

Social
Responsibility
Report 2020

**Staying *zuinig* in
an exceptional year.**

NEEMAN

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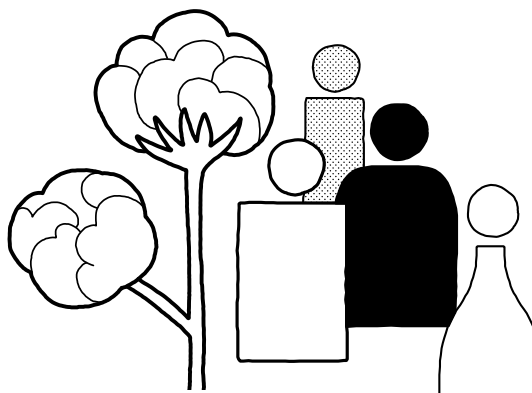
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**We remain *zuinig*.
With an eye for
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Foreword.

The passing of Jan Zeeman hit us hard in 2020. Tuesday, 2 June was a sad day for us all. Jan Zeeman's unconventional entrepreneurship led us to where we are today. He conveyed to us the importance of being *zuinig* of relationships and staying mindful of the interests of everyone in the chain. We are grateful to him for what he made possible, and his thoughts live on in our operations.

Even in this exceptional year of pandemic we continued to do business in a responsible manner. 2020 was more important than ever in this perspective. We have remained true to our principles and have conducted a dialogue with our stakeholders and suppliers in a transparent manner. With an eye for each other. The COVID-19 pandemic also demonstrated the extent of interdependence within the global supply chain, as well as the vulnerability of the chain itself. Lockdowns in our manufacturing countries and in Europe had a direct impact on our partners and on our business operations. As a result, we were able to see the consequences of our actions deeper down the chain and took responsibility there. This includes meeting our commitments on payment terms and volume take-downs and compensating factory workers in Bangladesh and India for our share of wages during lockdowns in those countries. Partly thanks to our sound financial foundation, Zeeman achieved excellent figures in 2020, and we look toward the future with confidence.

One of the most important things we achieved in 2020 was further cooperation with Fair Wear, which took shape and gave us new insights. With Fair Wear's help, it is easier for factory workers to report grievances and problems through a local phone number. Fair Wear's local experts then spring into action to make the problems visible, discuss them and make changes. With special training in the factories, Fair Wear

ensures that factory workers are better informed about their rights — one of the ways to prevent problems in the future. Fair Wear also provides a new perspective on our buying policies by asking suppliers for their opinions directly.

In addition, we managed to make at least 25% of our clothing and textile collection with sustainable cotton in 2020. We have well surpassed our goal, and today as much as 42% of our total cotton consumption consists of sustainable cotton. This brings the proportion of sustainable materials across our entire product range up to 29%.

A third important step in 2020 involved mapping out some of the suppliers to the factories we work with, such as spinning mills and dyeing plants. We think it is important to publish the data of these indirect links as well. This enables us to discuss problems that may occur anywhere in the chain with the stakeholders involved and reach a solution together. We have set a goal of knowing the origin of 70% of our cotton, from cotton plant to finished product, by 2021.

In 2021, we face new challenges. In partnership with thrift department store *Het Goed*, we will be collecting used clothing and offering second-hand clothing for sale in some of our larger stores. And we want 35% of our clothing collection to be made from sustainable materials, and 50% of the

cotton we use must be sustainable. Finally, we will be using the information gathered in 2020 in the area of living wages to create a concrete action plan. So we'll keep raising the bar, bit by bit.

To all those who help us do this, all our very committed colleagues, partners, NGOs, critics and customers, I hereby express my sincere thanks.

I hope you'll enjoy reading the report!

Best wishes,

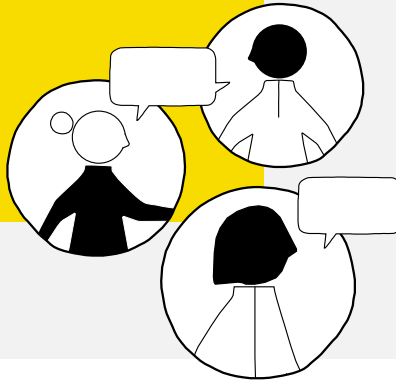
Erik-Jan Mares
CEO



2020 in focus.

Our suppliers were able to give anonymous feedback about the collaboration.

In 2020, we asked our suppliers to rate us on how we work with them. By means of an anonymous questionnaire, they gave their opinions on items such as sampling, price negotiation, forecasting and planning. We will use the results of this survey in 2021 to recalibrate our buying practices.



42% sustainable cotton.

By 2020, our share of sustainable cotton was 42% of our total cotton consumption. That's almost double the amount in 2019. And 29% of our total collection consisted of sustainable materials, such as recycled polyester and sustainable viscose.



Management Team of the Year 2020.

During the Retailer of the Year awards, Zeeman's management team was named MT of the Year.



Revenue €740.6 million.

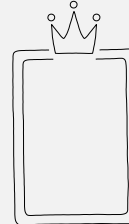
Passing of Jan Zeeman.

Our founder Jan Zeeman passed away this year at the age of 78. His unconventional entrepreneurship led us to where we are today.



Sustainable Retailer 2020 nomination.

We were nominated as Sustainable Retailer of the Year in the Retailer of the Year awards. We finished among the final three, with Mud Jeans being the deserved winner.



Impact of COVID-19.

The course of the year

2020 was a turbulent year. We first experienced the effects of the coronavirus crisis when a number of our suppliers had to close their factories. First in China and later in other production countries. The flow of goods began to falter in February. After the virus reached Europe, we had to close all our 784 stores in Spain, France, Luxembourg, Austria, Belgium and Germany at the end of March. Only in the Netherlands did almost all stores remain open initially, with operations adapted to the special guidelines. During the second lockdown in December, the Dutch stores did have to close their doors too.

Online

As a result of the store closures, our online stores in the Netherlands and Belgium were faced with an enormous influx of orders. We weren't adequately prepared for this. Which brought technical and logistical challenges.

Keeping contact internally.

With a new app, which took off within a week of the coronavirus crisis breaking out, we introduced a new way to stay in touch with each other. As colleagues, we regularly share videos, positive messages and small successes, as well as things we are struggling with.

Guiding principles.

"A brand's true character emerges in times of crisis," it is sometimes said. From day one, Zeeman has maintained the following three guiding principles:

- We ensure the health and safety of all Zeeman employees. To do so, we follow and communicate local government guidelines.
- We safeguard the continuity of Zeeman as a company both in the short term and in the long term.
- We use our own approach for communicating and implementing measures. Which is to say: being *zuinig*, of people, the environment, and society. In concrete terms, this means:
We apply a human touch with our stakeholders, both inside and outside the company. We engage in a dialogue, do so in a courteous manner, and do not announce unilateral decisions. We are transparent and clear, to everyone and in all areas. We demonstrate our commitment and family spirit both inside and outside our company.

Supplier management.

We also apply these principles in our dealings with our agents and suppliers in East Asia. Our mutual dependence has come very much to the forefront.

Towards our suppliers and partners with whom in many cases we have been doing business for decades, we have opted for a tailored approach with the goal of continuity for both our partners and Zeeman. The three major issues in our COVID-19 policy for our suppliers are:

- We simply maintained our 14-day payment period during this crisis and did not extend it. We also reaffirmed this to our suppliers.
- We have individually contacted our suppliers about pending orders:
Spring orders were largely shipped as agreed; some orders were called later by mutual agreement. A small portion is in storage and will be shipped this year. The bulk of our range consists of basic textiles. Long-term contracts have been signed for these. Within this timeframe, we can shift numbers, with the guarantee that we will accept 100% of the goods over the agreed period.
- We are also demonstrating our commitment to suppliers for future orders.

In April, our suppliers received a questionnaire directly from us to provide detailed information on the impact of the pandemic. Questions concerned financial continuity, but more importantly, employee welfare. The responses revealed that the governments in Bangladesh, India and Pakistan had allowed employers to cut wages during the April lockdown. It was also found that while wages had continued to be paid by our suppliers in Pakistan, factory workers in Bangladesh had seen wages cut by 35%, and in India by 50%. Based on this data, we decided to provide compensation for the lost wages in proportion to our share of production at these suppliers. This compensation was paid to the factory workers in early 2021.

"We compensate factory workers for lost wages due to the lockdown."

As a Fair Wear member, we were able to support Fair Wear's position that brands have a big role to play when it comes to garment workers' wages. To reinforce our approach, we additionally endorse the 'call to action' drawn up by the ILO in collaboration with various international parties active in the clothing sector.

Post-corona perspective.

Because Zeeman was in good financial shape before the crisis began, we were resilient to the impact of the pandemic measures. An important principle is that as a family business, we are focused on the long term and therefore do not need to change our growth strategy in the short term. And we have found that in a time of crisis, we are and remain relevant to a great number of people. Partly as a result of this, we ended 2020 with an excellent profit result.

About Zeeman.

Zeeman is a chain of textile stores with nearly 1,300 stores in seven European countries and online. Zeeman stands for quality basics and textiles.

Our designs are simple. This enables us to manufacture them at low cost and in large quantities. And through clever organization, we ensure the lowest possible price. In these stores, we offer a wide range of products categorized into four core groups: baby & children's clothes, legwear, household textiles, and underwear & sleepwear. We also have women's and men's fashion, as well as non-textiles such as food, home accessories, and cleaning products. Zeeman is a family business: 100% of the stock is held by the Zeeman family.

A single central service office and distribution center.

Zeeman's roots lie in the town of Alphen aan den Rijn in the Netherlands, where Jan Zeeman founded the first store for household textiles and basic clothing in 1967. Today, the enterprise consists of the Zeeman Groep B.V. holding company and our subsidiary companies in the Netherlands and various other European countries, as well as Hong Kong. Our service office can still be found in Alphen aan den Rijn. Outside the Netherlands, we only operate our sales organization. Buying, distribution and all other supporting services are managed centrally from within Zeeman textielSupers B.V. All stores are stocked from the central distribution center in Alphen aan den Rijn.

	2018	2019	2020
Net revenue in millions of €	609.0	639.1	616.6
Consumer sales in millions of €	732.3	768.6	740.6
Number of products sold in millions	284.4	284.0	261.9
Average number of employees in FTE	6,019	6,067	6,246
Lower sales in 2020 due to Covid-19 measures causing temporary store closures.			

Profile

+1,279 Textile stores

7 **European countries**
Belgium, Germany, France, Luxembourg, the Netherlands, Austria, and Spain.

2 **Online stores**
In the Netherlands and Belgium

4 **Core groups**
Baby & children's clothing, legwear, household textiles, underwear & sleepwear.

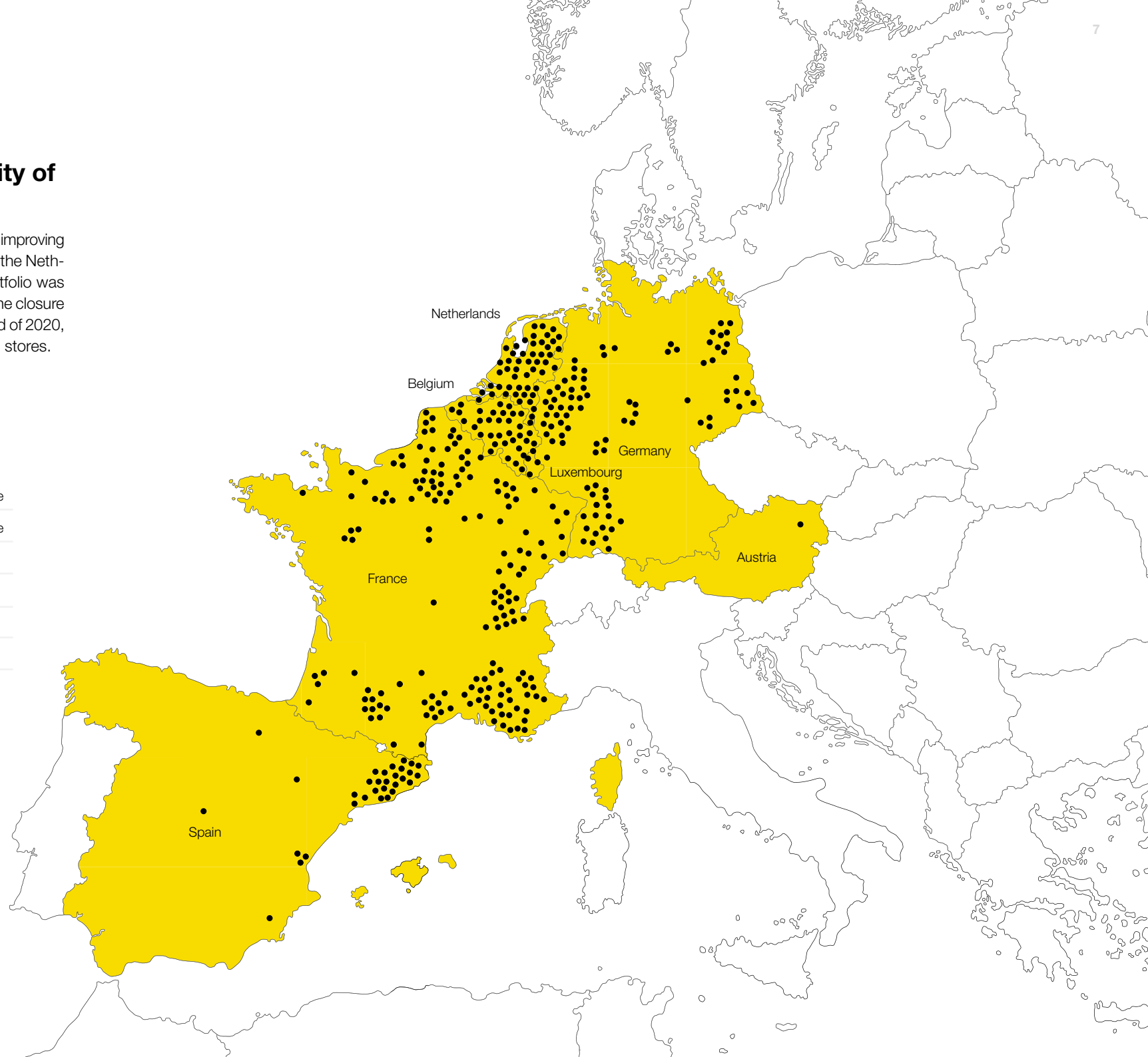
1 **Central service office and distribution center**
Alphen aan den Rijn, the Netherlands

since 1967 **Family business**
100% of the stock is held by the Zeeman family.

Investing in the quality of our store portfolio.

In 2020, Zeeman primarily invested in improving and expanding its store portfolio. In the Netherlands, the quality of the store portfolio was improved through renovations and the closure of underperforming stores. At the end of 2020, there were a total of 1,279 Zeeman stores.

Netherlands	468 stores + online store
Belgium	268 stores + online store
Germany	149 stores
France	298 stores
Luxembourg	12 stores
Spain	83 stores
Austria	1 store



Remarkably simple.

Value-driven strategy.

Continuity.
Long-term partnerships.

A healthy financial foundation.

Defend our competitive position.

Strive for market leadership in core groups.

Zuinig of people, the environment, and society as a whole.

Focused on the long term.

Zeeman is a family business wholly owned by the Zeeman family. We have a solid financial basis, and we are independent. That's something we cherish: Zeeman chooses continuity and long-term partnerships over short-term profit maximization.

Our mission.

At Zeeman, we see a lot of complexity in the world. And that often surprises us. Because we believe that things are better when you make them simple. And we're glad to do that, for as many people as possible.

Zeeman takes a down-to-earth approach, and that's how we look at everything around us. At products, processes, trends, fashion, and habits. Why shouldn't it be simpler? Thinking for ourselves: that's the way we work.

Zuinig is part of our strategy.

Collaboration with supply-chain partners, transparency about how we work and internal engagement are important starting points for giving shape to our strategy.

- We opt for growth based on a healthy financial foundation.
- We defend our competitive position: offering quality at low prices compared to our competitors.
- We strive for market leadership in our four core groups, in every country where we operate.
- We are *zuinig* when it comes to people, the environment, and society.

Our CSR goals.



Being *zuinig* of our employees, *zuinig* of the environment, and *zuinig* of society — these are the objectives of Zeeman's CSR policy.

Read more on page 15

Anchored in sustainability.

Interview with Bert Roetert, Chairman of the Supervisory Board.



“The important thing is that Zeeman takes responsibility for CSR throughout the supply chain.”

As chairman of the SB, how are you involved in Zeeman?

As Supervisory Board chairman, I am very involved in the ups and downs of Zeeman and therefore also in its CSR policy.

From your perspective as a supervisor, what is your view on Zeeman's CSR policy?

Zeeman's CSR policy was an important part of my reason for saying yes when I was asked to become chairman of Zeeman's SB in 2018. Being responsible for supervising this policy, after three years, I can only say that it continues to develop. As it should, because a good CSR policy is proactively oriented and certainly should not be used reactively after the fact.

How do you ensure that CSR is sufficiently embedded within Zeeman and that objectives are achieved?

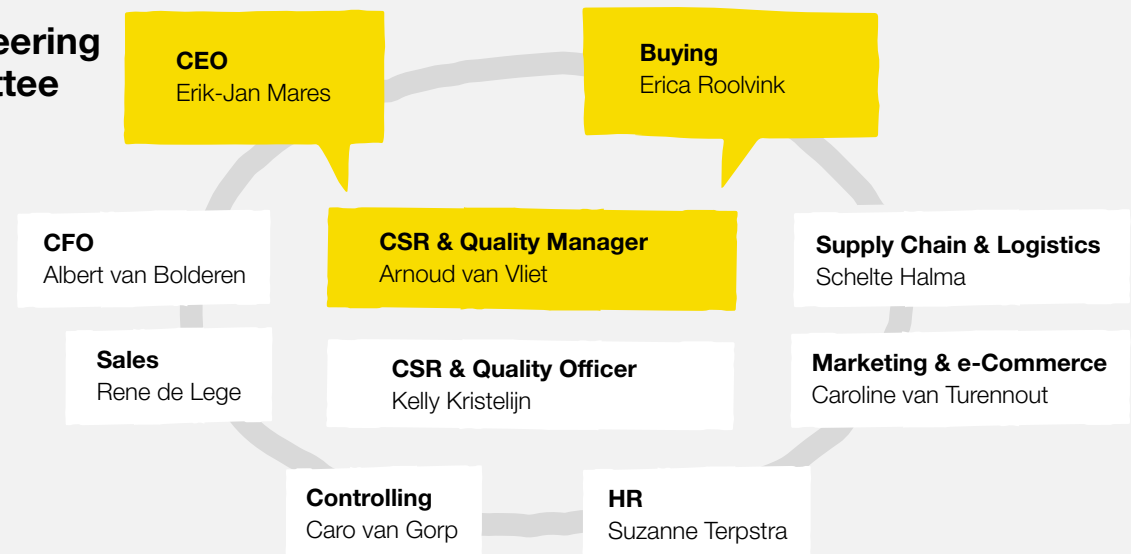
The point is that Zeeman takes responsibility for corporate social responsibility throughout the entire supply chain. As much as possible for its entire course from cotton picker to consumer and everything in between. This is quite difficult because not all circumstances can be influenced. But where we ourselves are at the wheel, we must take this responsibility. This also means the management is judged on the implementation of the CSR policy's objectives. In 2021, it's not just about numbers, but also about the continuity of the company on a social level. Only those companies that give factors such as sustainability and general wellbeing an important place in their policies will ultimately survive, simply because public goodwill will play an increasingly important role in the market.

What do you personally think is the most relevant CSR theme, and why?

I think, in the framework of the above, it's not a good idea to focus on any single CSR theme. We need to meet the goals we set each year and proactively let new goals reflect the trends and developments we see in society. As far as I'm concerned, doing business in a socially conscious and empathetic way is the creed here. This is not a new holistic vision, but a necessary foundation for a sound business strategy that is focused on the future.

See page 55 for Supervisory Board

CSR Steering Committee

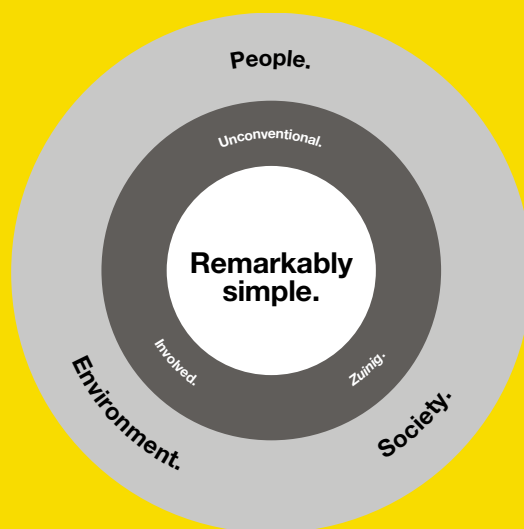


CSR is embedded in our culture.

