture and draw attention to a more tolerant and inclusive society. 2022 was the year in which we made this topic more tangible in various forms, like the D&I council we established, giving it extra attention during the annual company meeting and embedded even further in training and development and our marketing practices. We believe D&I is an ongoing topic and will evolve over time, which means that we continue with what we have and also developed and executed new ideas in 2023. Below, you can find some highlights of 2023.

- At WE®, inclusivity is at the heart of our values, which is why during Pride 2023 in Amsterdam, we launched “safe spaces” in all our stores. These areas, particularly our fitting rooms, were designed to provide a secure space for anyone looking to get ready for the celebrations. Since introducing this initiative, our fitting rooms remain open throughout the year, ensuring that everyone can feel comfortable and welcome anytime they visit. We’re all about celebrating love, diversity, and togetherness!
- In 2023, we’ve signed the Dutch Social Economic Council’s Diversity Charter, confirming our belief that diversity and inclusion are essential to our business success and corporate social responsibility. By joining other forward-thinking organisations, we’re making D&I a core part of our operations and culture. Signatory companies and organisations draw up an Action Plan for their D&I policy with the support of SER Diversity in Business. To make our commitment measurable and more tangible, we formulated two objectives to work on in the coming years. These two objectives are related to male/female diversity (WE® wants more male employees) and inclusive leaders (WE® wants inclusive leaders). Therefore, a leadership programme will be created and launched in 2024.
- The inspiring and empowering Manifesto created together with young talent and spoken word artist Naomi Grant, still continues to be valuable in 2023 and years ahead. You can watch it at: [https://www.wefashion.nl/nl\\_NL/we-care/people/](https://www.wefashion.nl/nl_NL/we-care/people/).



*“It can be a tough world out there, but if we keep connecting with each other, imagine the great things we can create together”.*

With this spoken word, WE Fashion encourages to think and act inclusive.

**So, what’s your next move?**

**Healthy work environment**

WE Fashion believes that life together is more beautiful, which is reflected in the workplace. For example, in the way we work together and in the service we provide: it's all about connecting with the people around us.

At WE Fashion, 74% of employees are female. It's important that this is reflected in management positions. To safeguard this, we have set ourselves a goal of having at least 33% women in the senior management team.

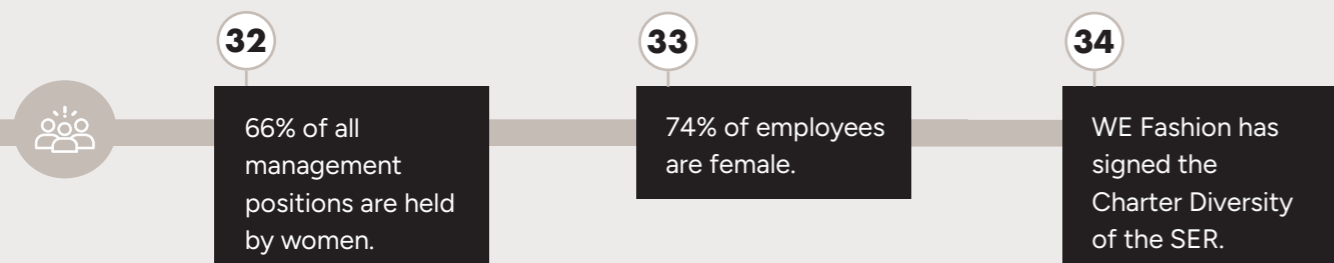
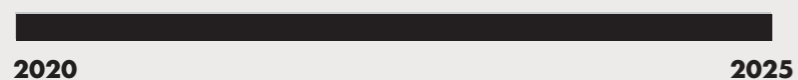
**PERFORMANCE 2023**

**Our goal is to maintain that at least 1 in 3 management positions are filled by a woman by 2025.**

\*including storemanagers

2023 → 65%\*

2025 → 33%



**Below, you can find the results of working towards equal rights and a healthy workplace for WE Fashion's employees.**

- 39% of the board and the senior management in our company is female. This compares to 72% of the store management. Altogether, 65% of our management positions are filled by women. We are proud to have so many women in leadership positions across our company.
- The share of women in leadership positions is one way of expressing the importance of Diversity & Inclusivity. However, it goes far beyond just the percentage of women. We have written this down in our Manifesto. Following the signing of the SER's Diversity Charter, we have added a specific target for the male-female ratio at all levels of our company. Our goal is to increase the number of male employees to at least 1 in 3. Currently, 26% of all employees are male.
- All employees at WE Fashion have the opportunity to develop and become part of the senior leadership team as they grow. We have many colleagues who have already successfully navigated this path in their careers.