Good, responsibly produced clothes and textiles at the lowest possible price. At Zeeman it's possible, because we keep everything simple.

What drives us.

Keeping everything simple is what drives us. Because we believe that things are better when you make them simple. That also applies to the words we use. Today, everyone is talking about corporate social responsibility. We simply call that being *zuinig*. As a family business, we have always been *zuinig*. *Zuinig* of the resources that we depend on. And *zuinig* of the people who work for us, the environment and our society. Because if you are *zuinig* of everything, good and affordable go hand in hand.



How we do it.

Our unique culture is described by our three values: involved, *zuinig*, and unconventional. We tackle things with our own, down-to-earth perspective. That way we stay aligned and form *one* Zeeman. Despite the physical distance between the stores and the service office.

Involved.

At Zeeman, we work as a single team. Whether you wear a suit, a shirt or an overall, they all have sleeves you can stick your hands out of. We believe in long-term collaboration with our suppliers, and we think it is important to do business honestly and fairly.

Zuinig.

This typical Dutch word has two meanings: caring and cost-conscious. We are cost-conscious, but we also find it important to treat people, resources, the environment and society with care. We always look for the right balance and do so in a very transparent way. Everyone who works at Zeeman thinks thrice before spending money on something. Because if you're *zuinig* of something, you treat it with respect.

Unconventional.

We are independent, and we set our own course. We are not beholden to external shareholders. We do listen carefully to our stakeholders. Think for yourself and come up with creative solutions: this mindset can be found throughout the organization. If we believe in something, we prefer to try it out for ourselves. We only outsource when we really have no other choice. That has to do with costs, but even more with what seems logical to us.

What the world will notice.

People.

We work with respect for each other, our customers, our colleagues and our partners. We value the opinions of our colleagues and involve each other in everything we do. In this way, we achieve our goals together. We also invest in long-term partnerships with our suppliers, and assume win-win situations.

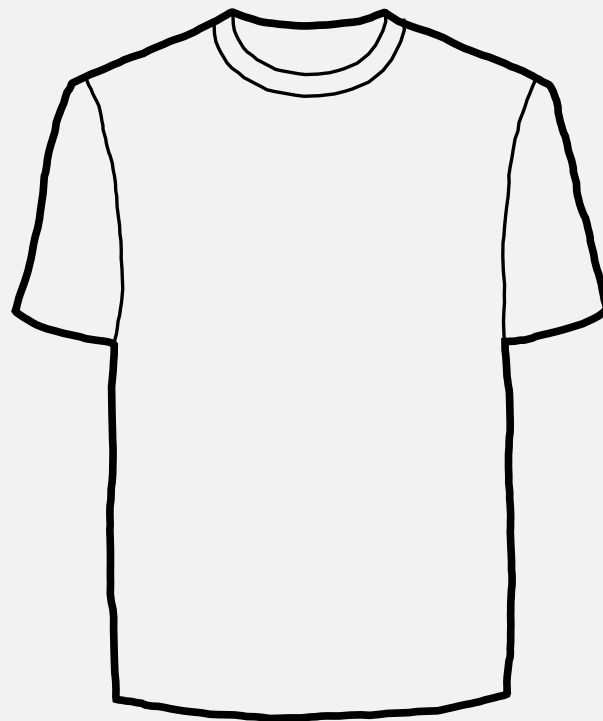
Environment.

By being *zuinig* of materials, we at Zeeman save on costs and at the same time ensure a lower impact on the environment. That way, at Zeeman, good and affordable go hand in hand.

Society.

By doing business *zuinig*, Zeeman has for many years been a stable employer for 8,000 people, a reliable customer for a large number of manufacturing and service companies, and producing responsibly made products that are attainable for everyone.

The way others do it.



Brand shirt
24⁹⁵

The way we do it.

Our smart business operations result in our low prices.

Our designs are simple.

Manufacturers do not receive penalties
for late delivery.

We produce large quantities in few variants.

Simple stores without fitting rooms.

We buy directly from the factory without
intermediaries.

Smartly transported over water.

We don't use any lavish packaging.

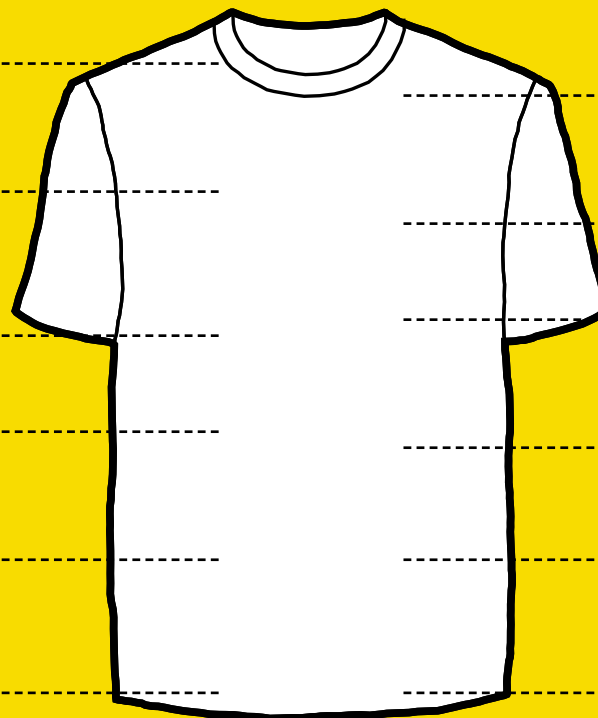
Low profit margins; the savings are for
our customers.

No fast fashion; our manufacturers plan
efficiently, and little stock is left over.

Low marketing costs.

Small service office where we do as
much as possible ourselves.

We pay our suppliers immediately
after shipment.



Zeeman shirt
249

Our goal. Our impact.

And the commitment expected of Zeeman to achieve the goals.

Major points for improvement from factory audits corrected.

100%

Achieved in 2020

Factories where the difference between minimum, actual and living wage has been assessed.

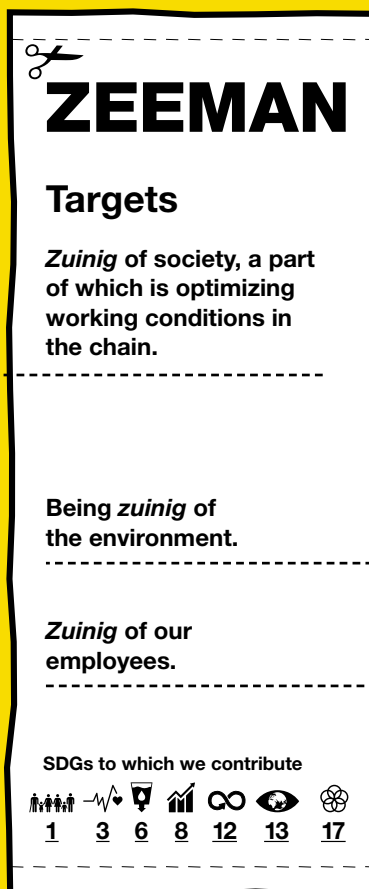
33%

Achieved in 2020

Quality spot checks passed.

97%

Achieved in 2020



Sustainable cotton relative to total cotton consumption.

42%

Achieved in 2020

Total sustainable materials relative to total consumption.

29%

Achieved in 2020

Sickness absence.

7.0%

Achieved in 2020

See page 16 for detailed information

Sustainable Development Goals.

The 17 Sustainable Development Goals (SDGs) were developed by the United Nations and are part of the Sustainable Development Agenda. Combating hunger and poverty are two important goals. But health and wellbeing, clean energy, attention to the climate, and economic goals also play a role. All of the goals should be realized by 2030. Through our activities, we contribute to the realization of the SDGs listed below.



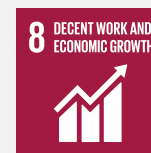
The first goal is about ending poverty. No one should live in extreme poverty in 2030. We believe that everyone who works on Zeeman products should be able to earn a living wage. Read more on page 35.



Goal three is about health and wellbeing for everyone from young to old. At Zeeman, we steer towards sustainable employability and reducing absenteeism. In addition, we offer training to promote the health of our employees. Read more on page 50.



Since 2018, we have been actively working to reduce potentially negative environmental impacts of our production. An important spearhead is that a water treatment system must be used in factories that produce for us, in order to prevent water pollution. Read more on page 38.



For many years now, we have been committed to improving working conditions in our supply chain. By working together with our stakeholders, through a social dialogue and long-term partnerships with our suppliers, we have been able to achieve structural improvements to working conditions. We continue to seek out cooperation and we want to keep doing better, one step at a time. Read more from page 26 onward.



We think it is important to be *zuinig* with our planet. That is why we are increasingly using sustainable materials, such as organic cotton. In doing so, we are also *zuinig* with water and do not use chemicals that are harmful to the environment. In addition, we plan to increasingly integrate circularity into our policies in the coming years. Read more from page 41 onward.



To do our part against climate change, we are also looking closer to home at how we can become more sustainable and reduce our footprint. For example, we transport goods by water as much as possible and aim to reduce our CO₂ emissions per roll container. Read more from page 47 onward.



To tackle major social issues, collaboration is essential. We do this within the Bangladesh Accord and the Textile Agreement and with industry associations and NGOs. Together, we work on, among other things, safe and fair working conditions and reduction of the impact on the environment. Read more on page 29.

Value creation in the supply chain.

Our strategy and sustainability themes together determine where we add value for our stakeholders. From various angles, we are working on making our product range and business operations more sustainable. Being *zuinig*, which is anchored in our strategy, is reflected in the eight current sustainability themes that manufacturers, customers, employees and other involved stakeholders value.

The value-creation model shows where and how we add value. At the base are the materiality matrix, our strategy, sustainability themes and Sustainable Development Goals. Investments make it possible to do our work. Think of stores, products, transport, employees and sufficient finances. We offer employment to approximately 8,000 employees. Needless to say, the continuity of the organization is also an important starting point.

Link in the chain.



Connectivity matrix.

The matrix below shows how our objectives, material themes and KPIs are linked. The matrix can be used to navigate to the corresponding content. We realize that the impact of our work on stakeholders goes beyond the numbers.

We will explain this in more detail for each material theme. For a number of themes we first take a baseline measurement and then set concrete objectives.



Zuinig of society, a part of which is optimizing working conditions in the supply chain.

Transparency and traceability in the supply chain.	Safe and healthy working conditions.	Child and forced labor.	Sustainable buying practices.		A living wage.
KPI % of East Asia and Turkish suppliers where independent supplier audits have been carried out.	KPI % major points for improvement from Zeeman's social audit corrected	KPI % cotton of our total cotton consumption whose suppliers are known (so that the origin can be traced).	KPI % of purchase value from the 50 largest East Asia and Turkish suppliers.	% of the 50 largest East Asia and Turkish suppliers with whom we have been working for 5 years or more.	KPI % of East Asia and Turkish factories where the difference between minimum, actual and living wage has been assessed.
2020 2021 target 100% ● 100%	2020 2021 target 100% ● 100%	2020 2021 target 39.5% ● 70%	2020 2021 target 70% ▲ 75%	2020 2021 target 93% ▲ 95%	2020 2021 target 33% ▲ 60%
SDG 8 SDG 17	SDG 8 SDG 17	SDG 8 SDG 17	SDG 8 SDG 17		SDG 1 SDG 17



Zuinig of the environment.

Product quality and safety.	Environmental pollution by factories.	Sustainable materials and resources.		Circular economy & packaging and waste.	Sustainable employability and training.
KPI % of spot checks performed in the reporting period that passed.	KPI Number of manufacturers in East Asia and Turkey using at least one wet processing unit with a water treatment system (ETP, effluent treatment plant).	KPI % sustainable cotton sourced by Zeeman suppliers in relation to total cotton consumption.	% total sustainable materials in clothing and textiles relative to total consumption.	KPI % recycled waste.	KPI % sickness absence.
2020 2021 target 97% ▲ 98%	2020 2021 target 3 ▲ 15	2020 2021 target 80% ● 95%	2020 2021 target 42% ▲ 50%	2020 2021 target 29% ▲ 35%	2020 2021 target 90% ▲ 91%*
SDG 12	SDG 3 6 SDG 17	SDG 12 SDG 17 SDG 12	SDG 12 SDG 17 SDG 12	SDG 12 SDG 17	SDG 3



Zuinig of our employees.

20% reduction by 2023 (relative to 2019)

Our playing field.

In the middle of an increasingly sustainable society.

Has corona changed your course?

"No, not really. Zeeman is on a steady course. We believe in the long term. We went into the coronavirus crisis with a solid financial foundation. And even though our industry has been hit hard, we have an ideal product range with a lot of basic textiles and sell very little trend-sensitive fashion. That's why we remain relevant to many people even in these times."

Did your suppliers notice that?

"At the start of the first lockdown, we reaffirmed our 14-day payment term and expressed our long-term commitment to our suppliers. In close consultation with our suppliers, we have sometimes called off orders for our basic items later than usual. The fact is that we can't do without our suppliers and our suppliers can't do without us. The pandemic has shown that our partnerships are resilient."

In 2020, many clothes went on clearance sale.

Did that happen at Zeeman too?

"At Zeeman we have the lowest possible prices every day. Therefore, we did not go along with big clearance sales and discount promotions like Black Friday in 2020. We can do that because we don't sell a lot of fashion items as such. So we don't need to get rid of our stock quickly. Our products remain current. What we don't sell this year, we'll just sell next year."

Are customers still looking for sustainable?

"Yes, in 2020 we see that a large proportion of consumers believe that a sustainable world begins with them. 43% are willing to pay a premium for sustainable products. But at the same time, customers also remain price-conscious. This is an interesting development. People want to know things are

alright. In the market, we see that this desire is increasingly capitalized on. That's why in 2020, the Netherlands Authority for Consumers and Markets (ACM) drew up a guideline for sustainability claims made by companies. Starting in 2021, the ACM will be conducting checks on sustainability claims. We are very transparent about what we're up to. And we're doing a better and better job explaining it."

Is Zeeman circular?

"We see that circularity is gaining prominence, including in our industry. For example, we know that the second-hand clothing market is growing 21 times faster than traditional retail. On the other hand, we see that still, 55% of used clothing ends up in landfills. We have added these two developments to our circular agenda. In 2021 we want to start a pilot in the Netherlands together with our partner *Het Goed* where customers can hand in used clothes to us and buy second-hand clothes from us."

What will that collaboration with *Het Goed* look like?

"*Het Goed* sorts the used clothing that our customers return to us. Some of these then come back to be sold again. Clothing that can no longer be sold is 'fiberized' and recycled. In this way, our customers themselves contribute directly to the circular economy; they can come to our stores for nice second-hand clothing."

You were voted CSR manager of the year in 2019.

Do you also share your knowledge with young people?

"We feel it is important to share our sustainable approach with the next generation. Sustainability is also rightly receiving increasing attention in education. We regularly give guest lectures at Wageningen University, the Amsterdam Fashion



"We can't do without our suppliers and our suppliers can't do without us."

Arnoud van Vliet, CSR & Quality Manager.

Institute and TMO Fashion Business School. In this way, we inspire schoolchildren and students and teach them to make sustainable choices themselves. In 2020, we were also partners in the development of the book *The World of Clothes*, an initiative of Duurzame Pabo. Excerpts from this book were read at more than 4,000 elementary schools on Sustainability Day for Education. And a team of international students got to work for us on a circular case. This was an SDG challenge organized by Windesheim University of Applied Sciences in partnership with Soapbox. The Zeeman team convinced the expert judges and won the challenge. In 2021, we hope to actually implement the winning idea."

Market developments.

The retail sector has been hit hard by the coronavirus crisis this year. Fear of contamination combined with government measures in response to the pandemic have made shopping unattractive to a large group of people. However, a great deal of variability can be seen. Sales of cars, clothing and shoes went down sharply while supermarkets, electronics dealers and DIY stores made extra sales. This is evident from transaction data from ABN AMRO. Consumer spending is expected to rebound in 2021 but consumers will generally be more cautious about spending.

The Brand & Society Monitor (continuation of *Dossier Duurzaam*) is a collaboration of B-open and MarketResponse. They conduct annual market research among consumers on the importance of sustainability. Half of consumers pay attention to the social role or sustainability of products and services during purchase decisions. This share is the same as last year. One explanation is that on the one hand, the coronavirus crisis is causing increased attention to sustainability and social responsibility. On the other hand, the economic recession resulting from the crisis is causing consumers to pay less attention to sustainability. These effects offset each other. Government and businesses carry the most responsibility for a better world, consumers feel in 2020.

When consuming, attention is paid to various themes, such as the environment, local production and animal welfare. 30% of consumers pay attention to circular economies. They primarily want to use stuff, and don't need to own it.

58% of consumers' confidence increases when brands show that they make a positive contribution to society. Despite the coronavirus crisis and its economic effects, 43% of consumers are willing to pay more for sustainable products and services. This percentage rose from 36% in 2018 to 38% in 2019. At the same time, price still appears to be the deciding factor in making a purchase.

A large proportion of consumers feel that a sustainable world begins with them. Companies are increasingly responding to this by speaking out about sustainability. The Netherlands Authority for Consumers and Markets (ACM) has therefore drawn up a guideline in 2020 for sustainability claims made by companies. In addition, ACM counters deception about sustainability by companies, because consumers should be able to trust that sustainability claims are true. Some rules of thumb the ACM describes are that it must be clear to a consumer what sustainability benefit a product has, and that claims must be justifiable. In addition, visual claims and labels should guide consumers and not unnecessarily confuse them. Starting in 2021, the ACM will conduct checks on sustainability claims by companies.

Customer satisfaction.

Improvement of customer satisfaction has our continuous attention in our stores. In 2018 and 2019, the focus was on the theme of 'Attention to the Customer' — things like greeting customers when they enter the store. In order to measure customer satisfaction in 2020, just like in previous years, customers were given cards with a web address for a survey at the checkouts.

“Customers give our stores a score of 8.46.”

This enabled customers to report their experience at our store immediately following their visit. By 31 December 2020, our average score in the Netherlands had risen slightly compared to 2019, from 8.4 to 8.46 (measured from 1 Jan 2020). The NPS score rose in 2020 from 50.9 to 53.3 and the NLS score from 61.1 to 64.7.

Sustainable image.

In our communication and campaigns, we are placing more and more emphasis on being *zuinig* and on responsible production. In October, we actively informed our customers about our '*zuinig*' policies, with in-store materials and T-shirts imprinted with the word '*zuinig*'. Twice we released a collection consisting of solely products made from sustainable materials, with an accompanying campaign. To measure whether this is coming across to people in the Netherlands, we use the Brand Asset Valuator.

“Zeeman scores 72% on sustainable image.”

The BAV has measured how sustainable Dutch consumers think Zeeman is, compared to 1,000 other brands, every year in February/March since 2018. The image aspect 'sustainable' came to 72.0 for Zeeman in 2020, which means that of the 1000 brands measured, 719 are considered less sustainable and 280 considered more sustainable by people in the Netherlands.

Local involvement.

Our store teams know what's going on in their customer base. To assist our stores, we offer a number of opportunities to engage in local activities. For example, handing out sports shirts to clubs and schools in the area and collecting items for charity. We have previously worked with Carebags, Schoenmaatjes, food banks, and Stichting Babyspullen, among others.

Social media also plays a big role in local entrepreneurship. That's why our stores are encouraged to set up their own store pages on social-media channels, through which they can make their own contact with local customers. So stores can use social media to keep their customers informed about new items in the store and other promotions. This also means it's easy for customers to get in touch with the store to reserve items or make an appointment.

Test panel.

Zeeman has a test panel consisting of 22,678 customers. We can ask these customers questions and have our products tested.

No Black Friday.

At Zeeman we have the lowest possible prices every day. As such, in 2020, we again did not go along with the familiar discount promotions on major shopping days like Black Friday. We actually made use of that opportunity to make our position in this clear, using the store poster pictured to the right.



Our stakeholders.