2023	Number of stores	Number of employees	Female	Male	Average age	Illness %
Netherlands	92	1267	936	331	30,8	5,5%
Belgium	17	105	94	11	37,7	10.4%
Germany	0	0	0	0	0	0
Switzerland	26	183	151	32	34,2	7,8%
<b>Total</b>	<b>135</b>	<b>1555</b>	<b>1181</b>	<b>374</b>	<b>33,9</b>	<b>6,1%</b>



### Education, health & well-being

Everyone working at WE Fashion should be a WE® ambassador. A WE® ambassador is someone who proudly and confidently works at WE Fashion, who knows how to properly advise our customer, and who can inspire them with our products. We established the WE® Academy to create passionate WE® ambassadors who feel confident and proud to work for WE Fashion, as well as serve and inspire customers about our products.

Training is fruitful for both staff and employers of an organisation; it is necessary to create organisational development and success. Employees who are well-trained become more efficient, productive, and have a better job satisfaction. Inadequately trained employees are likely to have poor job performance and experience more work-related stress. Below, you can find some examples of how WE Fashion supports its employees.

- You work for WE® , WE work for you. WE Fashion offers a broad development programme for all employees and all types of jobs. Specific training courses are also offered for personal growth and working in teams. In addition, many other activities take place, such as lunch & learn sessions (e.g. on sustainability) with inspiring speakers both internally and externally, annual employee satisfaction surveys with specific follow-ups, and an app featuring all training courses.
- We continue the communication around our Health & Wellbeing programme to create awareness of vitality/sustainable employability with a focus on workload, work-life balance ,and development opportunities;
- In 2023, WE® started with the “Moments That Matter Day”. An extra day off, which employees can use for a specific moment that matters to them.
- We also added a “Sabbatical” to our leave policy. You can take a sabbatical of two up to four months. It is an unpaid leave, but WE® pays a 25% sabbatical allowance over the specific period.

- A “workation” of up to 10 days was also implemented;
- WE Fashion offers the WE® Bicycle Scheme to its employees. The purpose of this scheme is to encourage the use of bicycles for commuting, and to keep employees sustainably employable. In addition, it is better for the environment and fits within our sustainability objectives regarding the provision of responsible commuting options.
- In line with WE®’s sustainability objectives, public transport travel is preferred to travelling by car. Employees can choose from several options depending on what best suits their commuting needs. The cost of travelling by public transport is fully reimbursed by WE Fashion.



Below, you can find the results of training WE® employees on our sustainability mission.

- All training courses and workshops are part of the WE® Academy, which was established in 2015 to help WE Fashion employees grow and further develop within the organisation. The WE® Academy offers a variety of training courses and workshops, with information on the new collections, trainings to improve one's performance, and engagement programmes. The WE Care module is part of a larger learning programme for store staff. Ultimately, we want every WE Fashion employee to be able to tell our sustainability story.
- Over the past year, the WE® sustainability team organised training sessions for all Store Managers in the Netherlands. These sessions covered topics, such as good working conditions, product care, and the use of sustainable materials in our products. Tools – such as a maintenance chart with instructions on the most sustainable way to take care of products, as well as information on how to manage in-store waste sustainably – were handed out.

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You work for WE®, WE work for you.

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Since 2023 we have our Moments that Matters Day.

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WE also added a “sabbatical” to our Leave policy.

- To ensure that our customers get the right information about our sustainable materials, the WE® sustainability team has created vlogs for store staff. These vlogs can be found on the WE Fashion Academy app and are addressed to store staff. The vlogs explain the different types of materials and what makes them more or less sustainable.
- The full buying team has been trained by their own CSR department and an external expert on responsible purchase practices;

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A “workation” of maximum 10 days is offered.

### Reduce waste

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

Creating waste puts a burden on the environment. The reduction of waste is the main focus, but when we create waste, many waste streams – instead of being thrown away – can be used to provide new raw materials, such as textiles, paper, cardboard, and plastics. Waste creation has been identified as a medium risk in our operations. Our particular focus is on preventing product waste streams that have the biggest impact due to their size: paper and cardboard, plastic, textiles, and in-store promotional screens.

### PERFORMANCE 2023

**Our goal is to reduce the waste from our head office and stores by 30% by 2025.**

2023 → -1%  
2025 → -30%



39

By exiting the usage of paper coffee cups, we have reduced our annual waste by approximately 250.000 cups.

**Below, you can find the results of producing less waste in our own operations.**

- Of everything we originally counted as waste, 28% currently (2023) is “residual waste”, which is going to landfill. All other “waste”, like cardboard and transparent plastic, is being recycled. This means that more than 70% of the “waste” doesn’t go to landfill but is being recycled.
- In 2022, we revised our policy on the use of paper coffee cups. As of 2023, we banned all paper coffee cups from our headquarters and stores. In our warehouse, all paper cups are recycled.
- For many years, we have been separating cardboard and plastic in our distribution center, warehouse, and in our stores. Boxes and clear plastic are separated in the distribution center and warehouse, and plastic polybags are collected in our international stores (excluding Switzerland) and returned to our warehouse.

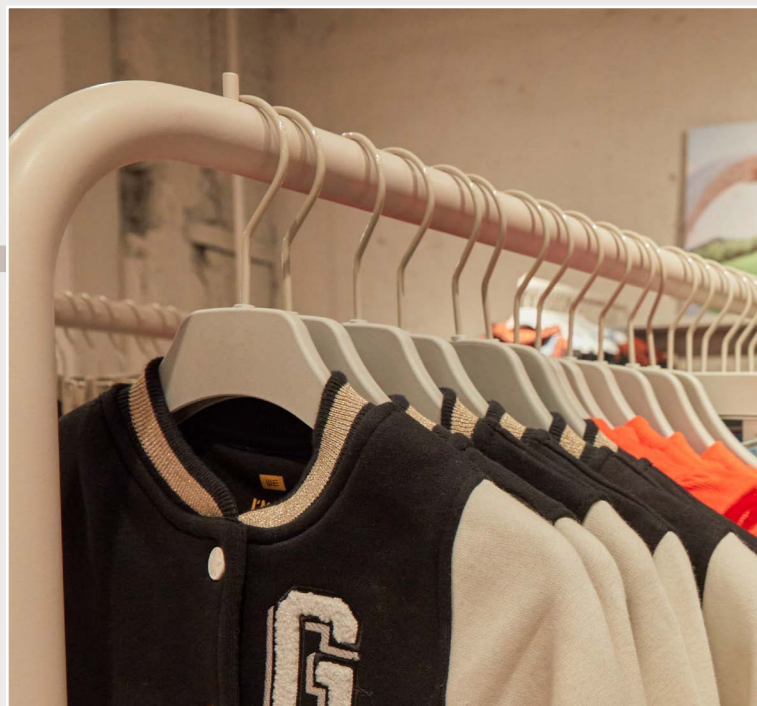
40

App 72% of all “waste has been recycled, like cardboard and transparent plastic.

- Staff from the head office, distribution centre, and warehouse can shop from the sample stock. As the number of colleagues who can buy clothes during a sample sale is limited, a batch was sold to a buyer of second-hand clothing.
- We have no waste bins in the offices, the waste at our head office is collected only in the kitchen areas and separated into different streams. We chose this option in order to properly separate all waste. The canteen also offers the possibility of separating green and residual waste. We separate green, plastic, paper, cardboard and residual waste. In the buying departments, we also collect transparent plastic polybags and textile waste separately.