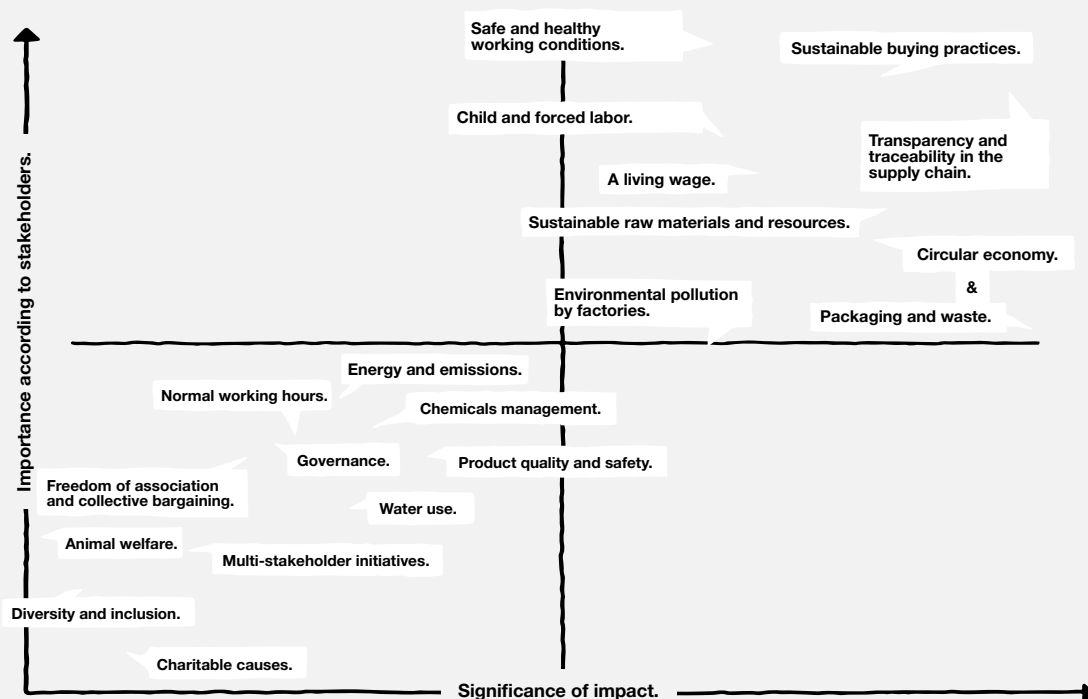
Stakeholder group.	Principle.	Agenda items.	Manner of dialogue.	Frequency.
Customers.	Our (potential) customers are our most important stakeholders. We want to make well and responsibly produced clothing and textiles accessible to as many people as possible.	Quality and product safety, information on production locations and working conditions in the supply chain, sustainable materials.	Stores, website, newsletters, advertisements and leaflets, social media, annual CSR report, customer service.	Daily.
Suppliers and agents in production countries.	We work together with our suppliers and agents and aim for long-term partnerships. In order to achieve our goals, joint commitment is important.	Working conditions at our manufacturers, raw materials, recycling, environmental impact of our production.	Digital correspondence, visiting offices and factories, supplier meetings, tender procedures, agent newsletter.	Daily.
Employees.	Our own employees are the core of our organization. Only with involved, committed employees can we achieve growth.	Employee satisfaction, diversity, communication about sustainability with employees, employee training courses.	Works council, CSR Steering Committee meetings, management & Supervisory Board consultation, Sales & Service days, store work placement, internal Facebook page, CSR e-learning.	Daily.
Government agencies.	An engaged government can help to make the sector more sustainable. We believe it is important to have transparent discussions with governments and to involve them in our objectives and challenges.	Working conditions in our supply chain, quality and product safety, environmental impact of our production and operations.	Digital correspondence, meetings, inspection visits.	Monthly.
NGOs and industry associations.	We believe transparency pays off. That is why we enter into open discussions with NGOs and industry associations.	Working conditions in our supply chain, sustainable materials, environmental impact of our production.	Working groups, meetings via multi-stakeholder initiatives.	Weekly.
The Zeeman family.	We have been a family business since our founding in 1967. More than 50 years later, the Zeeman family is still involved in the course we sail together.	Strategic decisions and objectives.	Meetings and consultations.	Quarterly.
Supervisory Board.	The SB is a body consisting of four persons that carries out oversight of the organization. The SB meets at least once every quarter at our service office.	Strategic decisions and objectives.	Meetings and consultations.	5 times in 2020.
Peers.	We seek cooperation with peers and like to learn from best practices. Industry-wide collaboration is an important part of our strategy.	Working conditions, sustainable materials, environmental impact of production.	Via meetings of the Bangladesh Accord, Textile Agreement, Fair Wear.	Frequent.
Media.	We are eager to explain how low costs and social responsibility go hand in hand at Zeeman. We want to be transparent about what we're getting right and where there is still room for improvement.	Working conditions in our supply chain, sustainable materials, quality complaints and recalls.	Telephone or in-person interviews. Press releases.	Frequent.

Material themes.

At a glance you can see the importance of the various CSR themes we have identified with our stakeholders. In the top right are the themes with the greatest 'materiality'. These are of great importance to both Zeeman and our stakeholders. The matrix can be used to easily navigate to the underlying content.

A risk analysis has been carried out for the most material themes in this matrix. The probability of the risk occurring and its severity were considered. What are the possible consequences, and are these consequences reversible? The extent to which Zeeman is involved in the possible risk was also taken into account.

Materiality matrix.



Transparency and traceability in the supply chain.

A supply chain in which all links in the production process are transparent, making it possible to trace the origin of a product.

Safe and healthy working conditions.

Employees must be able to do their jobs without risking physical or mental health problems.

Child and forced labor.

Employment must be voluntary at all times and the applicable minimum age must be respected.

Sustainable buying practices.

Sustainable buying practices pay attention not only to price and quality, but also to their effects on people and the environment.

A living wage.

It is a human right that every person who performs labor, is entitled to a wage that ensures a dignified existence for them and their family. This means the wage must be sufficient to meet the primary needs of life.

Environmental pollution by factories.

The impact of production on the climate and local environment. Responsible use of chemicals and sustainable energy and water consumption.

Sustainable raw materials and resources.

Sustainable handling, buying of sustainable raw materials, and opting for sustainable materials with a low environmental impact.

Circular economy & packaging and waste.

Ensuring that at the end of their life cycle, materials and products are not destroyed but recycled and reused, and limiting the amount of material in which products are packaged.

major risk

medium risk

minor risk

theme 1

TRANSPARENCY AND TRACEABILITY IN THE SUPPLY CHAIN.



Cooperation helps prevent risks.



Sander Jongerius Secretariat of the Agreement
on Sustainable Garments and Textiles

“Zeeman has demonstrated over the past two years that it considers transparency a priority. The Secretariat welcomes the openness and discussion of the benefits and challenges of transparently communicating production sites shared with other companies. The textile supply chain faces many challenges, and many risks still need to be reduced. By transparently communicating your production locations, you ensure that nonprofit organizations and other parties can alert you to any issues that may arise. This has also happened at Zeeman in the past year, and Zeeman sees this as a great thing because it helps them reduce and address risks in the supply chain. In the past year, complaints have been received where Zeeman has shown that it's not just words; that they're taking action and working in concert with the non-profit organizations to address the complaints, and thinking further on how to reduce the risks throughout the chain for the future.”

Our supply chain.

Our products are typically produced in East Asia and Turkey. We do not have our own factories there, but work with specialized suppliers with whom we have long-standing partnerships. We've been working with some of our suppliers for some 20 to 30 years now. However, there are risks involved in outsourcing production abroad. Because they're not our own factories, we have less influence on working conditions than we would if they were. That's why we won't partner up with just any supplier. Before we start working with a manufacturer, we check that the working conditions are good and safe and that they are in accordance with our Code of Conduct.

In the production countries, we work with local agents. These agents play an important role. They regularly pay our suppliers a visit and check the quality of our products during production and before they are shipped. If a factory audit reveals points for improvement, they ensure timely follow-up.

To increase transparency in our supply chain, we have a number of clear procedures that both Zeeman and our suppliers and agents adhere to. For example, it is a requirement that suppliers share with us, e.g., the exact production location and any available audit reports before production for us can take place. The manufacturer must also have taken note of our code of conduct and signed it. This is mentioned in our procedure for outsourcing orders. In the clothing and textile industry, it sometimes happens that manufacturers outsource orders. This is also called subcontracting. Although it is not often discovered, it poses a risk because we cannot verify that the subcontracted factory operates in accordance with our Code of Conduct.

“We have a set of clear procedures that both Zeeman and our suppliers and agents abide by.”

Transparency Pledge.

Our supply chain includes 300 direct suppliers in 17 different countries. With a different culture and different standards in every country. But also different risks and challenges. Although these are large numbers, our share of the global industry is small. This is why transparency and traceability are essential to our strategy. We want to be transparent about where and under what conditions our products are made. That's why in May 2019 we signed the [Transparency Pledge \(transparency-pledge.org\)](https://transparency-pledge.org) and published the details of our suppliers on our [website](https://www.zeeman.nl). In addition, our suppliers can also be found on the website openapparel.org, where any overlap with other brands and retailers is also visible. We also report annually on the major points for improvement that emerge during factory inspections. By being open, we enable our stakeholders to address potential points for improvement. This openness has given us greater insight into the overlap that exists with other retailers in shared factories. By working together, we increase our influence to drive sustainable change in our global supply chains.

Deeper in the chain.

There are many other links behind these factories. A product has come a long way by the time it reaches our stores. Details of our 300 direct suppliers are published on our website. These are the factories where our products are sewn, finished and packed. There are a number of steps before this point. First raw material is needed, which is then spun so that cloth can be made from it. Next, the cloth is dyed, printed or finished using other techniques. These processes are often outsourced to other factories.

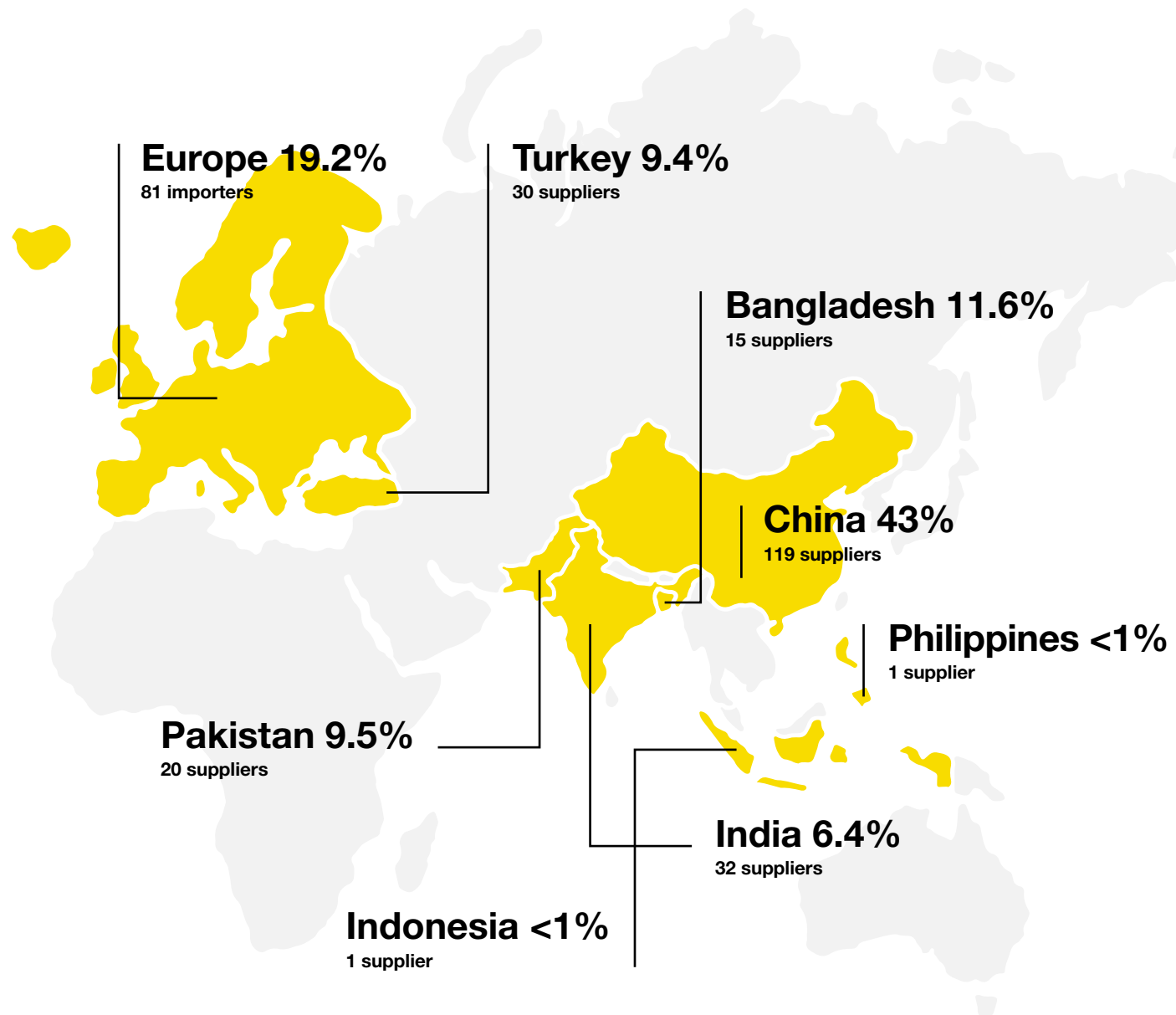
“Details of our 300 direct suppliers can be found on our website.”

In recent years, our focus has been mainly on improving working conditions and environmental impacts at our direct suppliers. After all, there we have been able to influence working conditions thanks to our long-standing partnerships. We have learned that social and environmental risks are particularly prevalent deeper in our supply chain. We are therefore striving to provide ever greater insight into these links.

[Click here to view our production sites](#)



On the world map to the right, we show the percentage of purchase value by country and the number of suppliers and importers we work with.



In 2020, we achieved insight into a portion of our 'tier 2' suppliers. Namely, the factories where our products are printed, washed and dyed when this is not all done under one roof. Because of the risks that exist regarding social working conditions in Tamil Nadu, South India, we have made details of the spinning mills in this region publicly accessible through the Open Apparel Registry (OAR) website openapparel.org. We want to gather more and more information about our products in the coming years. We're starting with all items made from cotton. We want to make every link in this chain transparent, from cotton plant to finished product.

"In 2020, we achieved insight into a portion of our suppliers."

Since 2019, we also communicate on our products where they are produced. On the care label we mention the production country by means of a link to a web page. On this webpage we provide background information about the respective production country.

Our supplier base.

At Zeeman, we believe in long-term partnerships. We use our relationships with suppliers to bring about positive changes in factories and improve working conditions. Our goal is to consolidate our supplier base with a positive impact on product quality, transparency and value, and reducing the risk of labor-rights violations. In 2020, our 50 largest suppliers produced 71% of our purchase value.

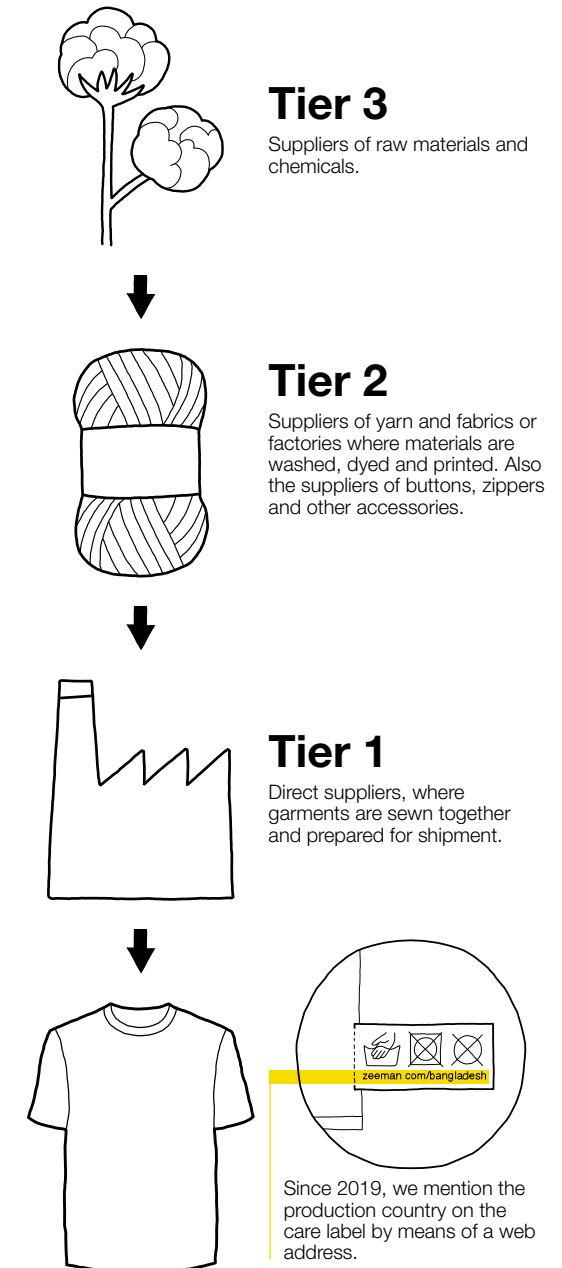
We also looked at the 'tail end' of our supplier base with our buyers and agents. This refers to suppliers representing only a small amount of turnover. These discussions revealed that many of these suppliers produce unique products that our

larger suppliers cannot produce. These are mostly 'hard-ware' items like home accessories. There were also some suppliers with whom, in consultation with our agent and the supplier themselves, we will slowly phase out the cooperation.

"Our 50 largest suppliers produce 71% of our purchase value."

Responsible exit strategy.

Although we do not start a partnership lightly and we strive for lasting relationships, sometimes there's no avoiding the need to end a partnership with a supplier. This may be due to persistent quality or supply problems, unwillingness to cooperate in improving working conditions, changing market demand, geopolitical developments, or other commercial and strategic reasons. That's why in 2020, we developed an exit strategy. An important principle here is that we do not end a partnership in an irresponsible way, but that we take into account the consequences for employees at the factory. For example, if we have a large stake in a factory, we will prepare a phase-out plan in consultation with the supplier. This way, the supplier has enough time to take on other orders and the production flow remains constant. Furthermore, violation of labor rights is not a reason to leave a factory immediately. We prefer to use our influence to improve the situation. In those cases, we first engage the supplier in a dialogue. Only when it appears that a supplier is not willing to cooperate to achieve a solution do we say goodbye. This has not occurred in 2020.



theme 2

SAFE AND HEALTHY
WORKING CONDITIONS.



Clear agreements.



Elaine Au Intertrading, agent in China

"In 2020, the cooperation between Zeeman and Intertrading, agent for Hong Kong and China, will have existed for 50 years. 2020 was a special year due to the global outbreak of the coronavirus pandemic, which led to social restrictions and even lockdowns. It's an unprecedented situation, one that no one has ever experienced.

Audit by Fair Wear

When Zeeman joined Fair Wear, our suppliers underwent a Fair Wear audit. The Fair Wear audits, which are slightly different from the usual audits, focus on the working conditions of the laborers and on the way Zeeman buys. In addition to following up on corrective and preventive action plans, Fair Wear helps suppliers improve their working conditions by organizing workshops for employees and educating them on European standards and the working conditions they are entitled to."

We believe everyone in our supply chain should be able to work in good and safe conditions. Our principles are described in our Code of Conduct.

The most important points are: no child or forced labor, normal working hours, and a safe and hygienic workplace. To monitor compliance with this, an independent party has been conducting audits for years now. Since 2020, for textile suppliers, this has been Fair Wear.

Thanks to our approach, we see a structural improvement when it comes to safe buildings and working conditions. In recent years, we have seen the number of major points for improvement drop sharply. We talk about a 'major point for improvement' when it has an urgent character. For example, when an emergency exit is not available or when payroll and attendance lists cannot be verified during an audit.

In 2020, 30 factories were audited by TÜV SÜD. These were fewer than planned because audits were limited due to the COVID-19 pandemic. Factories are checked on 252 points during such an audit. During the 30 audits conducted by TÜV SÜD in 2020, seven major points for improvement emerged at three factories. In three cases, payroll/working hours could not be verified due to the inability to reconcile records. The other points for improvement were about quality processes in the factory. For example, there was no metal detection or procedure for broken needles. All points for improvement were corrected in the same year.

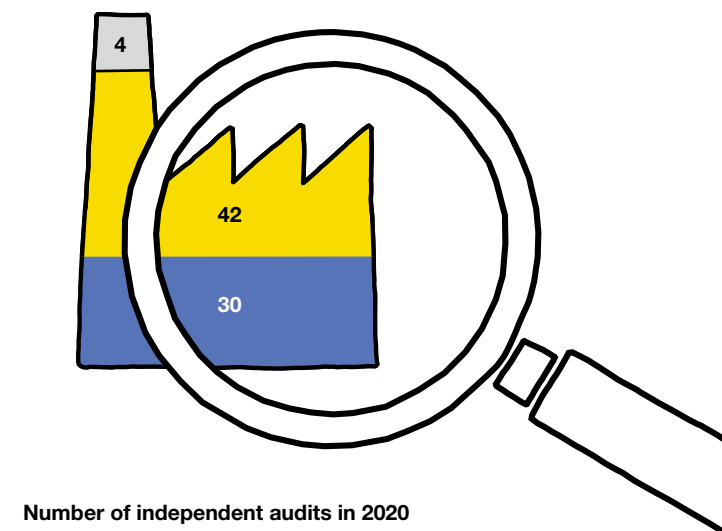
In the past year, in addition to our independent audits in partnership with TÜV SÜD, we have started to use audits conducted by Fair Wear. These audits were conducted at four key suppliers, two of which were in China, one in Bangladesh and one in Turkey.