- Ever since we started separating organic waste, the waste collection has tripled. This means more organic waste can be composted and less waste ends up in landfills.
- We use various types of hangers – all of which we collect and sort out. 52% of these hangers are reused. The hangers we cannot reuse are either fully recycled and used as material input to make new hangers or sold as nurdles (plastic pellets) to the plastic industry in order to make new products.
- Although we have taken significant steps to reduce waste, it is difficult to get specific information. This is due to the fact that we do not weigh the exact weight of containers of waste. From our partner, we only receive data per container and not the weight itself. We are in discussions with them, but this is unlikely to change anytime soon.



41

All of our hangers are reused or recycled.

### Reduction of greenhouse gas emissions

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

We measure our greenhouse gas emissions in CO<sub>2</sub> equivalents on an annual basis. Although we have significantly reduced our CO<sub>2</sub> footprint since we started measuring in 2015, we still believe we can reduce our CO<sub>2</sub> emissions even further. In recent years, we have taken several steps to reduce WE Fashion's footprint. We have lowered energy consumption by installing LED lighting in the offices and stores, and by installing solar panels on the roof of our warehouse. In 2023, we received two electric trucks. This means that almost 30% of all trucks are powered with electricity.

### PERFORMANCE 2023

**Our goal is to reduce the CO<sub>2</sub> emissions from our headquarters and stores with 30% by 2025.**

2023 → -51%  
2025 → -30%

2020

2025

**Below, you can find the results of reducing the greenhouse gas emissions in our operations.**

- Our aim to minimise our footprint is based on reducing carbon emissions from our operations by switching to other energy, transport, and material sources. We do not offset carbon emissions.
- In 2023, heating accounts for 28.3% of emissions, followed by commuting for 23.8% and freight transport for 22.5%. The other emission groups jointly account for 25.4% of total emissions.
- Freight costs decreased significantly in 2023 due to less inventory intake compared to 2022, contributing to significantly lower GHG.
- Inside our stores, we have replaced R-22 in our heating and cooling systems with R-410A as the preferred refrigerant.
- We were able to reduce business travel to 284.11 CO2e tonnes, which is currently 5.8% of our total greenhouse gas emissions.
- At the headquarters in Utrecht, we offer employees the option of charging electric vehicles at work.