From 2021, our textile suppliers will only be audited by Fair Wear. The focus here is on our 50 largest suppliers. By 2021, we plan to have 30 audits conducted by Fair Wear.

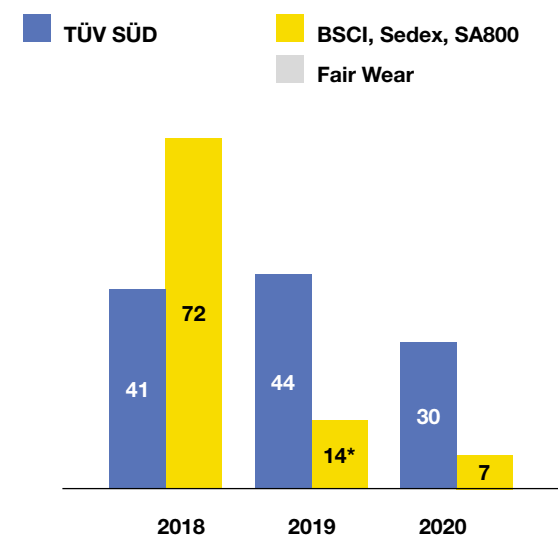
The main reason for this change is that Fair Wear's audit methodology on factory working conditions is more comprehensive. For example, more interviews are conducted with factory employees and these interviews take place outside the walls of the factory, providing a safe environment to answer the questions.

In addition, Fair Wear's audit methodology goes a layer deeper when it comes to examining root causes of non-compliance. For example, it also investigates whether our buying practices may have a negative impact on working conditions in the factory. Furthermore, Fair Wear has local offices in the production countries, which allows them to actively guide our suppliers in implementing improvements and organize training in the factory on specific topics.

To prevent factories from being audited too often and thus being pushed toward expenses by different retailers and brands, we request the report of a recently conducted audit. For new suppliers or suppliers where we place relatively limited orders, an audit report from an independent party such as BSCI, Sedex and SA8000 is sufficient. We ask suppliers about their progress in implementing the points for improvement shown in these reports.



Number of independent audits in 2020



Number of TÜV audits
Number of major points for improvement

* More audits were conducted in 2019 than reported last year, which also resulted in three points for improvement not being reported. These were however resolved, either in the same year or in 2020.

Grievance mechanism.

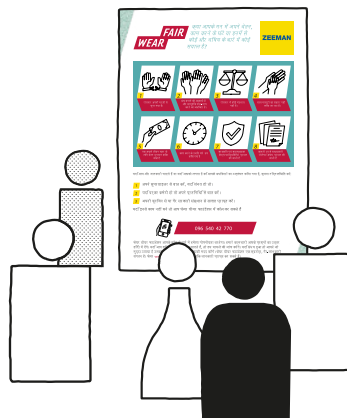
In the factories where our clothes and textiles are made, there is now an information poster with Fair Wear's Code of Labour Practices in the local language with a phone number. In case of any grievances, factory workers can anonymously call the Fair Wear helpline. When a grievance is reported, Fair Wear first investigates whether it is valid. It is then shared with us. We then engage in a dialogue with the supplier to reach an appropriate solution. It would be unrealistic to desire a situation in which no grievances are reported. We see it as a positive signal that the mechanism is being used, because we think it is important for factory workers to have their voices heard.

“It is important that factory workers’ voices are heard.”

In 2020, two grievances were reported through Fair Wear's grievance mechanism, both in Bangladesh. One of the grievances came from a factory we started working with in late 2019. This involved an employee who experienced harassment and physical and verbal abuse after making a mistake while numbering a cutting bundle. After she reported this to management, she was fired. She did not receive the full amount of money she was entitled to. We took this grievance very seriously, and in close cooperation with our local agent, the management of the factory in question, the victim, and Fair Wear, we reached a solution. The employee received appropriate compensation and now has a new job at another factory.

The other report came from a factory we have been working with for years. According to the reporter, the Participation

Committee was chosen by the factory management rather than democratically elected by the employees. The PC is intended to represent the interests of all employees and therefore must be elected by the workers. For the solution, we partnered with another Fair Wear member with whom we share this supplier. We were able to use our combined leverage to force a fair election. All grievances reported through Fair Wear's helpline are [published online](#).



Beyond auditing.

Although an audit can provide a good picture of the conditions in a factory, it remains a snapshot. In addition, audits are aimed at assessing conformity, and there is less focus on investigating the underlying causes. Audits have helped us in recent years to correct visible points for improvement. But in order to achieve truly sustainable change, we will focus on capacity-building in the coming years. This means that we are going to focus more on the rootcauses of non-compliance with points for improvement. To do so, a Workplace Education Program (WEP) will follow each audit conducted by Fair Wear. This WEP training is designed for both factory management and employees and provides tools needed to

improve working conditions in the workplace through open dialogue. In addition, an important goal is to make factory employees more aware of their rights and train them on how to use the grievance mechanism.

One risk that occurs in the garment and textile industry is discrimination based on gender. Women in particular appear to be vulnerable to this because of limited bargaining power and representation in unions. That's why in 2020, we organized training on the topic of gender equality for our Pakistani suppliers, in partnership with the NGO IDH Trade. Using a questionnaire, we mapped out where our suppliers stand on this theme. In addition, we have formulated three targets per factory, namely:

- 1) at least 50% of representatives on worker committees are women;
- 2) at least 10% are women in management/higher positions by 2021, where we expect an annual increase of 5%;
- 3) raising awareness in the factory through social dialogue and workplace training.

Freedom of association.

Trade-union freedom is at the heart of the Amplify project, which since 2020 we have been actively involved in. During this project, one of our key suppliers in Bangladesh will participate to achieve improvement on the themes of social dialogue and freedom of association. This is important because social dialogue between management and employees is often still lacking. In addition, there is little to no protection against violations by local governments. Women are also underrepresented in unions. This project will be rolled out in 2021. In partnership with local experts and Fair Wear, among others, training will be provided to increase knowledge in the factory.

Sustainable industry-wide cooperation.

In order to achieve constructive improvements, cooperation with other retailers and companies, local NGOs and governments is important. That is why we are working together within a number of multi-stakeholder initiatives to improve working conditions.

RMG Sustainability Council (RSC).

The Bangladesh Accord, launched in 2013 and renamed the Transition Accord in 2018, developed into the national organization RMG Sustainability Council (RSC) on 1 June 2020. This is a unique partnership between various stakeholders. We have made a binding commitment to improve working conditions in the Bangladesh textile industry. The factories have done a lot to improve the points raised by the Bangladesh Accord safety inspections. Three kinds of inspection have taken place under the Accord at every manufacturer in the country: fire safety, building structure, and electricity. In addition, factory employees have been trained to report unsafe situations to supervisors, and a grievance mechanism is in place enabling factory employees to report safety-related complaints. At the factories where Zeeman is active, 95% of the original points for improvement had been implemented as of the end of 2020. (2019: 92%) The Accord average across all factories at the end of 2020 was 92%. Together with our manufacturers, we want to see 100% of the points for improvement implemented by 2021.

Dutch Agreement on Sustainable Garments and Textiles.

In the 4th year of the Agreement, Zeeman was reassessed by the Secretariat. A score of 70 percent of the maximum points possible — 78.9 — was achieved. Understanding of our use of materials was a focus of the assessment and was improved during 2020. We will also revise the Plan of

Action in Year 5 in response to the Secretariat's recommendations. The term of the Agreement has been extended to 31 December 2021.

Since 2019, we have been a full ETI Member.

We actively participate in the Tamil Nadu Spinning Mill program, organizing training sessions in the spinning mills.

Fair Wear.

Fair Wear is a multi-stakeholder initiative with 130 members and a broad support base consisting of parties such as InRetail, Modint, CNV International, Mondiaal FNV and Clean Clothes Campaign. As an NGO, the Fair Wear Foundation has been working for many years to promote good working conditions in the clothing industry, in the countries where production takes place. Members of Fair Wear undergo what is known as the 'Brand Performance Check' annually. The result of this check will be posted on our website in the 2nd quarter of 2021.

Below are some of the results of our partnership with Fair Wear from 2020:

- drafting a responsible exit strategy;
- consolidation of our supplier base;
- training in use of the open-costing tool for Zeeman's buying team and suppliers in India and Bangladesh;
- signing of the Code of Labor Practices by Zeeman textile suppliers;
- roll-out of grievance mechanism to Zeeman textile suppliers.

Would you like to learn more about these forms of sustainable industry cooperation?

Read more through the links below.

[RMG Sustainability Council / Bangladesh Accord](#) >

[Agreement on Sustainable Garments and Textiles](#) >

[Ethical Trading Initiative](#) >

[Fair Wear](#) >

theme 3
**CHILD AND
FORCED LABOR.**


Greater knowledge about what's happening.



Silvia Mera Manager, Apparel Program, GoodWeave International

"In 2020, Zeeman joined GoodWeave International's program seeking to end child and forced labor in the supply chains of clothing and household textiles in northern India. GoodWeave maps and monitors all supply chains, from factories to home workshops, through random, frequent and unannounced inspections. Through on-the-ground programs, it remedies and prevents child and forced labor. As a result of the COVID-19 pandemic, the risk of child and forced labor has increased. To protect human rights, it is therefore more important than ever for brands to understand their entire supply chains. Our team is currently working with five of Zeeman's suppliers to achieve this goal."

Child labor and forced labor is unacceptable and must not occur in our production chain. Our suppliers agree to this when they sign our Code of Conduct, which is based on the Ethical Trading Initiative (ETI) code. To verify compliance, factories producing for us are audited by independent parties. Since this year, that includes audits conducted by Fair Wear.

The audits verify compliance with the comprehensive Fair Wear age-verification procedure and the absence of forced labor. In addition, Fair Wear's grievance mechanism helps factory workers report abuses like child or forced labor anonymously. There were no reports of this in 2020.

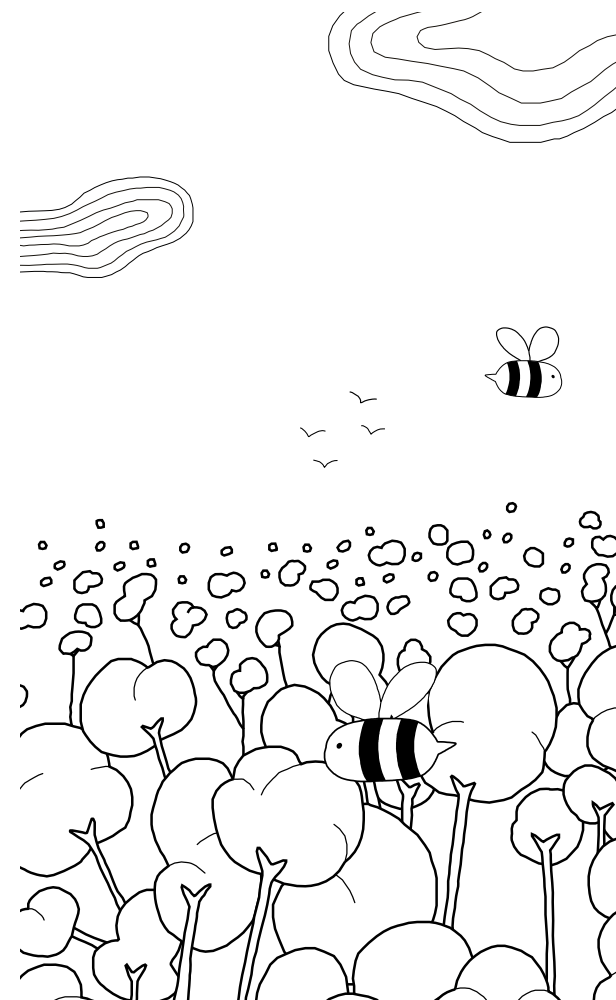
Despite the fact that the risk of child labor and forced labor has not been demonstrated to date in factories producing for us, it is unfortunately still a hot topic in the global production chain. In recent years, child labor has decreased at the worldwide level, but recent evidence shows that the risk of child and forced labor is rising again as a result of the coronavirus crisis. Poverty has worsened and the demand for cheap labor is high. In addition, there is evidence that the risk is still occurring deeper in production chains. We have identified a number of risk areas, namely:

- cotton from the region of Xinjiang, China where an ethnic minority is forced to work in wretched conditions on cotton fields and in spinning mills;
- spinning mills in Tamil Nadu, South India, where forced labor has been found to occur;
- cotton fields in Turkey, where there is a risk of Syrian refugees working illegally and in poor conditions.

Because it is more likely that the risk occurs deeper in the production chain, it is important to understand the links in our supply chain. From raw material to finished product. The complexity of the industry and the many links required to arrive at an end product make this a challenge. We have chosen to prioritize the transparency of our suppliers for items made from cotton, as this is where the risk of abuses is greatest.

“By 2021, we want to know the origin of 70% of our cotton.”

In order to be able to trace the origin of our cotton, and therefore to rule out that it comes from high-risk areas, we have set the following target: by 2021, we want the origin of the cotton used for 70% of our products to be known. To do so, we will map out the cotton suppliers used by the factories making our products. This year, thanks to a large share of certified cotton, we were already at 39.5%. We are increasingly sourcing cotton through the Better Cotton Initiative (BCI) and other sustainably certified cotton such as GOTS (Global Organic Textile Standard) cotton. Besides environmental standards, these also strive to improve working conditions. A next step is to find out the origin of the share of conventional cotton. By 2022, we want to have this fully clear, from cotton field to finished product.



ETI TNMS program.

Since 2015, Zeeman has participated in ETI's Tamil Nadu Spinning Mill program in South India. This program aims to teach women to stand up for their rights through training. But also to teach management to lead in the right way. Unfortunately, ETI stopped the program in 2020 and a new format was chosen, with ETI taking on a more coordinating role, shifting the scope to the entire supply chain and not just focusing on the mills, to increase impact. Local NGOs like SIMA and TASMA will be trained to take over the programs in the mills. This is important because spinning mills in South India have been found to be at risk of forced and child labor.

Children's Rights in Turkey project.

In 2020, together with Agreement signatories and UNICEF, we launched a project focused on eliminating child labor and improving children's rights in and around textile factories in Turkey. This project has previously proved successful in Bangladesh.

Goodweave.

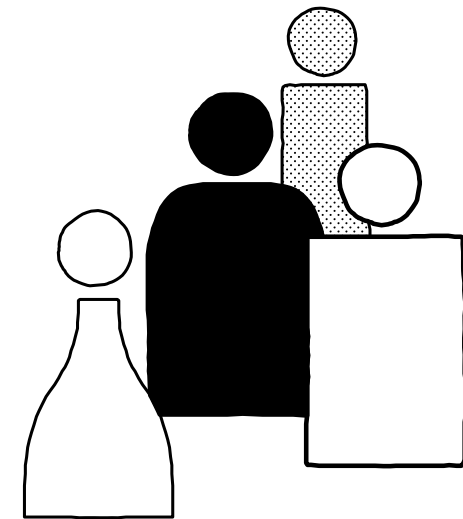
In 2020, we joined a program in the Panipat region of northern India that is helping establish a full picture of the supply chain. Four of our direct suppliers are affiliated with this program, and together with Goodweave, suppliers are also identified and assessed. The goal is to create transparency, making it possible to state with greater certainty that child labor and forced labor do not occur. In the unlikely event that this does occur, the program provides schooling within the community where the child resides. The first quarterly report shows that no child labor was found during the audits of the production sites. In 2021, the study will continue by also subjecting subcontractors to the program.

Here are some facts about progress made so far:

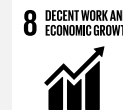
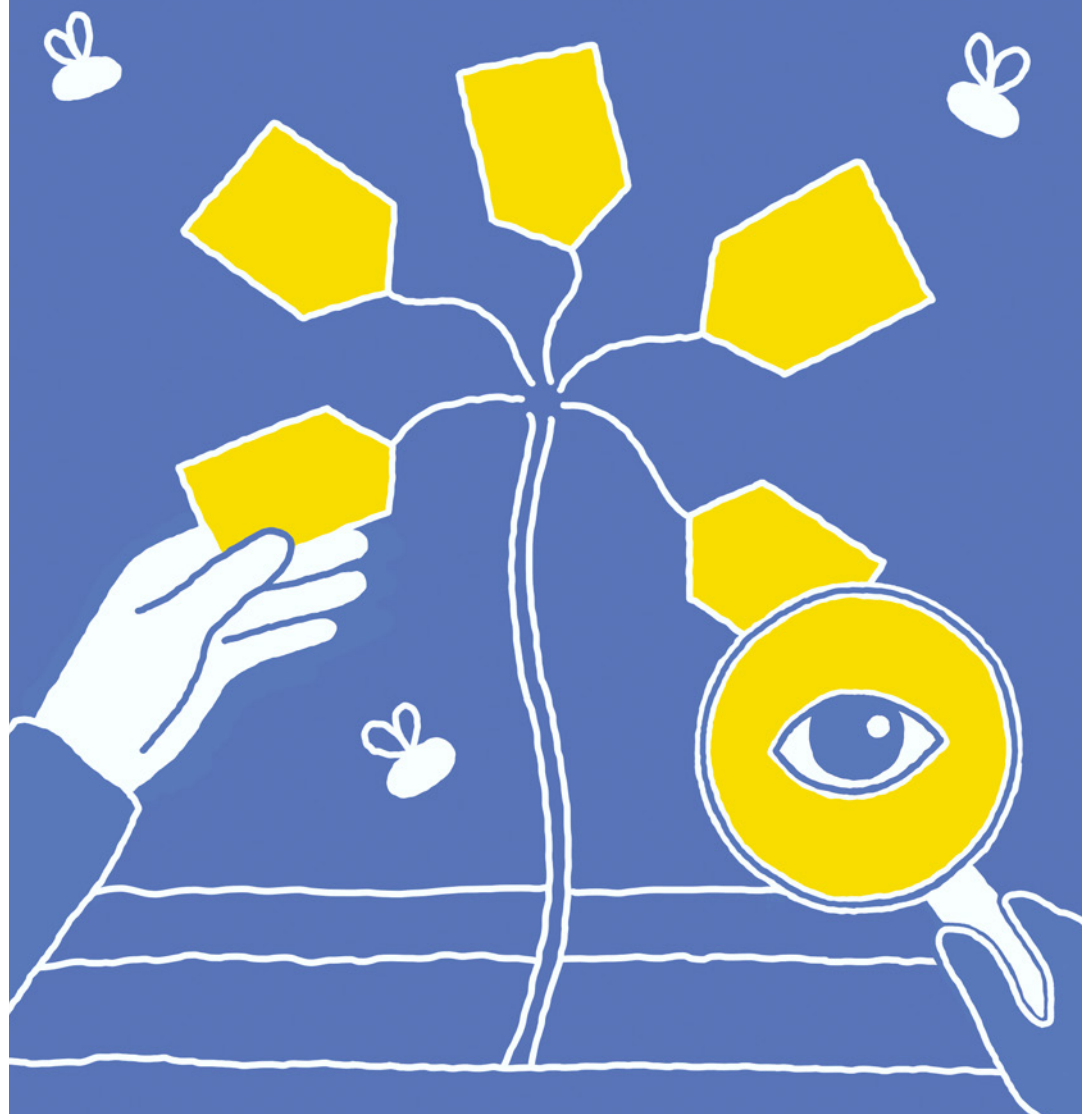
- 98 worker interviews conducted (total of 1,854 workers);
- seven minor issues noted (no procedure in place to prevent child labor, no communication about policies, no well-functioning grievance mechanism, no attendance lists for timekeeping, no communication via time rosters, no employment contract for piece-rate workers, no salary slip for workers).

In addition to the audits, activities have been held by Goodweave in the communities where the factories are located,

known as Child-Friendly Communities (CFC). For example: education programs for a total of 8,998 children. However, the program is currently delayed because schools are closed due to the pandemic. In the meantime, however, e-learning has been implemented, in which 2,870 children have participated. Parents are also included in the program, where they are informed about the rights children have. In addition, bank accounts are opened for families who do not already have them, and food is provided when families run short.



theme 4

SUSTAINABLE
BUYING PRACTICES.

Open about where we can improve ourselves.



Alexander Kohnstamm Executive Director, Fair Wear

“At Fair Wear, we were delighted to welcome Zeeman as a member in October 2019. As a major European retailer, they can exert a great positive impact on the people in the garment factories. Zeeman has set to work energetically, especially in the area of higher wages, together with the factories and the buyers. Everyone can watch as Zeeman takes further steps towards better working conditions in the coming period. Every year we check this during the Fair Wear Performance Check, which is publicly shared. This way of working fits in well with Zeeman, which values transparency.”