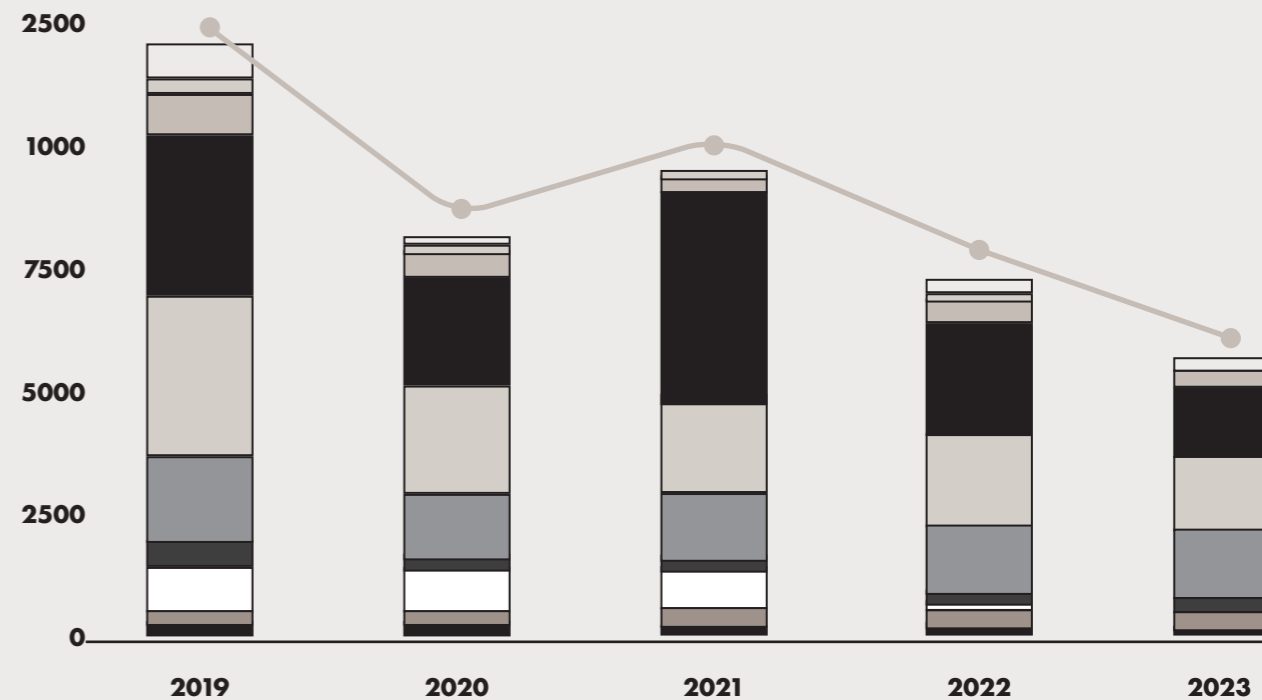
42

Almost 30% of our trucks are powered by electricity.

43

100% green electricity in all our operations.

CO<sub>2</sub>e total



- Business travel
- Freight
- Incoming materials
- Waste emissions
- Company cars
- Heating refrigerant losses
- Target CO<sub>2</sub>e total
- Home work commuting
- Trucks
- Electricity



- Staff with a company car can only choose an electric option. In the year 2023, all but two cars (lease) are electric.
- Since 2023, almost 30% - that is 2 out of 7 in total – of our trucks are powered by electricity;
- Over the past years, we have taken several steps to reduce energy consumption in our operations, including a plan for LED lighting in all stores, the placement of 800 solar panels on the roof of our warehouse, and the switch to 100% green electricity in all our operations. The remainder of renewable energy comes from hydro plants in different countries. All energy used in our operations in 2023 was green and had a footprint of zero kg CO<sub>2</sub> per MWh.
- For 2024 and 2025, we plan to include all upstream and downstream activities in our scope 3 emissions, giving us a more complete picture of our company's carbon footprint.

44

WE Fashion's total tCO<sub>2</sub>e emissions in 2023 are reduced by 51% compared to 2019.

45

Currently, we map scope 1 and scope 2 and only part of scope 3. In 2024 and 2025, we will review and expand this by including more upstream and downstream scope 3 emissions, as a significant part of brand GHG emissions fall mainly under scope 3.



### Sustainable options in the office

Besides the garments we buy to sell to customers in our stores, we also purchase non-commercial items that we need for our operations, such as hangers, office stationary, paper, toners, coffee cups, and much more.

The purchase of non-commercial items is of lower risk, given the environmental impact and the likelihood of unsustainable practices occurring. However, it supports the overall sustainability programme we have launched and shows that we also believe a sustainable and healthy working environment is possible. Our particular focus is on the packaging we send out to consumers, such as e-commerce packaging and polybags, whereby we aim for all packaging to be sustainable by 2025. In total, we use about 200 types of non-commercial articles.

In 2020, we started mapping the non-commercial items we use in our operations, got a clear picture of the materials used to make them, and whether they were produced with certain sustainability certifications. These are either FSC-certified, carry the EU Ecolabel, or are made from recycled materials.

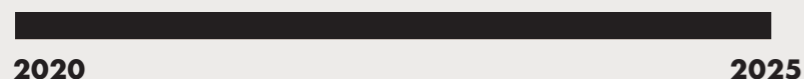
Over 2023, we adjusted the way we calculated. In previous years, we took the total number of items and calculated the percentages of sustainable ones. Today, we optimised this way of calculation by taking into account weight and number of items per item. We cannot retrieve all data from previous years.

### PERFORMANCE 2023

**Our goal is that 50% of non-commercial articles will be a sustainable options by 2025.**

2023 → 79%

2025 → 50%



46

All hangers are either being re-used or recycled.

**Below, you can find the results of procuring more sustainable options for non-commercial articles.**

- Our plastic (E-com) bags are made of 50% recycled plastic.
- All hangers are being re-used and after end-of-life will be recycled. Hangers have a share of 30% based on weight.
- All E-com carton boxes are made with 80% recycled paper.
- The coffee cups we use at our warehouse 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 many CO2 emissions caused by deforestation.
- The tea we offer our employees in the office is Fair Trade-certified. Fineleaf tea is produced on certified organic tea plantations in Sri Lanka, where no chemicals are used. Farmers selling under Fairtrade terms earn at least the Fairtrade minimum price, which acts as a safety net to protect producers from an unpredictable market.