Making buying practices more sustainable goes to the heart of our business. Zeeman is buying-driven. This means that the collection and the purchase price, but also the selling price, quality, stock levels and margins fall within responsibility of the Buying department.

In growing more sustainable, we achieve the greatest impact by considering the effects on people and the environment in every facet of the buying process. It is no coincidence that in this report all sustainable themes directly touch on our buying practices. In order to increase the integration between CSR and buying, regular consultation takes place between the CSR & Quality and Buying departments. In all the challenges we faced in the supply chain in 2020, our buying practices have provided grip. We also confirmed this in writing just after the pandemic broke out in Europe.

Reaching agreements.

Together with our buyers, we have established guidelines. Key priorities are that our buyers are always aware of the exact production location and make sustainable choices as much as possible when it comes to material usage. Also, the price paid for an item must enable a supplier to meet its obligations. In order to reduce the risk of overtime, we want to issue our orders on time so that suppliers can plan production properly. In addition, we take into account the share of the total production capacity we use in a factory. We want to build healthy partnerships with our suppliers, without suppliers growing dependent on us or the other way around.

Zeeman under the microscope.

Suppliers are used to being assessed. On the safety of their factories, on their impact on the environment, but also on price and quality and the timely shipping of our orders. In 2020, we launched a survey in which we turned this around (360-degree evaluation). We asked our factories to rate us on our buying practices using 56 questions. This could be done anonymously, so they had the freedom to give honest answers. 171 suppliers in East Asia and Turkey completed our questionnaire. With the valuable outcomes of this survey, we will further refine the way we work in 2021 where necessary.

“In 2020, 171 suppliers gave us 360-degree feedback.”

Price negotiations.

Our raison d'être is to sell products at the lowest possible price. We've been doing it for 54 years. But what is possible is also determined by our suppliers. That is why we are increasingly asking how the cost price is structured. We don't want to negotiate a purchase price that is below the cost of production and that the factory can't earn anything from. Because that can have a negative impact on the working conditions of factory workers. Fair Wear hosted a workshop

in February for our buying team on Open Costing using their 'Labour minute costing tool'. This tool shows in great detail which direct and indirect costs should be attributed to the cost price of an item. Our suppliers in India also attended this workshop, as did our Bengali suppliers.

Workshop on responsible design & buying.

80% of the environmental impact is caused by choices made during the design process. That is why, in December, we organized a workshop on the theme of responsible design & buying for our buying and design departments, in partnership with industry association Modint.

Supplier management.

Long-term partnerships ensure continuity. We see that 70% of our purchase value is produced by only 50 suppliers. And out of these suppliers, 93% have been working with us for five years or more. In this way, we ensure continuity and create leverage to continue to improve where needed.

theme 5

A LIVING WAGE.



Increasing wages.



Mrs. Shaheen, employee at supplier MYM, Pakistan

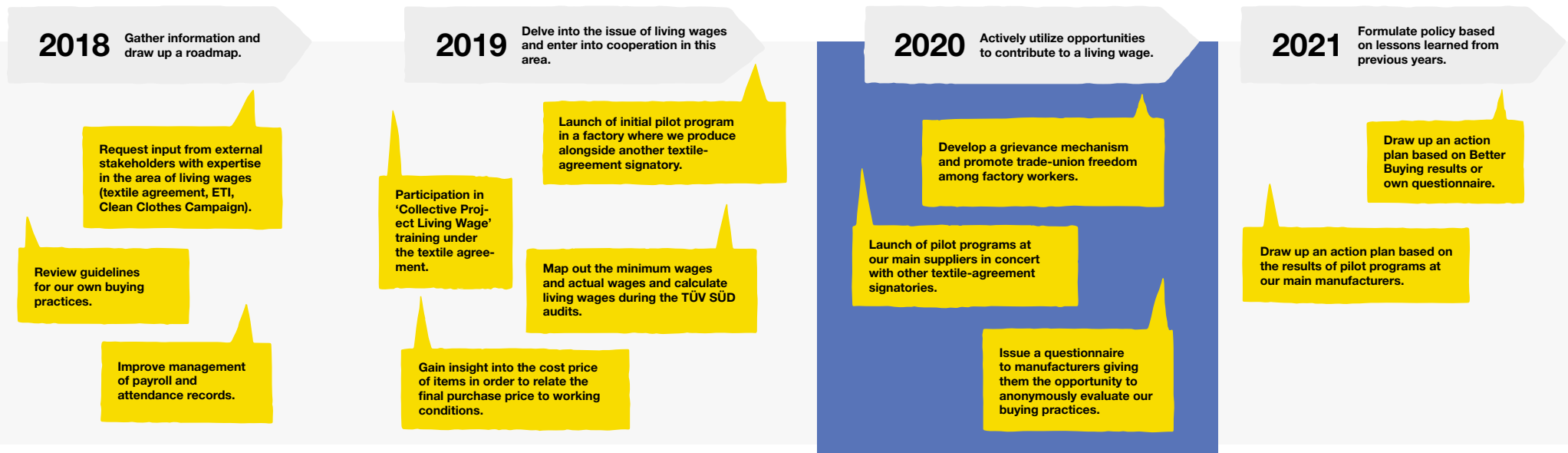
"I have been working at MYM for six years as a seamstress. I am very satisfied with my salary of 22,500 rupees. This wage is sufficient to meet our living needs. Because many costs are rising, it is also important that like last year, our wages rise with them and we get the bonus during the month of Lent. Also during the Covid-19 lockdown I received my full salary and a bonus; we are very grateful for that. We are paid double for overtime, in accordance with Pakistani law, and we receive an annual raise. My family and friends work at other factories in our area and they are surprised that I earn 22,500 rupees; they only earn the minimum wage of 17,500 rupees."



Mr. Shahid, employee at supplier MYM, Pakistan

"My name is Shahid. I am married and have three children. I have been working at MYM for 5 years as a flat-lock operator. My wife has a part-time job and works from home. We are grateful that our pay has been increased. With this, we can pay our children's school fees, admission fees and other costs. Two friends of mine are now also working by MYM, because they had heard from me about living wages."

We want employees of Zeeman manufacturers to earn a living wage. Our suppliers sign for this in our Code of Conduct. In other words, a wage that is sufficient to cover all basic needs, such as housing, transport, food and healthcare. The statutory minimum wages set by the government in countries such as India, Pakistan and Bangladesh are often not sufficient to cover these basic needs.



Using our roadmap, we give concrete form to this theme. An important part of this is to gain a better understanding of the situation among our manufacturers when it comes to providing a living wage. In this way, we can better begin to determine what a living wage is and whether the workers in a factory are actually receiving a living wage. We believe that earning a living wage acts as a catalyst to avoid other risks in our supply chain, such as excessive overtime and child labor. In recent years, through social audits, we have gained insight into the difference between the legally applicable minimum

wage, the actual wage and the living wage. We collected this data for 33% of our suppliers in East Asia and Turkey. Unfortunately, we were unable to meet our 40% target because we were able to audit fewer factories than planned due to COVID-19. In 2021, we want to create an action plan with all relevant stakeholders for a concrete approach to actually implement the living wage.

However, we did introduce the Fair Wear grievance mechanism to our factories in 2020 and asked the factories to

assess our buying practices using a questionnaire. Meanwhile, together with another Agreement signatory, we are preparing a program to implement living wages in a shared factory in India. We expect the pilot to start in 2021.

We don't want to negotiate below the costprice. This can have negative effects on people and the environment. Therefore, we employ cost calculations to examine how costs compare to our purchase price. That way, we can determine if we are actually making it possible to pay a living wage to workers. In

2020, we asked our suppliers to assess our buying practices, specifically addressing cost negotiations.

And in 2019 we started a pilot with workwear manufacturer Schijvens, with whom we share a factory in Pakistan. Just like Zeeman, Schijvens is a family business, a signatory to the textile agreement and a Fair Wear member. This pilot continued in 2020. Together with Schijvens, we use 75% of the total capacity of this factory. By means of an extensive questionnaire, the employees classified their monthly spend on groceries, transportation, rental costs, etc. We then made the calculation based on the outcome of this. The calculation showed that the living wage in the region of this factory was 29% higher than the statutory minimum wage set by the government. In order to ensure the factory owner is truly able to pay a living wage to his employees, we have increased our purchase prices with effect from October 2019. An important element here was the communication to the factory employees who were used to being paid per item produced. They now understand that they have greater security with a permanent contract and salary.

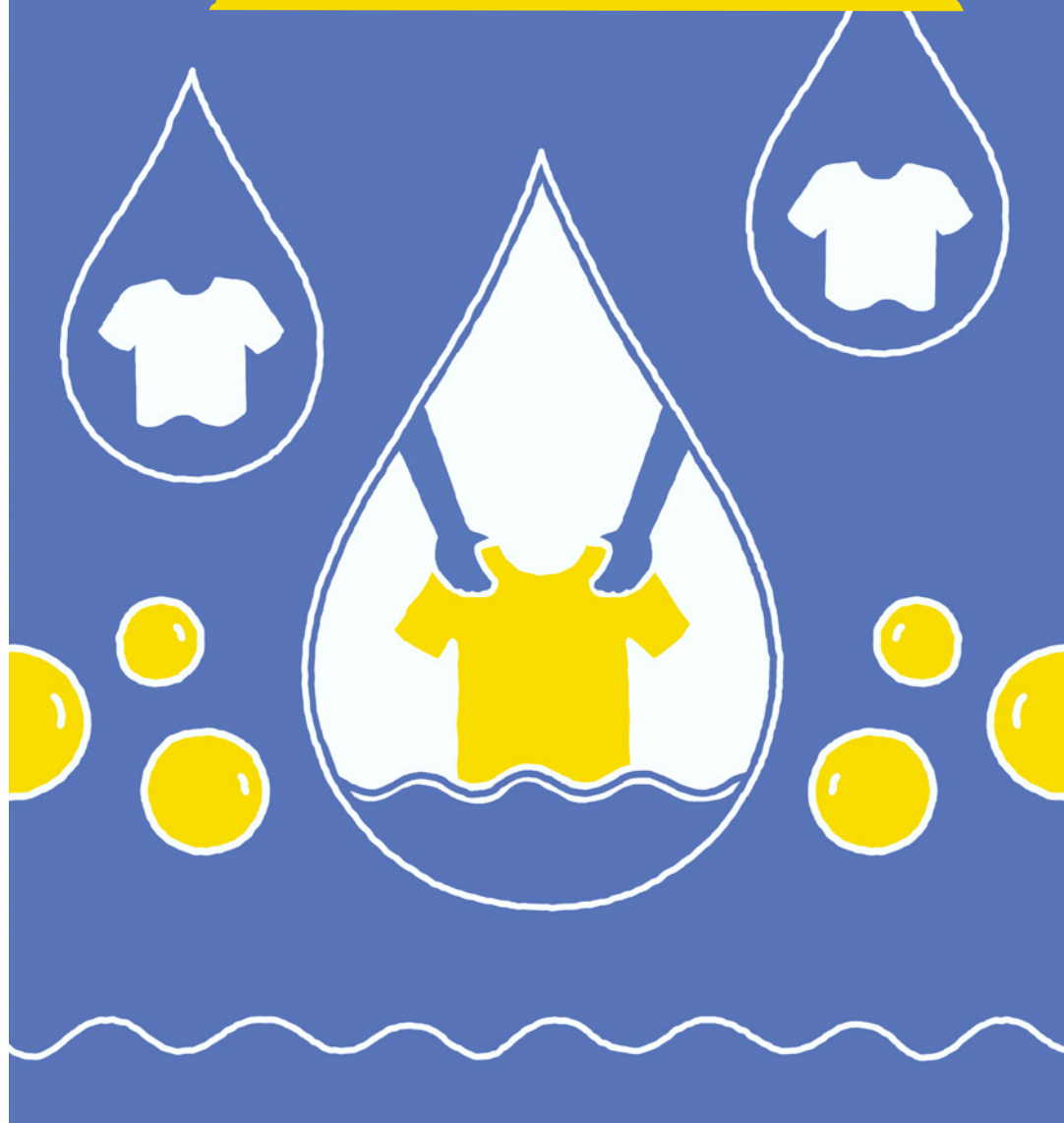
Audit of the accounts.

We have had to carefully explain that salaried employees are better off because they also get paid in case of sickness or if there are temporarily fewer orders. A bank account has been opened for each employee in which they receive their salary. Because we have a large share in this factory's capacity along with Schijvens, we can see if the wages are actually implemented by checking the pay slips in the accounts. For the factory owner, this is a big step, because he has to be open and rely on the long-term commitment of all parties involved.



theme 6

ENVIRONMENTAL POLLUTION BY FACTORIES.



Challenging goals.



Serge Léon, chemicals expert, Modint

“Despite these challenging times, Zeeman has managed to take further steps toward making its supply chain more sustainable in 2020. The chemical-management tools, namely the “Restricted Substances List (RSL)” and “Manufacturing Restricted Substances List (MRSL)”, have been further developed and updated. Both lists serve as a basis for developing solid chemical-management procedures at suppliers. A first step has also been taken in training suppliers in the field of chemical management. The objective of the training was to explain to the suppliers how to work with both lists, the benefits of good chemical management, and the importance of water treatment plants. All in all, another couple of nice steps forward, and a good start to setting challenging goals for suppliers. Way to go, Zeeman!”

Corporate responsibility is often about using sustainable materials or reducing plastic packaging. An equally important issue is the impact that the production of goods has on the environment. This impact is invisible to our customers, but has significant effect on the environment, and on the living conditions of local factory workers. We want to prevent the production of our goods from having an adverse effect on people or the environment.

Therefore, in 2018 we developed a roadmap to investigate and improve the potential negative impact on the environment. The biggest environmental impact of our manufacturing lies deeper in our supply chain. Namely, where our products are washed, dyed and printed. These are also referred to as the 'wet' processes. These processes sometimes take place in the factory where our items are sewn together, but frequently these processes are outsourced to factories with which we have no direct relationship. This means our ability to influence conditions is more limited.

Last year, we issued a questionnaire to all our direct suppliers to help us understand which processes are taking place directly at the factories we work with and which processes are being outsourced. In total, there were 205 factories where wet processes for our products took place in 2020. Among these, 19% are vertically integrated, i.e., washing, printing or dyeing take place under the same roof. In the remaining 81%, these processes are outsourced to third parties.

“80% of our factories have a water treatment system.”

Dealing with chemicals and (waste)water carries significant risks. Failure to handle chemicals and wastewater carefully can lead to water and soil contamination. Most importantly, the release of harmful chemicals into the living environment of local people can result in serious health risks. Therefore, we have set a goal that all factories where washing, dyeing or printing is done for Zeeman must have a effluent treatment plant. In 2020, that figure was 80%. This means we have not yet reached our target of 90%. The installation of an effluent treatment plant requires a large financial investment. Because of the crisis, this was not possible for some suppliers. In 2021, we will implement the following actions so that by the end of the year we should reach our 90% target and, by the end of 2022, our final target of 100%, by:

- asking suppliers to commit to installing ETP's in the near future;
- winding down cooperation with suppliers without an ETP;
- supporting our direct suppliers in selecting new laundries and dyehouses that meet ETP requirements.

Chemicals management.

The manufacture of our products depends on certain types of chemicals. They are used to grow raw materials, such as cotton, but also to clean machines during production processes such as printing and dyeing. We want all substances used to make our products to be safe for people and the environment. That is why we have maintained a Restricted Substances List (RSL) since 2011. This list contains the limits for chemicals in finished products. In 2019, we further expanded this list to include chemicals that may no longer be used in the production process because they are unsafe for the people who work with them or may cause damage to the environment. Our new Manufacturing Restricted Substances List (MRSL) can be found on our website. We expanded this list in 2020 and brought it to the attention of our suppliers.

Working responsibly with chemicals.

In December, we organized a webinar for our Chinese manufacturers. They were trained by two experts from Modint in the responsible use of chemicals. From buying and sourcing to better and safer alternatives for chemicals, to the wearing of protective clothing during use and preventing the release of chemicals into the environment.

In 2020, a handbook for manufacturers was developed by the NGO Solidaridad and the Dutch Agreement on Sustainable Garments and Textiles, which describes how to map out the impact of wet processes and how to reduce it. We will be sharing this handbook with our suppliers, including goals we have set for continuous improvement.

Conscious design.

The environmental impact of a product depends heavily on the choices made during the first step in the production process, namely design. For that reason, in 2020 we organized a training for our stylists and buyers, focusing on making conscious choices to promote sustainable production and circularity.

IDH-Trade energy audit in Pakistan.

Besides the environmental aspects that can be directly linked to a product, such as the dyeing of clothing and the use of chemicals, there are also gains to be made by reducing a factory's energy consumption. Together with IDH-Trade, the sustainable trade initiative, we began with a denim factory in Pakistan, where IDH-Trade conducted an energy audit. This audit revealed what energy-saving measures the factory could take. Such as installing insulation, sealing leaks, and installing low-energy lighting. The nice thing about an energy audit is

that besides having a positive impact on the environment, it also has a cost-saving effect. In 2021, we plan to ask the remaining suppliers in Pakistan to conduct the energy audit.

Denim manufacturer's feedback on energy audit

In my opinion, it was a good audit. Although I have not yet been able to compare the financial benefits and exact energy savings, I can already say that it was helpful because it made me feel confident that a professional team was conducting an audit. I received a detailed report on all departments and an analysis of the electrical load and energy loss. We have implemented all the corrective plans they have proposed.

Arcadis Dye House Improvement Project, China.

Since 2019, we have been involved in the textile agreement's Dye House Improvement Project.

A dyeing factory that one of our Chinese suppliers works with has gone through a process to reduce its environmental impact. The external party Arcadis was involved in this. Although we do not directly do business with this factory, the management was willing to participate in the project after we underlined the mutual interests involved.

In 2019, many dyehouses in China were shut down by the government for failing to comply with environmental legislation. This project enabled our supplier to improve its operations in accordance with both local and European legislation. The areas of focus of the project included: energy, water and chemicals management, building safety, waste management and safety at work.

The project started with a visit of local experts to the factory. During the visit the management was interviewed, documents were checked and the factory was inspected. The findings and recommendations were shared with us and our local agent. A joint action plan has been drawn up to implement improvements, and progress is discussed on a monthly basis. By 2020, almost all points for improvement were addressed by the factory. For example, emergency eyewash shower stations have been installed so that eyes can be rinsed immediately in case of accidental exposure to chemicals. Labels and documents have also been added in the places where chemicals are kept so that employees can learn about the hazards and purpose of use. Stricter checks are also taking place on the use of personal protective equipment when working with chemicals. There remains one outstanding point: better ventilation should be installed that does not simply release dust from the manufacturing. Due to the exceptional year and the large investment required, this will be addressed in 2021.

In 2020, we started a similar project for our Bengal factories. This is led by the NGO Solidaridad, with which three other Agreement signatories are also affiliated. The goal is to reduce the environmental impact of our production through an assessment and subsequent training.

theme 7

SUSTAINABLE MATERIALS AND RESOURCES.



Great strides in sustainable buying.



Romy Zaal, buyer of children's and teenage clothing

"Cotton is the most commonly used raw material in the children's collection. My goal is to convert at least 50% of cotton to BCI-certified cotton by 2021. Complementing these are GOTS cotton, recycled cotton/polyester, and sustainable viscose (eco vero/liva eco). Wonderful alternatives that allow us to make our collection more and more sustainable. Implementing sustainable materials at our low prices is possible thanks to our close cooperation with our suppliers. We work step by step. In every conversation with a supplier, we look at what next step is feasible. And over the past two years, we've seen these steps get bigger and bigger. Even the past year, in which we often had to work together remotely and digitally because of COVID-19, proved not to be a barrier. A great development in corporate social responsibility and now a steady factor in our buying process."

The choice of a sustainable material has a major impact on the whole chain. In the year 2020, we have made great strides in the transparency of our materials. We developed a tool that allows us to report monthly on material usage, by country, by supplier, by buyer and by agent.

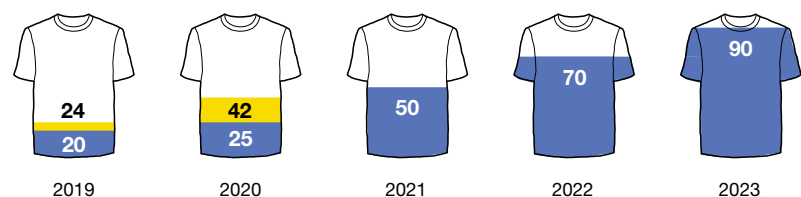
In this way, we can properly monitor progress and make adjustments as needed. In 2019, we set a goal for the total collection to consist of 25% sustainable materials by 2020. As of 2020, we can conclude that we have surpassed this goal and reached 29% sustainable materials out of our total by the end of the year. We want to continue this growth and aim for 35% sustainable materials out of our total collection by 2021.