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All items contains at least 10% more sustainable material.

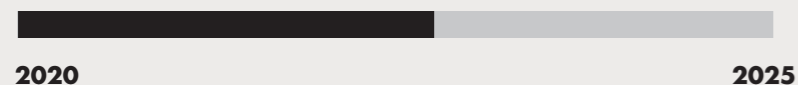
48

79% of the total weight comes from a more sustainable option, like recycled, FSC paper, or has an ecolabel.

## PERFORMANCE 2023

Our goal is that 100% of our B2C packaging will be made from sustainable materials by 2025.

2023 → 55%  
2025 → 100%



- We developed a Sustainable materials Policy for all articles purchased by WE®, including criteria for non-commercial articles (NCA). With this policy, departments have guidelines for developing plans on more sustainable purchasing, such as for marketing and in-store design;
- We exclusively use FSC-certified paper and cardboard for price tags and promotional materials, as is the case for the brand's stationery. By doing so, we contribute to reducing our environmental impact, as the paper and cardboard come from FSC-certified forests. These forests are managed with consideration for people, wildlife, and the environment;
- We outsource many of our non-commercial articles (NCA) through a partner. They have a sustainable materials policy, in line with our guidelines for more sustainable purchasing;

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Our polybags are made with 50% recycled plastic.

50

All price tags and almost all hangtags are made of FSC-certified paper.

51

82% of all items contain at least 5% more sustainable material.

- The carrier bags we use in stores are now made with 50% recycled polyethylene. Studies have shown that these bags have the lowest footprint of all bags. The only major issue is the waste stage. Plastic can be reused and recycled many times, but we need to ensure that plastic does not end up in landfills or in the ocean. On our carrier bags, we ask our customers to reuse the bag as often as possible and, when it is time to throw it away, to put it in the plastic recycling bin;
- The new polybag is designed to make customers aware of the use of plastic and the fact that they can use the bag multiple times. We ask them to throw it in the recycling bin when it wears out. This bag is used in all of WE Fashion's stores.







# CONTRIBUTING TO SOCIETY



### CONTRIBUTING TO SOCIETY

Each year, WE Fashion supports various charities. Among other things, we've made funds available to support cancer research, build houses, contribute to a dance programme for the elderly, and by helping fund a local support to enthuse highly motivated young people to go to university.

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

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

Our goal to give back to society contributes to many different Sustainable Development Goals, but mainly supports 17.





### Supporting charities

The WE® Get Together Foundation supports charities that work to better the lives of all by improving living standards, the environment in which people live, their health and children's education, and offering disaster relief.

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

Over the past few years, supporting communities and charities has been an important part of our sustainability work. It is part of our value to share and connect.

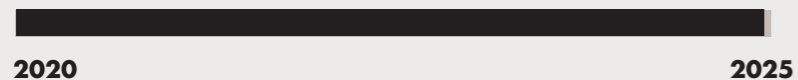
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### PERFORMANCE 2023

**Our goal is to donate 100% of product waste to charity by 2025.**

2023 → 99%

2025 → 100%



**Below, you can find the results of donating all product waste to charity.**

- WE Fashion and the Salvation Army collaborate in a long-term and international Recycle Programme, which is part of the sustainability mission WE CARE. Customers can give their worn garments from WE Fashion a second life by handing them in at a WE® store. All collected clothing is donated to the Salvation Army ReShare and reused or recycled wherever possible. All wearable clothes go to those in need or are sold at an affordable price in the ReShare Stores. Revenue from the sales supports the Salvation Army's charitable work. By donating their clothes, our customers support a good cause, make other people happy, and contribute to a better environment.
- Since 2020, WE Fashion has had outlet stores. From then on, much of the old stock gets sold in outlet sales/stores and therefore doesn't go to charity.
- In total, WE® donated 97.000 pieces to charity. Amongst others, we donated approximately 12.000 pieces of the old stock to the Red Cross for emergency relief after the devastating earthquakes in Türkiye and Syria. We also donated over 37.000 pieces of clothes to Lifeline Ukraine.
- The WE® Get Together foundation manages funds for charitable donations. The foundation's funding in 2023 came from organising sample sales and selling batches to a second-hand clothing buying. In 2023, the foundation received €84,342 in funds and spent €61,032 on dozens of different charities.
- Since 2023, we support Dress for Success Utrecht on a structural basis. Dress for Success is a professional non-profit organisation. They provide minimum-income jobseekers with presentable clothing and individual advice to successfully apply for jobs. This way, they help people look their best when seeking employment. Ultimately, it is about enabling people to participate in society, get out of poverty, and become economically independent. WE Fashion supports Dress for Success by donating clothes. Representatives from their local office in Utrecht are regularly received at our distribution centre and can pick out the right clothes for their clients.