Cotton is our main raw material. Because 66% of our textile range is made of cotton. We use cotton to make underwear, socks and bodysuits. But also dish towels and bath towels.

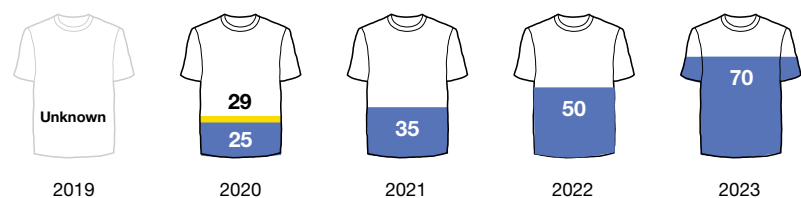
Cotton production is environmentally harmful because it requires a lot of water and uses pesticides and artificial fertilizer. That is why we are increasingly opting for organic cotton as a raw material. This cotton is produced without the use of harmful chemicals or fertilizers. We also use recycled cotton. Residual materials from previous production runs are reused, thus saving new, costly raw materials. Our cotton consumption now comprises 42% sustainable options. By the year 2021, we aim to have at least 50% of our cotton come from sustainable sources.

Better Cotton Initiative.

Since 2015, we have been working with the Better Cotton Initiative (BCI) to improve sustainability throughout our collection and to reduce the environmental impact of cotton production worldwide. The Better Cotton Initiative is an organization working to improve conditions in the cotton industry around the world. The BCI helps farmers to grow their cotton in better ways. This should lead to greater cotton yield, and thus more revenue for the farmers. It should also lead to more efficient working methods, with less use of chemicals. That means: less energy, less water, and less harm to the environment.

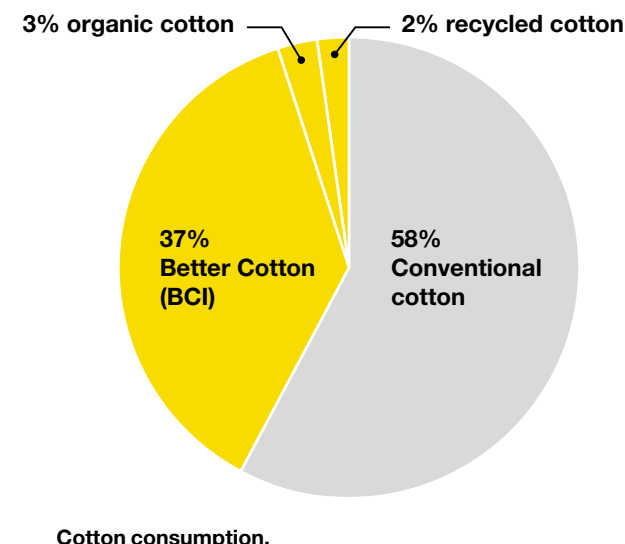


Share of organic cotton in our total cotton consumption.



Share of sustainable materials in our total textile consumption.

■ Target %
■ Result %

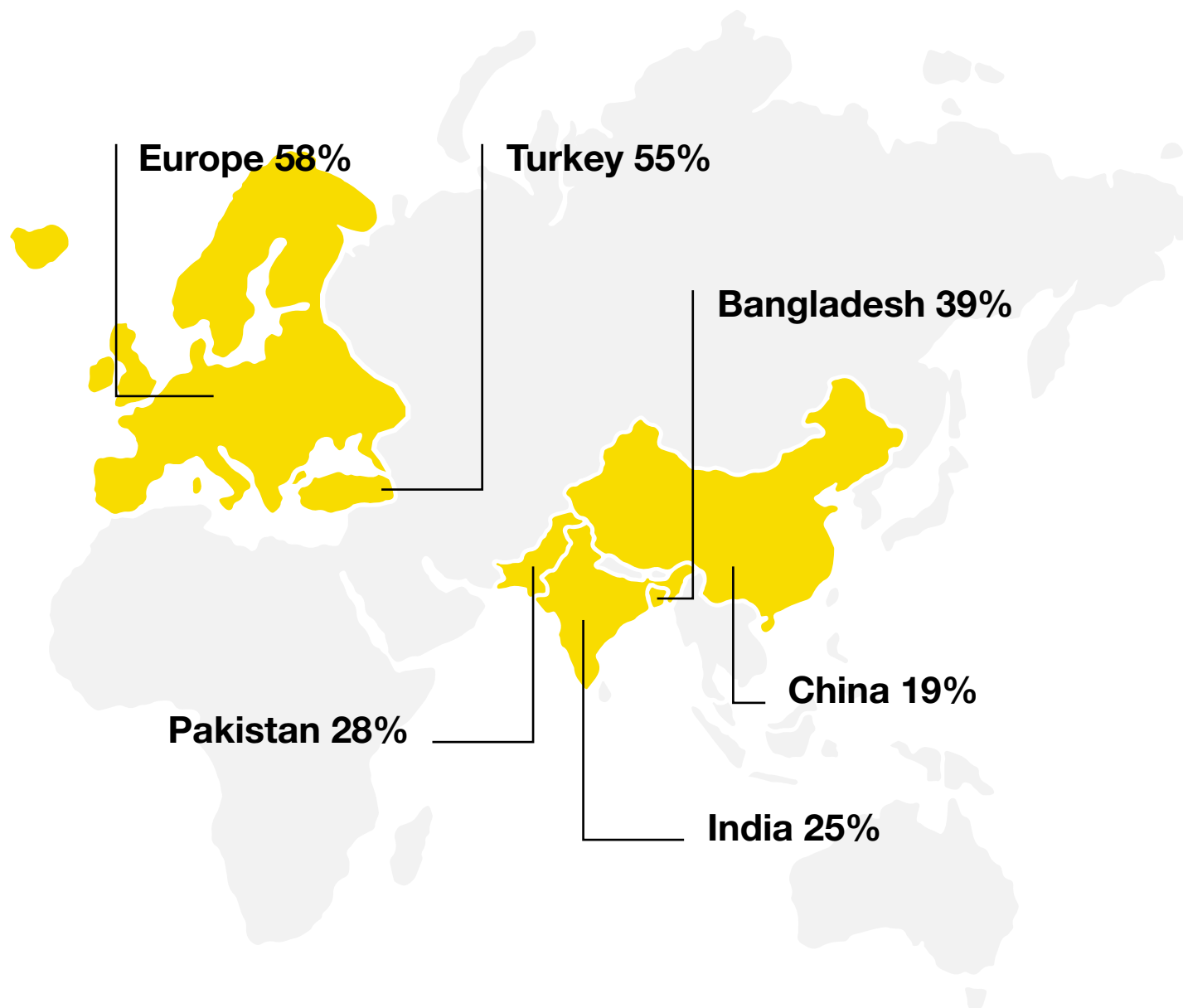


Cotton consumption.

By 2020, 37% of our cotton was sourced through the BCI. Thanks to our membership, the BCI reached more than 7,000 farmers and saved 2.3 billion liters of water by 2020. Our products also involve other materials besides cotton. These include both natural and synthetic fibers. After cotton, polyester is the most commonly used material in our collections. Oil is the main raw material used in the production of polyester. To meet our goal of 35% sustainable materials by 2021, we will need to focus on using recycled polyester. By 2020, our collection consisted of 6% recycled polyester.

Thanks to the data we collected in the year 2020, we now also have a good overview of sustainable materials by country. China is our largest manufacturing country, and we see that sustainable material use there lags behind other countries. The products we source closer in Turkey and Europe show positive developments.

Percentage sustainable materials bought, by country.



theme 8
**CIRCULAR ECONOMY &
PACKAGING AND WASTE.**


Zuinig of the future.



Miriam Geelhoed, Buying and Production consultant, Modint

“About 80% of a product’s impact is decided in the design phase. We are pleased to work with Zeeman’s designers and buyers to contribute to enable continuous improvement. With renewed knowledge of sustainable and circular developments, the team can make the right decisions at an early stage. We worked together to make this practical by developing a clear checklist that can be used on a daily basis. This includes aspects of reusability, circular design, *zuinig* use of materials, better materials, and longevity. At Modint, we always find working with the team at Zeeman inspiring and we can’t wait to see the result in the new collections, the impact on the production chain, services to customers and communication in a broad sense.”

Linear economy.

The current business model in retail is mainly linear and as future-proof as it should be. First raw materials are used to produce products; these are sold, and after use by the consumer they often get thrown away as trash. Circularity is about using resources efficiently and preserving them as much as possible to avoid depletion.

Recycling economy.

Deposit shopping bag made of recycled polyester.

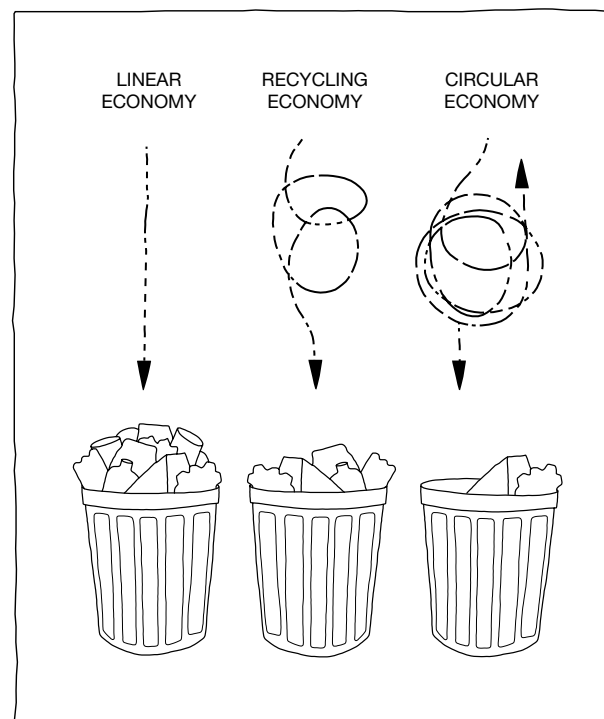
Back in 2014, we introduced our deposit shopping bag made entirely of recycled polyester. When customers need a bag to take their purchases home, they have the option to buy a deposit bag. If they later return this bag, they always get their €1 deposit back. Returned deposit shopping bags are sent to our distribution center rather than disappearing into the environment, which used to be a risk with plastic carrier bags.

Use of recycled materials.

We're using more and more recycled material for our clothes and textiles. In 2020, this was 6% recycled polyester and 2% recycled cotton. But recycled plastic and glass are also increasingly used in our home accessories.

Separated waste streams.

In 2020, we were able to recycle 90% of the waste streams within our operations. In 2019, that figure was 89%. This includes the plastic and paper that comes back from our stores separated, but also materials from other waste streams for which we determine the correct waste processing method together with our waste processing partner RCN. In addition, we have been reporting on the total weight of our waste for years, and for the past two years we have also been reporting separately on hazardous substances. Our goal is to recycle more materials each year and reduce total waste streams. One of the ways we do this is by using as little packaging material for our products as possible.



“We recycle 90% of our waste streams.”

Circularity is about using raw materials efficiently and preserving them as much as possible.

In recent years, our circular agenda has mainly consisted of making materials more sustainable, such as the use of recycled cotton and polyester. Consider our deposit shopping bag. In 2021, we will change this with a circular pilot consisting of the following components.

Circular economy.

Circular design.

If sustainable considerations are already made in the development of collections, this has a positive impact throughout an item's lifecycle. During the Responsible Buying & Design workshop, we discussed this together in detail. Based on this workshop, we will start creating a checklist for our design department to support them in this process. This checklist will be part of our 'design practices' document. Our focus on basics over fashion ensures that our items are less trend-sensitive and have a longer shelf life. Because the collection is timeless, unsold goods we can't get rid of are basically a non-issue for us.

Another important aspect is the quality of our items. This ensures that the life span meets expectations. In 2021, we will explore this with a test panel for a number of basic items. Customers on this panel will track quality progression over a period of time. With the results we can then talk to our buyers and suppliers to implement any improvements in quality, fit, color-fastness, etc. where necessary.

Local, circular production.

In 2020, we joined a coalition of partners to work together to produce a circular product. The idea is that a new product is produced in the Netherlands from 100% post-consumer textile waste. This idea took greater shape in a roundtable discussion during the Dutch Sustainable Fashion Week organized by Modint and RVO. Undersecretary of State Stientje van Veldhoven was present at this event. The following partners form the recycling chain with whose help we will develop a product: Cirkelwaarde, Frankenhuis, Wieland Textiles and Enschede Textielstad.

Clothing Collection.

In 2021 we will be launching a pilot, offering customers in a small number of Dutch stores the opportunity to hand in used clothing. Not just Zeeman items. All clothing will be welcome. Research shows that only 45% of all clothing and textiles are collected, meaning 55% disappear into landfills. By actively raising awareness of used-clothes collection, we hope to make a positive contribution to this. For collecting used clothes, we have found a suitable partner in *Het Goed*. They have their own sorting centers that specialize in sorting all collected clothing and textiles. At *Het Goed*, hundreds of people get the chance to gain work experience in an accessible way every day. So this collaboration also has a strong social component.

Piloting the sale of second-hand clothes.

One of the agreements with *Het Goed* is that clothing suitable for reuse is delivered back to us for sale. During our pilot, a varied range of women's, baby and children's clothing will be available under the 'resale' moniker in six Zeeman stores in the Netherlands. This development helps to reduce the claim on raw materials for the production of new clothing. And means clothes that were no longer worn for whatever reason will get a new owner. Market figures show that the second-hand fashion market is growing 21 times faster than the traditional clothing industry.



A *zuinig* operation.

COVID-19 has had a powerful impact internationally on the various parts of our supply chain. Throughout 2020, there was an imbalance in ocean-freight flows. The biggest bottleneck here was the capacity shortage for shipping sea containers from East Asia. As a result, the scheduling of deliveries became less certain. This is reflected in the average load factor of a sea container as well as the proportion that was transported via inland barge from the port to Zeeman's DC. Two KPIs relating to container transport.

The average load factor of a shipping container ended up at 75%, where 79% was the target. Zeeman used the largest type of container for almost two-thirds of the total containers shipped. For 2021, the target is again a 79% load factor. Through this high load factor, we limit the number of sea containers that need to be shipped and therefore the emissions involved. We want to achieve an increase in the load factor by having Zeeman logistics planning and the agents and suppliers work together even more intensively via the Supply Chain Portal.

For transport from the port to Zeeman's DC in Alphen aan den Rijn, inland shipping is used as much as possible. This reduces the number of transport movements on the road, and therefore emissions. The 'green corridor' is used, in which different companies bundle transport flows via inland navigation. The ships deployed use LNG as fuel. In 2020, 73% of sea containers were delivered via inland shipping, while 80% was our target. This is due to less reliable planning of shipments as a result of the situation in the market for international ocean freight. For 2021, 80% supply via inland navigation is again the target. This share is to be achieved through a combination of further improvement in our logistics planning and normalization of international container traffic.

In 2020, the design for a new distribution-center layout and a new mechanized storage and sorting system was completed. In 2021 the bulk of this project will be realized, resulting in a new DC layout, a new Warehouse Management System, and a Shuttle system for automated storage and sorting. The project will be completed by mid-2022. Besides the commercial importance of increasing capacity for the distribution process, there are 2 important CSR pillars under this major investment: improving working conditions in the DC and reducing the transport movements needed to the stores. Using the 'goods-to-man' principle, heavy labor is limited in the new situation. Less walking and lifting will be needed. And by using smart control systems, we will increase the load factor of roll containers, requiring fewer transport trips for the same volume of goods. Resulting in a reduction in emissions. We continued our policy on fuel-efficient transport methods in 2020. For example, we deployed 2 LNG trucks specifically for long distances. 12 new trucks have been acquired with the cleanest possible diesel engines, further cutting emissions.

The new trucks are also extra quiet, which minimizes nuisance during deliveries. The use of modern drives in combination with driver training is reflected in the average consumption per km of the deployed Zeeman-owned vehicles. Fuel consumption

per km has decreased. In 2019, 1 liter of diesel was used to drive 4.0 km. By 2020, this had risen to 4.2 km.

The transport strategy in which we optimize the balance between carrying out trips directly and outsourcing deliveries in a network has been continued in 2020. Working with Spanish carriers has reduced the number of empty trips. Intermodal transport to Spain by train has also continued. By 2021, our goal is to further reduce the average emissions per roll container. This figure has shown a strong increase because our stores are on average further and further away from our central DC in the Netherlands. By further integrating the planning of our own transportation and the portion that is outsourced in the European network, we can cut back this increase. By eventually opening a second DC in southern Europe, we will be able to further reduce the emissions per roll container transported to the stores.

Furthermore, in 2020 we continued work to make our fleet of passenger cars more sustainable. We had already started to replace the use of diesel engines for the passenger cars with hybrid-powered cars as much as possible. In 2020, the decision was made to start using electric cars where the jobs involved make it possible.

New trucks and trailers.

In 2020, three new trucks were purchased with the cleanest possible diesel engines. In the purchase of these trucks, more emphatic consideration was given to the transmissions, lower fuel consumption, and lower emissions through a deployment-specific composition of the engines, engine capacity and HP output. Of these twelve new trucks, two were delivered with engines running on LNG (Liquefied Natural Gas). These two trucks provide an additional 20% reduction in CO₂ emissions, and, when using bio-LNG, this rises to as much as 80%. A specific combination was also delivered with a double-decker trailer. This means being able to carry even more volume in a single ride. Compared to the city trailer, the load volume is over 200%. The new trucks are also extra quiet, reducing nuisance during deliveries. Of the newly purchased trailers, four are additional double-deckers. These trailers can carry 190% load volume compared to the city trailers and, in addition to being used in shuttle traffic, these are increasingly used in store distribution.

Optimization of transport strategy.

The transport strategy in which Zeeman optimizes the balance between carrying out trips directly and outsourcing deliveries in a network has been continued. By working with Spanish carriers, we are reducing empty trips to Spain and within the Benelux. Reducing regional delivery frequency and merging deliveries has reduced transportation movements. The Transport department was able to accomplish this by increasing the use of double-decker trailers.

Intermodal to Spain in 2020.

In 2020, Zeeman started intermodal transport to Spain, with two 45-foot containers going to Barcelona by train. Compared to road transport, that means 300,000 kg less CO₂ emitted.

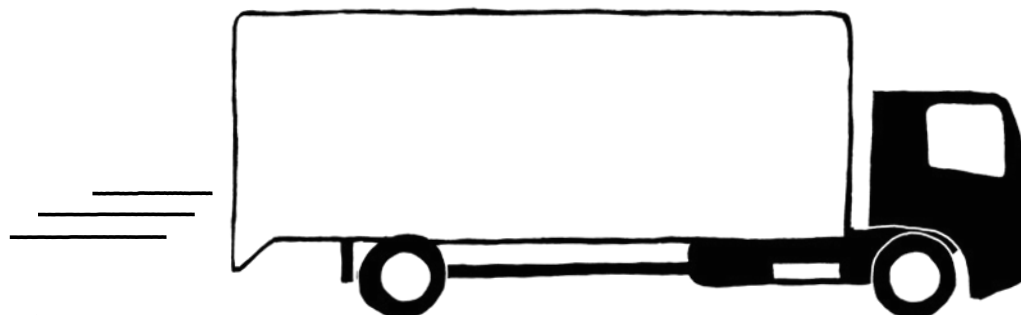
More hybrid and electric cars.

In 2020, we continued replacing passenger cars with hybrid and electric vehicles. Thus further scaling back the number of diesel cars. Also for Belgium, France, Germany and Spain.

You won't find any needless luxuries at our stores. What you will find is LED lighting.

By the end of 2020, 845 stores (out of 1279) were fitted with LEDs. This comes to 66%. LED lighting uses less than a third of the energy required by traditional fluorescent tubes. The 845 stores with LED lighting thus ensure a lower energy bill. This is friendly for the environment as well as our wallet. The advantages:

- About 45% less kWh used at each store compared to fluorescent lighting.
- LED tubes last over four times longer than ordinary fluorescent tubes, among other things because they are made of durable, recyclable synthetic materials.



A good product.

Operating with sustainability in mind also means that we want to offer products with a long lifespan. That is why we pay a lot of attention to the quality of our products. A long-term partnership with a supplier is of great importance in order to be able to guarantee quality. Customers can rely on the quality of our products because our suppliers know our standards.

Handbook for suppliers.

Zeeman's quality department is responsible for the implementation and enforcement of our quality policy. All requirements for the product, labeling, logistics and testing are described in our supplier manual. Because European legislation is subject to change, the manual is updated regularly.

Product council.

In the design phase, the quality specifications are laid down. All designs are submitted to a so-called 'product council', which examines whether there are any quality risks associated with the design. They also ensure that there is no infringement of intellectual property belonging to third parties. The product council consists of representatives from the management, CSR & Quality and Marketing & Communication departments.

Product testing by TÜV Rheinland.

To ensure that products comply with our quality standards, we have commissioned TÜV Rheinland to test products all over the world. This knowledge and innovation center for the textile industry also investigates whether our agreements with our manufacturing partners are truly being kept. Once the test reports have been approved, products are allowed to be shipped to Europe.

What we test for:

- Any chemicals and other harmful substances listed on the Restricted Substances List (RSL). This way we rule out the presence of substances that are harmful to health or the environment (such as azo dyes and plasticizers in plastic) in our products.
- Whether children's sleepwear is fireproof: we fully comply with the European standard. Our sleepwear is also compliant with the Agreement on the Fire Safety of Nightclothes.
- In terms of general product safety, think of small components of toys or cords on children's clothing.
- Quality: e.g. fit, durability and finish.

We set particular requirements for toys and products that come into contact with food.

Customer complaints and comments about our products are carefully handled by our Customer Service department. Safety-related complaints are escalated, after which the quality department performs a risk assessment. In case of other kinds of complaints, we first determine the extent of the problem and then look for an appropriate solution.

Additional spot checks.

Zeeman regularly carries out additional spot checks of its own. (High-risk) products are selected from the store and tested by the independent testing laboratory TÜV Rheinland. In 2020, there were 452 spot checks. 97% of products met Zeeman's strict standards. In 2019, the latter figure was 96%.

Investing in knowledge.

Due to the potential risks associated with items used by children, such as toys, as well as items that come into contact with food, we organized training for our buying team in 2020 to build their knowledge.

Growing together.

Growth is essential for our continuity. In 2019 we launched a new vision of HR, focusing on Zeeman as an attractive employer at which we grow together. Ways in which we plan to achieve growth include expansion and enlargement of our online channel. But to remain truly healthy, we also need to continue to grow in a balanced way with our existing stores, in addition to expanding.

An attractive employer.

The number of people available in the labor market with the right qualifications has decreased as a result of an aging population and ongoing technological development. We have to ensure that we are attractive as an employer so that we continue to attract sufficient high-quality personnel in the future. In order to achieve this, we want to make a number of major shifts, including putting the customer first and encouraging customer-oriented entrepreneurship.

A new generation.

New generations, now entering the labor market, have different expectations of their employer, such as purpose and transparency. And they want to have access to contemporary tools and resources that enable them to do their job properly. Due to the expected staff turnover and the planned increase in the number of stores, we intend to recruit around 5,000 employees per year in Europe in the coming years in order to enable growth. The shifts Zeeman wants to make also mean that our employees have to keep developing in order to grow with us: to grow together.

“We want to be an attractive employer and create energetic, engaged and proud employees.”

Our employees are our ambassadors, and if our people enjoy working for us, they will also radiate this toward the customers. That's why we put our employees at the heart of their journey at Zeeman. In 2019, for the first time, we organized a gathering for store managers in all countries with the main aim of informing and enthusing each other. This WeAreZeeman meeting gave everyone a lot of energy. In addition, we want to make more use of feedback gathered from employees. This will enable us to ensure that our employees feel energetic, engaged and proud.

[Read more about Working at Zeeman](#)



Employees front and center.

In order to create energetic, proud and involved employees, we put employees at the heart of their journey at Zeeman. In 2019 we again improved the employee journey in a number of areas.

Onboarding.

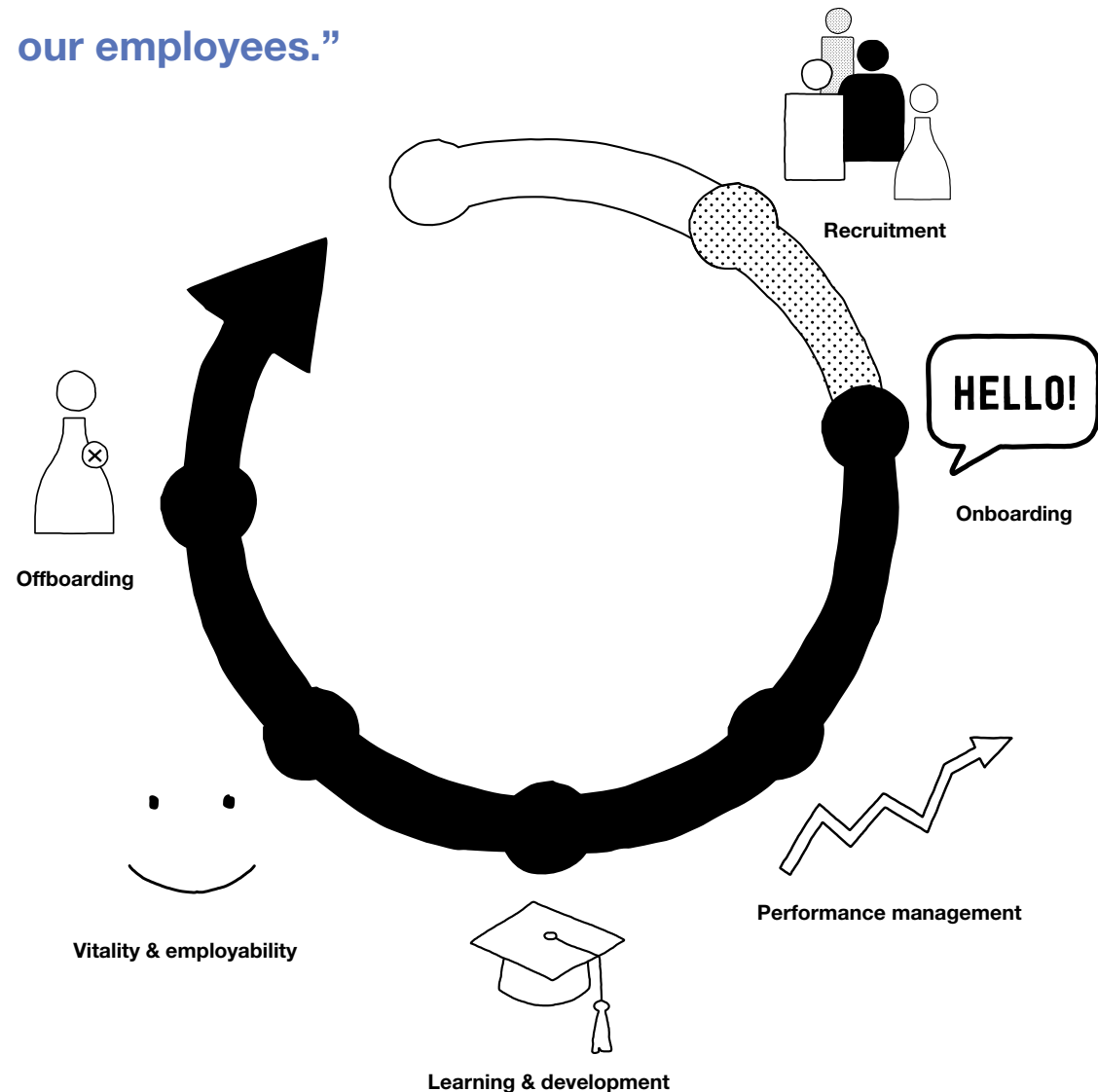
In the fall of 2018 we began development of a new and contemporary onboarding program. In November 2019, this program went live across Europe. We now offer every new retail employee who starts working in one of our stores a contemporary onboarding process via the Learn@Zeeman app (a mix of E-learning, short videos and practical assignments).

Learning & development.

At Zeeman, we are *zuinig* of talent. That is why we offer our employees education and create opportunities for growth together. For years now, the Zeeman School has given our store personnel the opportunity to obtain a vocational education or participate in an internal workshop. We encourage customer-focused entrepreneurship, putting the customer first. We see the position of store manager as a key role within sales.

Unfortunately, due to all the travel restrictions due to the coronavirus, we have not been able to conduct in-person classes since March 2020. When it became clear that we would be facing travel restrictions for an extended period of time, we looked for an alternative way to teach. In September, we started making our teaching materials suitable for virtual classrooms, and so we still managed to start a fixed learning path for Store Managers and Store Managers in training from the end of December.

“We’re making more use of feedback from our employees.”



Voluntary online training.

In addition to an onboarding program, Learn@Zeeman also offers a large number of online training courses, because we find it important that our employees develop personally in order to grow with us collectively. We offer these online training courses without obligation. It is customary for all our Regional Managers to meet twice a year on two days in our Service Office in Alphen aan den Rijn to be informed. Due to travel restrictions because of COVID-19, we hosted this meeting online in September 2020 with the theme of connecting leadership. During these days, we shared our vision of leadership and inspired all Regional Managers to deploy relevant online training that further develops the leadership of their teams.

Employee engagement survey.

In 2019, we asked employees for input online to measure the engagement (enthusiasm) of our employees. We are proud that Zeeman as an employer scored 8.6 (on a scale of 1 to 10). But the study also revealed an important area of concern, namely the role of the supervisor.

The importance of involvement.

As part of this survey, a data analysis was also carried out which clearly demonstrated a link between lower sickness absence and higher involvement. The most enthusiastic employees have 41% fewer absent days due to illness. It has also been shown that managers with a people-focused approach score higher on involvement and therefore experience lower sickness absence in their teams. Therefore, in 2020, we wrote out our vision for leadership and expressed it through a video, explaining that we expect 'connective leadership'.

Being results-oriented is in our genes, and by combining this with a people-oriented approach, we create connective leadership.

The absence rate increased to 6.97% in 2020, up from 6.8% in 2019. Especially in the month of March, the beginning of the coronavirus pandemic, a strong increase in the absence rate can be seen, especially in the Netherlands, Belgium and Luxembourg. During the rest of the year, the absence rate dropped back down slightly. Presumably, the store closures related to the lockdowns in various countries played a role in this.

The absence frequency — the number of times an employee called in sick on average — increased from an average of 1.02 times in 2019 to 1.12 times in 2020. Again, we see that the largest increase was in March (from 0.09 to 0.19). In the months of April, May, November and December, the frequency dropped again slightly, which is presumably related to the store closures in a number of countries.

Looking at the distribution of sick leave by length of absence, sick leave increased the most in the 7- to 30-day absence category (1.43% in 2020 compared to 1.06% in 2019). In 2020, 21% of total sick leave was caused by reports in this category; in 2019, this figure was 16%. The coronavirus pandemic may have played a role in the increase in sick notices lasting between 7 and 30 days.

Vitality and sustainable employability.

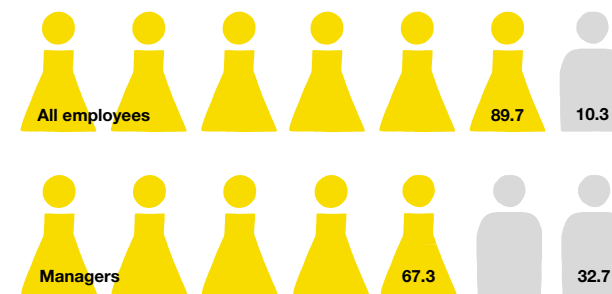
In 2019, we issued a vitality policy to help our employees stay fit and sustainably employable and be less likely to fall ill. This policy has three pillars:

- nutrition, exercise and lifestyle
- work-life balance
- personal development

In September 2019, we started a kick-off for employees of our service office and offered them a (concise) health check. In addition, since July 1, 2020, all of our employees (except those in France) can complete a Preventive Medical Examination (PMO) on an online vitality portal and we encourage healthy eating, exercise and a responsible lifestyle. In addition, through Learn@Zeeman we encourage our employees to continue their personal development.

Diversity.

Zeeman values diversity. 89.7% of our employees are women, and among our managers, that figure is as high as 67.3%. Two out of the five members of Zeeman's Board of Directors are also women. To enable our employees to maintain a good balance between work and family life, we offer many part-time positions: 70% of our staff works part-time. In addition, we believe that everyone deserves a fair chance of finding a job.



Percentage of women and men at Zeeman

Our projects for a better society.

Zeeman has been supporting projects in India since 2005 and in Bangladesh since 2019. In India, a school was built in partnership with a local organization right next to the largest slum in Central Asia, Dharavi. This school now educates 250 children with disabilities, offering both basic education and vocational training.

In recent years, Zeeman's support has focused specifically on girls who have involuntarily entered prostitution. When these girls are freed, they enter a shelter. The Save our Sisters project ensures that girls who are suited to it can receive a good education so that they have a chance in society again. In 2020, Zeeman also invested extra in a project where girls who are not from Mumbai are given the opportunity to go back to their country of birth, often Bangladesh. By 2020, 25 girls had successfully returned to their families.

In Bangladesh, too, Zeeman's assistance focuses on girls who have involuntarily ended up in prostitution. The project involves both liberation efforts to free the girls and a place to stay in a private shelter in Faridpur (not far from the capital, Dhaka), as well as providing them with an education. In 2020, 26 girls were taken care of in Faridpur, and 24 girls received education and vocational training.

Of course Covid-19 has also had a huge impact, in both India and Bangladesh. At first, it even seemed to be positive for the girls, as travel and brothel visits were greatly reduced. The other side is that, because a lot of people have been out of work, poverty has further increased, and with it, the likelihood of girls ending up in prostitution. For the year 2021, the decision has been made to continue the Save our Sisters Bangladesh project in the same manner as in 2020. The shelter is functioning well, and the need to take liberation action has only increased.

For the Save our Sisters India project, an additional goal for 2021 has been chosen, which is to help girls who have previously received assistance from Save our Sisters but who are now out of work due to the Covid-19 crisis and are therefore in great difficulty. This also puts them at risk of getting back into prostitution. Some 70 girls are expected to receive this kind of assistance by 2021.



Shelter in Faridpur, Bangladesh.



Appendices.

Economic aspects.	>
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Governance.	>
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Economic aspects.

Zeeman Groep B.V. and its subsidiaries operate based on a financial year that is equal to the calendar year. Zeeman Groep B.V.'s consolidated annual accounts have been filed with the Chamber of Commerce through the financial year 2019.

Zeeman comprises the following subsidiary companies:

ZEEMAN textielSupers B.V., Alphen aan den Rijn, The Netherlands (100%)

ZEEMAN textielSupers N.V., Merksem, Belgium (100%)

ZEEMAN textielSupers GmbH, Kleve, Germany (100%) G+W Wahler der Modemarkt GmbH, Kleve, Germany (100%)

ZEEMAN textielSupers SARL, Paris, France (100%)

ZEEMAN textielSupers SARL, Esch-sur-Alzette, Luxembourg (100%)

ZEEMAN textielSupers, SLU, Barcelona, Spain (100%)

ZEEMAN textielSupers GmbH, Vienna, Austria (100%)

Profitex Import Export Company Ltd, Hong Kong (100%)

Romanee Ltd, Hong Kong (100%)

Governance.

Zeeman is managed by the Management Team, comprising eight people: Erik-Jan Mares (CEO), Albert van Bolderen (CFO), René de Lege (Director of Sales, Construction & OG), Erica Roolvink (Buying Director), Suzanne Terpstra (HRM Director), Caroline van Turennot (Director of Marketing & e-Commerce), Schelte Halma (Supply Chain & Logistics) and André Unkel (ICT).

As of the end of 2020, the Supervisory Board consists of Mr. B. Roetert, Mr. T.A. Rövekamp, Mr. P. Saman, and Mrs. T.A.J. Burmanje.

Two committees exist within the supervisory board: the audit committee and the remuneration committee.

With this group of people, Zeeman's board of directors consists of 50% women. The legal target is 30% women on board seats. At 25%, this is not yet the case on the Supervisory Board.

About this report.

Information gathering.

The information in the 2020 CSR report was gathered by a team of people within Zeeman. The report has been composed in this way since 2008.

Transparency.

Zeeman's management wants to be transparent about its CSR policy. We think it's important that shareholders, consumers, politicians and employees have a clear understanding of our policies. That openness provides the opportunity for stakeholders to track our performance, and to make an informed judgment of how we are doing as an organization.

Scope.

This CSR report is an annual publication that describes the activities of Zeeman Groep B.V. in the field of corporate social responsibility. The report relates to the period of 1 January 2020 through 31 December 2020. The previous CSR report was published in May 2020. The scope of the report is Zeeman Groep B.V., established in Alphen aan den Rijn.

Assurance report from the independent accountant

To: the management of Zeeman Groep B.V.

Assurance report regarding the 2020 social-responsibility report

Our conclusion

On the basis of our activities, we have no reason to conclude that, in all materially relevant aspects, Zeeman Groep B.V.'s 2020 social-responsibility report does not offer a reliable and adequate view of:

- Policies and operations as they relate to corporate social responsibility; and
- The events and performance in this area for the year ending 31 December 2020, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the additional reporting criteria as clarified in the section 'Reporting criteria' below.

What we have reviewed

We have reviewed the 2020 social-responsibility report of Zeeman Groep B.V., covering the year ending on 31 December 2020.

The social-responsibility report contains a description of the policies and operations of Zeeman Groep B.V., Alphen aan den Rijn (hereafter referred to as: "Zeeman") related to corporate social responsibility and of the events and performance in this field during 2020.

The basis of our conclusion

We have carried out our review in accordance with Dutch law, which includes Dutch Standard 3810N, 'Assurance-opdrachten inzake maatschappelijke verslagen' (*Assurance assignments relating to social-responsibility reports*). The aim of this review is to obtain limited assurance. Our responsibilities in respect of the above are described in the section 'Our responsibilities in reviewing the social-responsibility report'.

It is our opinion that the assurance information we have obtained provides a sufficient and appropriate basis for our conclusion.

Independence and quality control

As required by the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO)' (*Regulation regarding the independence of accountants performing assurance assignments*) and other independence rules relevant to the assignment that are in force in the Netherlands, we are independent from Zeeman. In addition, we have complied with the 'Verordening gedrags- en beroepsregels accountants (VGBA)' (*Regulation on professional rules of conduct for accountants*).

We apply the 'Nadere voorschriften kwaliteitssystemen (NVKS)' (*Further requirements for quality systems*). Following from the aforementioned, we possess a cohesive framework for quality control including defined guidelines and procedures to ensure compliance with ethical requirements, professional standards, and other relevant legislation and regulations.

Reporting criteria

The social-responsibility report should be read and understood in the context of the reporting criteria. Zeeman's management is responsible for selecting and applying these reporting criteria, taking into account applicable legislation and regulations with regard to reporting.

The reporting criteria used for the preparation of the social-responsibility report are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the additional reporting criteria maintained. The absence of established practices for review and measurement of non-financial information means there is a range of different, acceptable measurement techniques that may be applied. This may impact comparability between different entities and over time.

tiative (GRI) and the additional reporting criteria maintained. The absence of established practices for review and measurement of non-financial information means there is a range of different, acceptable measurement techniques that may be applied. This may impact comparability between different entities and over time.

Limitations in the scope of our review

The social-responsibility report contains forward-looking information, such as expectations regarding ambitions, strategies, plans, estimates and risk assessments. A factor inherent to forward-looking information is that the actual future outcomes are likely to deviate from these expectations. The resulting deviations may be of material importance. We provide no assurance regarding the presuppositions and the feasibility of future aims in the social-responsibility report.

References to external sources or websites in the social-responsibility report do not form part of the social-responsibility report which we have reviewed. We therefore provide no assurance regarding such information not contained in the document itself.

Responsibilities for the social-responsibility report and the review

Responsibilities of the board of directors and supervisory board

Zeeman's management is responsible for the preparation of reliable and adequate sustainability information as included in the social-responsibility report in accordance with the reporting criteria as explained in the section 'Reporting criteria', including the identification of intended users and the identification of material issues. The decisions made by the management with respect to the scope of the social-responsibility report and the reporting policy are set out in the sections 'Our stakeholders', 'Material themes' and 'Glossary' of the social-responsibility report.

The management is also responsible for ensuring that the internal control processes are in place that it deems necessary to enable composition of the social-responsibility report without any deviations of material relevance resulting from fraud or errors.

The supervisory board is responsible for supervising the company's reporting process with regard to the sustainability information included in the annual sustainability report.

Our responsibilities in reviewing the social-responsibility report

It is our responsibility to plan and execute a review assignment such that we obtain sufficient and appropriate assurance information to substantiate the conclusion we provide.

The activities that are performed in obtaining limited assurance are aimed at establishing the plausibility of information, and vary in nature and timing from and are less comprehensive than those involved in an audit assignment aimed at obtaining reasonable assurance. The level of assurance obtained as a result of a review assignment is therefore considerably lower than the level of assurance obtained as a result of an audit assignment.

Activities performed

We have performed this review in a professional and critical manner, and, where relevant, we have applied professional assessment practices in accordance with Dutch Standard 3810N, ethical requirements as well as the independence requirements.