**Charitable donations in 2023:**

- STICHTING WE® GET TOGETHER donated €15,000 to Giro 555 for the victims of the devastating earthquake in Syria and Türkiye. For the earthquake in Morocco and the floods in Libya, we donated €15,000 to the Red Cross for each catastrophe;
- Like last year, STICHTING WE® GET TOGETHER also donated clothes to Lifeline-Ukraine, a foundation that helps civilians, veterans, civil society organisations, and small businesses in Ukraine in their efforts to survive and prosper during and after the war;
- STICHTING WE® GET TOGETHER donated €5,000, which is the same amount as in 2022, to KNGF Guide Dogs. KNGF helps people with disabilities expand their world and maintain their independence with the help of professionally trained assistance dogs. Finding a nice job, going out, taking a holiday, or visiting a restaurant can be challenging for people with disabilities. An assistance dog makes it a little easier to go out, increasing social life. With this donation, service dogs will be cared for by a family for a year.
- For a complete overview of all donations made by STICHTING WE® GET TOGETHER, please check the annual financial report: [https://www.wefashion.com/nl\\_NL/we-care/transparency/](https://www.wefashion.com/nl_NL/we-care/transparency/)







### Transparency

Having information on where our products are produced makes it easier to help workers and their representatives with complaints about working conditions and environmental issues in our supply chain. When international or local stakeholders raise concerns, we will investigate the issue. If we can, we will help resolve the problem together with factories, suppliers, other brands, and stakeholders.

#### Steps taken towards transparency

In past years, we have taken a number of important steps towards greater transparency. This will foster engagement with stakeholders and improve and validate our sustainability goals and action plan.

#### Steps taken:

- WE Fashion signed the Transparency Pledge. The objective of the Transparency Pledge is to help the garment industry achieve a common minimum standard for factory disclosures;
- WE Fashion publishes its list of factories online. Through the years, we have shared increasingly detailed information about our supplier list. This list includes information on the location, parent company, number of employees, and the percentage of women working in each factory. You can find the list on the website: [www.wefashion.nl/nl\\_NL/we-care/transparency/](http://www.wefashion.nl/nl_NL/we-care/transparency/);
- To increase transparency, the WE Fashion factory list has also been published on the Open Supply Hub, previously known as Open Apparel Registry (OAR). It can be found as contributor list of WE Europe BV on <https://opensupplyhub.org/?contributors=1508>;
- In 2016, WE Fashion has disclosed its factory list for the first time. This was to the former Dutch Agreement on Sustainable Garments and Textile (AGT).



# SUSTAINABLE DEVELOPMENT GOALS (SDGs)



## Contributing to the SDGs with WE Fashion's sustainability strategy

The Sustainable Development Goals (SDGs) are a universal set of goals, targets, and indicators to be achieved by 2030. They provide a focus for how businesses, governments, and civil society organisations can tackle global challenges to promote a more sustainable future for all. Through WE Fashion's sustainability strategy and the many partnerships WE Fashion is involved in, we support the goals of several SDGs.

The goals and actions as described by WE Fashion in its sustainability strategy directly and indirectly impact the targets of the SDGs as listed below. Our plan ties in with the global sustainability agenda. The goal is to make more progress together. With the targets in the WE® sustainability strategy for 2025, we contribute to the multiple SDGs. For each pillar, all relevant SDGs are listed.

## SUSTAINABLE DEVELOPMENT GOALS



# ACKNOWLEDGEMENTS

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

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