Our activities included the following:

- Performing an external environment analysis and gathering insight into the relevant social themes and issues as well as the characteristics of the entity;
- Evaluating the suitability of the reporting criteria used, their consistent application and the explanations given for these in the social-responsibility report. This includes evaluating the results of the stakeholder dialogue and evaluating the reasonableness of management estimates;
- Gaining insight into the reporting processes underlying the social-responsibility report, including an outline of internal control, to the extent relevant to our review;
- Identifying areas in the social-responsibility report with a higher risk of misleading or unbalanced information or material misstatements as a result of fraud or errors. On the basis of this risk assessment, determining and carrying out activities aimed at determining the plausibility of the social-responsibility report; These activities included the following:
 - Conducting interviews with management (and/or relevant employees) at the group level responsible for the (sustainability) strategy and policy and performance;
 - Conducting interviews with relevant employees responsible for supplying information for, performing internal checks on, and consolidation of data in the social-responsibility report;
 - Determining the nature and scope of the review activities to be carried out for the group entities and locations. The nature, size and/or risk profile of the group entities, locations or activities are decisive in this respect;
 - Obtaining assurance information showing that the social-responsibility report is consistent with the underlying accounting records of the entity;
 - Reviewing relevant internal and external documentation on the basis of limited observations;
 - Analytical evaluation of data and trends provided for consolidation at the group level;
- Evaluating the presentation, structure and content of the social-responsibility report;
- Considering whether the social-responsibility report as a whole reflects the purpose of the reporting criteria used.

Rotterdam, 1 June 2021
PricewaterhouseCoopers Accountants N.V.

Original signed by mr. drs. J.A.M. Schrama RA

GRI Core Table 2020.

In 2020, the material themes identified during the stakeholder dialogue at the end of 2018 were followed up. For the eight most material themes, further policy has been outlined and a number of relevant KPIs have been determined on which we are reporting. KPIs have now also been determined for the omissions in the 2019 report.

General standard disclosures.

General standard disclosures.					
Indicator.		Page.	Indicator.		Page.
102-1	Name of the organization.	6	102-44	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to these key topics and concerns, including through its reporting.	4, 16, 20-21
102-2	Primary brands, products and services.	6			
102-3	Location of the head office.	6			
102-4	The number of countries in which the organization operates.	7	102-45	Business units included in the annual accounts or equivalent documents of the organization.	6, 55
102-5	Ownership model and legal form.	6	102-46	Process for determining the content of the report.	56
102-6	Markets served.	7	102-47	List of all material topics identified during the definition of the content of the report.	21
102-7	Scale of the reporting organization.	6	102-48	The impact of any updates of information provided in previous reports, and the reasons for such updates.	17
102-8	Employee information.	15, 50-52	102-49	Indicate any specific limitations on the scope or delimitation of the material subjects.	56
102-9	Supply chain.	23-28	102-50	Period under review.	56
102-10	Significant changes in size, structure, ownership, or the value chain during the reporting period.	4, 4, 17, 56	102-51	Date of the most recent previous report.	56
102-11	Explanation regarding the application of the precautionary principle by the reporting organization.	6, 17	102-52	Reporting cycle.	56
102-12	Externally developed economic, environmental and social charters, principles or other initiatives endorsed or upheld by the organization.	29, 32, 40, 42	102-53	Contact point for questions regarding the report or its contents.	66
102-13	Membership of associations (such as industry associations) and (inter)national advocacy organizations.	20, 29	102-54	The application level that was chosen.	58
102-14	Statement from the most senior decision-maker of the organization.	3	102-55	GRI table.	58
102-16	Values, principles and standards surrounding behavior, such as a code of conduct.	10, 27	102-56	Policy and current practice with regard to seeking external assurance for the report.	56, 57
102-18	The governance structure of the organization, including committees under the highest governance body (a). And the committee responsible for decision-making on economic, environmental and social issues (b).	9			
102-40	List of stakeholder groups engaged by the organization.	20			
102-41	Percentage of total employees covered by collective labor agreements.	60			
102-42	Basis for inventory and selection of stakeholders to be involved.	20			
102-43	Approach to stakeholder engagement, including frequency of engagement by type and group of stakeholders.	20			

Specific standard disclosures.

Sustainable raw materials and resources.

103-1	Description and delimitation of material subjects.	21
103-2	Management approach.	16, 41-43
103-3	Evaluation of the management approach.	21, 41-43
Zeeman indicator	% total sustainable materials in relation to total consumption % sustainable cotton bought by Zeeman suppliers in relation to total cotton consumption.	62

Indicator.		Page.
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Packaging and waste.

103-1	Description and delimitation of material subjects.	21
103-2	Management approach.	21, 45
103-3	Evaluation of the management approach.	21, 45
Waste	GRI 306-2: Total weight of waste, by type and removal method.	61

Environmental pollution by factories.

103-1	Description and delimitation of material subjects.	21
103-2	Management approach.	16, 38-40
103-3	Evaluation of the management approach.	21, 38-40
Zeeman indicator	KPI: Number of manufacturers East Asia and Turkey using at least one wet processing unit with ETP (effluent treatment plant)	62

Sustainable purchasing practices.

103-1	Description and delimitation of material subjects.	21
103-2	Management approach.	16, 34
103-3	Evaluation of the management approach.	34
Zeeman indicator	KPI: % of purchase value from the 50 largest East Asia and Turkish suppliers. % of the 50 largest East Asia and Turkish suppliers with whom we have been working for 5 years or more.	62

Safe and healthy working conditions.

103-1	Description and delimitation of material subjects.	21
103-2	Management approach.	16
103-3	Evaluation of the management approach.	27-29
Occupational Health and Safety & Zeeman indicator	GRI 403-9: Work-related injuries. KPI: occupational accident rate. % major points for improvement from Zeeman's social audit corrected	60

Omission in 2017/2018 CSR report: the breakdown by region and gender does not show any relevant differences with regard to the composition of Zeeman's workforce.

Indicator.		Page.
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Circular economy.

103-1	Description and delimitation of material subjects.	21
103-2	Management approach.	45-46
103-3	Evaluation of the management approach.	45-46
Recycling materials	KPI: % recycled waste.	61

Child and forced labor.

103-1	Description and delimitation of material subjects.	21
103-2	Management approach.	16, 31, 32
103-3	Evaluation of the management approach.	31, 32
Zeeman indicator	KPI: % cotton out of our total cotton consumption where suppliers are known (so that the origin can be traced).	62

Transparency and traceability in the supply chain

103-1	Description and delimitation of material subjects.	21
103-2	Management approach.	16, 23-25
103-3	Evaluation of the management approach.	23-25
Zeeman indicator	% of East Asia and Turkish suppliers where independent supplier audits have been carried out.	62

A living wage.

103-1	Description and delimitation of material subjects.	21
103-2	Management approach.	16, 36, 37
103-3	Evaluation of the management approach.	36, 37
Zeeman indicator	KPI: % of East Asia and Turkish suppliers where the difference between minimum, actual and living wage has been assessed.	62

Overview of indicators.

In 2019, the material themes identified during the stakeholder dialogue at the end of 2018 were followed up. Relevant KPIs have been determined for the eight most material themes on which we report.

	2016	2017	2018	2019	2020		2016	2017	2018	2019	2020
Our employees											
Total number of employees	7,406	7,593	7,927	7,968	8,317	% full-time	31.8	30.7	30.4	30.0	30.7
Netherlands	3,491	3,425	3,505	3,518	3,632	% part-time	68.2	69.3	69.6	70.0	69.3
Belgium	1,504	1,629	1,615	1,593	1,682	% fixed-term	39.5	39.7	39.6	38.9	38.5
Germany	909	865	826	747	708	% permanent	60.5	60.3	60.4	61.1	61.5
France	1,344	1,456	1,680	1,636	1,671	% employees covered by a collective agreement	87.7	88.5	89.5	90.5	91.4
Luxembourg	69	62	64	71	67	% employees with a disadvantage in the labor market	1.5	3.2	2.7	2.5	2.4
Spain	73	142	217	390	550	% men in management positions (excl. store managers) ²	28.0	24.7	25.9	28.4	32.7
Austria	16	14	20	13	7	% women in management positions (excl. store managers) ²	72.0	75.3	74.1	71.6	67.3
Average number of FTEs ⁴	5,635	5,868	6,019	6,067	6,247	Age structure					
Netherlands	2,298	2,471	2,430	2,373	2,453	% 24 years and below	34.6	34.1	32.9	31.4	31.4
Belgium	1,205	1,216	1,251	1,231	1,234	% 25-34	33.1	31.8	31.5	30.2	29.0
Germany	796	785	743	690	617	% 35-44	19.3	20.1	20.8	22.3	22.8
France	1,211	1,223	1,368	1,435	1,459	% 45-54	8.9	9.7	10.1	11.0	11.6
Luxembourg	67	64	62	66	64	% 55 years and above	4.1	4.3	4.7	5.1	5.3
Spain	43	97	151	260	412	% sickness absence ¹⁸					
Austria	15	12	14	12	8	Netherlands	5.58	6.04	6.51	6.80	6.97
Total number of interns	4,148	4,043	4,010	3,603	2,468	Belgium	4.72	4.98	5.67	6.21	7.28
Netherlands	1,625	1,512	1,307	1,149	850	Germany	5.68	5.99	5.94	6.13	5.97
Belgium	540	630	759	831	668	France	6.44	7.63	7.18	8.61	7.36
Germany	1,166	1,128	1,192	1,052	724	Luxembourg	7.28	7.74	8.12	8.17	7.51
France	758	690	674	515	162	Spain	5.31	6.31	5.82	5.88	7.54
Luxembourg	40	32	31	14	8	Austria	1.35	4.53	5.93	4.28	5.20
Spain	8	27	20	25	46	Occupational accident rate	7.03	5.08	9.63	9.05	1.71
Austria	11	24	27	17	10	Number of deadly accidents	2.38	2.47	2.39	2.47	2.26
						Training days / FTE ¹	0	0	0	0	0
							1.03	1.36	1.04	0.93	0.66

	2016	2017	2018	2019	2020
Transport ⁷					
Fuel consumption (liters / 100 km)					
Trucks	26.49	26.37	26.04	25.00	21.90
Passenger cars	5.42	5.82	5.78	5.77	5.56
Sea-container load factor (%)	64	64	62	62	75
Avg. CO ₂ emissions per roll container, own and external transport (out-bound) (kg) ¹⁹	Unknown	Unknown	Unknown	11.5	15.3
Packaging & Waste ⁶					
Industrial waste (kg)	821,569	807,312	712,987	701,256	592,532
of which hazardous substances	Unknown	Unknown	1.4%	0.2%	0.2%
Secondary packaging (kg)	4,588,300	4,670,900	4,802,330	4,766,060	4,364,320
Total weight of waste (kg) ⁸	5,409,869	5,478,212	5,515,004	5,467,316	4,956,852
% recycled	85	87	88	89	90
% waste incinerated with energy recovery	Unknown	13	12	11	10
% waste incinerated ⁵	Unknown	0	0	0	0
Primary packaging (kg) ¹⁷	2,186,016	2,304,913	2,251,675	2,407,729	2,086,606
Energy consumption ⁹					
Gas consumption (m³/m²)					
The Netherlands ¹⁰	15	14	14	12	11
Belgium	15	15	13	11	10
Germany	21	22	21	20	17
France ¹¹	14	15	25	Unknown	Unknown
Luxembourg	15	13	16	19	12
DC + service office	3	2	2	2	3
Electricity consumption (kWh/m²)					
Netherlands	67	66	65	63	59
Belgium	55	53	53	53	45
Germany	79	74	73	69	62

	2016	2017	2018	2019	2020
France	88	98	100	72	68
Luxembourg	33	32	40	37	34
DC + service office	40	33	38	37	36
CO₂ footprint (tons) ^{9, 12}					
Scope 1 / m² ¹³	24	22	29	21	20
Gas – stores in the Netherlands	30	26	27	23	21
Gas – stores in Belgium	31	28	25	21	19
Gas – stores in Germany	42	41	39	37	32
Gas – stores in France ¹¹	27	28	47	Unknown	Unknown
Gas – stores in Luxembourg	30	24	30	36	23
Gas – DC + service office	6	5	5	4	5
Scope 1 / net revenue ^{7, 13}	9	9	8	7	6
Transport – trucks	8	7	7	6	5
Transport – passenger cars	1	1	1	1	1
Scope 2 / m² ¹⁴	24	22	21	20	15
Electricity – stores in the Netherlands	27	29	28	27	33
Electricity – stores in Belgium	10	15	15	13	9
Electricity – stores in Germany	37	46	46	56	38
Electricity – stores in France	5	6	6	6	3
Electricity – stores in Luxembourg	13	12	16	15	15
Electricity – DC + service office	16	15	9	16	20
Scope 3 / net revenue ¹⁵	45.32	45.62	33.31	35.69	23.72
Sea shipping	25.40	26.43	11.90	15.52	8.53
Airfreight	Unknown	Unknown	0.79	0.35	0.93
Third-party road transport ¹⁶	0.35	0.57	3.40	1.97	0.38
Inland waterways	0.64	0.56	0.45	0.38	0.46
Air travel	0.52	0.63	0.47	1.56	0.11
Packaging materials	14.72	14.33	13.75	13.29	11.83
Paper	3.69	3.10	2.55	2.62	1.48

	2016	2017	2018	2019	2020
Buying					
% East Asia and Turkish suppliers where independent supplier audits have been carried out.	Unknown	84	94	100	100
% sustainable cotton sourced by Zeeman suppliers in relation to total cotton consumption. ¹⁹	5.6	8.6	10.4	23.7	41.8
% total sustainable materials in clothing and textiles relative to total consumption. ²⁰	Unknown	Unknown	Unknown	Unknown	29.3
% cotton out of our total cotton consumption where suppliers are known (so that the origin can be traced). ²⁰	Unknown	Unknown	Unknown	Unknown	39.5
Number of manufacturers in East Asia and Turkey using at least one wet processing unit with an ETP (effluent treatment plant).	Unknown	Unknown	Unknown	Unknown	80.0
% major points for improvement from Zeeman's social audit corrected	Unknown	Unknown	100	100	100
% of East Asia and Turkish factories where the difference between minimum, actual and living wage has been assessed.	Unknown	Unknown	Unknown	20	33
% of purchase value from the 50 largest East Asia and Turkish suppliers.	Unknown	Unknown	Unknown	72	70
% of purchase value with our 50 largest East Asia and Turkish suppliers with whom we have been working for 5 years or more.	Unknown	Unknown	Unknown	86	93
% of quality spot checks performed in the reporting period that passed.	97	96	96	96	97
Number of products removed from sale.	22	15	17	19	3

Footnotes.

1. New method for determining what constitutes a management position compared to previous years. As of 2020, someone who leads one or more people is considered a manager.
2. From 2019 we started reporting this figure in kilograms. In 2018 this was reported in metric tons. The number for 2018 has therefore been adjusted.
3. Off-road vehicles are not included in these figures.
4. As in previous years, Spain and Austria have been excluded from this data.
5. Natural gas from the Dutch province of Groningen.
6. The new supplier of gas in France has not been able to supply the consumption data in time, which means that this data cannot be reported.
7. Note that the figures for years prior to 2016 have not been reviewed.
8. Scope 1: this includes all direct emissions generated by the company's own transport activities, from sources under the company's control or in its possession, such as transportation to the stores. The CO₂ calculations for 2017 were made using conversion factors provided by suppliers and ones obtained from www.co2emissiefactoren.nl for transport (2017). The conversion factor applied for gas is the same for all countries.
9. Scope 2: this includes indirect emissions from the use of energy procured to facilitate company activities, e.g. electricity. The CO₂ calculations for 2017 were made using conversion factors provided by suppliers; each country has its own conversion factor.
10. Scope 3: this includes all miscellaneous indirect emissions from third parties, such as: sea shipping, airfreight, inland navigation, and air travel. The CO₂ calculation was made in accordance with the principles of the Greenhouse Gas Protocol (2016).
11. Airfreight emissions have also been taken into account in the calculation for 2018, 2019 and 2020. No figures are available for 2016 and 2017.
12. Scope 3 third-party road transport: Since 2018, this figure includes not only road transport from the port of Rotterdam to Alphen aan den Rijn, but also trips by third parties between the distribution center and the hubs in France, Spain, Belgium and Austria. The impact of the journeys between the distribution center and the hubs is an estimate based on data collected regarding the final weeks of 2018. Information on further distribution by third parties, from the hubs to the stores, is not available.
13. Primary packaging is the packaging for which we make legally required annual waste management contributions in the various countries. Packaging of products purchased on the European market is not included.
14. In 2020, a modified emission factor for sea shipping was used, resulting in a significant reduction. Previous years' figures have not been revised.
15. In the calculation of the 'CO₂ emissions per roll container' for 2019, not all data regarding external exporters was included. In addition, estimates and assumptions have been made regarding the fuel consumption of trucks and CO₂ emissions per liter of diesel (source TTM.nl).
16. By 'passed', we mean that no defects were found during the spot check that could lead to a (potential) safety or health risk.
17. As of 2018, we report on suppliers audited by an independent party. As this data has not been measured before 2017, the figures for 2015 and 2016 have not been included in the report.
18. From 2020, absenteeism is recorded by country.
19. Since 2020, this calculation includes organic and recycled cotton in addition to the Better Cotton share.
20. Since 2020, we have employed a new methodology to calculate materials consumption. No figures are available for previous years.

Glossary.

Audit committee.

The audit committee supports the supervisory board in assessing the reliability of financial reporting.

Bangladesh Accord.

The Bangladesh Accord is a unique partnership between various stakeholders. The Accord exists to improve working conditions in the textile industry in Bangladesh. Factories of associated companies are independently inspected and improved with regard to fire safety, building structure and electricity.

Better Cotton Initiative (BCI).

The Better Cotton Initiative is an organization working to improve conditions in the cotton sector around the world. The BCI helps farmers to grow their cotton in better ways. This should lead to greater cotton yield, and thus more revenue for the farmers. It should also lead to more efficient working methods, with less use of chemicals. That means: less energy, less water, and less harm to the environment.

Brand Asset Valuator.

The Brand Asset Valuator is used to measure a company's image among Dutch consumers.

Code of Conduct.

A clear definition of our ethical values and standards for our partners in the supply chain.

Code of Labour Practices.

A code of conduct that forms the basis of the cooperation between Fair Wear and a Fair Wear member. The core of this code comprises eight labor standards based on internationally recognized norms.

Ethical Trading Initiative (ETI).

ETI is an organization that aims to improve working conditions in certain industries, including the clothing and food sectors. They have developed a Base Code (code of conduct) based on international standards.

Fair Wear (FW).

Fair Wear is a multi-stakeholder initiative with 130 members and a broad support base consisting of parties such as InRetail, Modint, CNV International, Mondiaal FNV and Clean Clothes Campaign. As an NGO, the Fair Wear Foundation has been working for many years to promote good working conditions in the clothing industry, in the countries where production takes place.

Fair Wear Performance Check.

FW's Brand Performance Check is a tool to evaluate and report on the activities of FW's member companies.

GOTS (Global Organic Textile Standard).

GOTS is a standard for organic textiles that is applied chain-deep in the processing of organic fibers.

IRBC textile agreement.

Zeeman is a signatory to the IRBC agreement for international corporate social responsibility in the clothing and textile industry. Companies and organizations that sign the agreement agree to work together to combat discrimination, child labor and forced labor. They also promote the right to free collective bargaining by independent trade unions, a living wage, and safe and healthy working conditions for employees. They also aim to reduce negative environmental impacts.

LED.

Light-emitting diodes provide energy-efficient lighting.

Remuneration committee.

The Remuneration Committee advises the Supervisory Board, among other things, on the terms of employment and remuneration of the directors and (senior) management.

(Manufacturing) Restricted Substances List ((M)RSL).

A list of chemicals that are restricted in consumer products, usually because of government regulation or law. The aim of an RSL is to reduce the use of hazardous substances in consumer goods and supply chains. An MRSL also contains a list of chemicals that may not be used within a production facility.

Social audits.

A process designed to assess business operations at a production site against predetermined criteria. An improvement plan must be drawn up for the criteria that a manufacturer does not meet. This plan sets out the corrective and preventive measures needed to meet the criteria. This is also called a corrective action plan (CAP).

Sustainable Development Goals, SDGs.

A collection of seventeen global goals set by the United Nations aimed at 'making the world a better place by 2030'. The first and most important goal is to eradicate extreme poverty, which, according to the UN, is 'the greatest challenge of our time'. There are also goals related to health, education and clean drinking water, as well as goals concerning sustainable energy, reducing inequality and tackling climate change.

Transparency Pledge.

The Transparency Pledge is an initiative of, among others, the Clean Clothes Campaign (*Schone Kleren Campagne*, SKC) and workers' and human-rights organizations. By committing to the Transparency Pledge, a company promises to be transparent about production by making production sites public and sharing relevant additional information.

TÜV SÜD Global Inspection Limited.

An internationally accredited institute that carries out factory audits for Zeeman around the globe.

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