

Year 2019

Anna van Toor

Corporate Social Responsibility
Report



Introduction

2019 was our seventh year of membership of Fair Wear Foundation (FWF). We have decided to become a member of FWF because our company aims to be accountable for the working conditions under which our products are manufactured, to companies we do business with, to consumers, and in general to the society to which we belong.

"In fashion looking good is often first priority. However, to feel good makes you look even better. We want our products to help people look and feel good. The second is only possible when products are made fairly and that is what we want to guarantee our consumers." - Jan Paul van Toor, CEO

Summery Goals & Achievements 2019

Below we present what we did in 2019 to further implement the FWF Code of Labour Practices^[1] in our supply chain:

- We informed our new suppliers, agents and employees of our FWF Membership and convinced them to cooperate with us in realizing good work environments for all employees. We asked to fill in the questionnaire and to place the Code of Labour Practices on the wall in the workplace.

The Code of Labour Practices is based on the conventions of the International Labour Organisation (ILO) and the Universal Declaration on Human Rights and consists of the following rules: (1) Employment is freely chosen (2) There is no discrimination in employment (3) No exploitation of child labour (4) Freedom of association and the right to collective bargaining (5) Payment of a living wage (6) No excessive working hours (7) Safe and healthy working conditions and (8) Legally-binding employment relationships.

- During our last financial year we conducted an audit in China, a verification audit in Turkey, a Workplace Education Programme in China and 3 audits by our agents and/or production managers. The production team tries to visit most of the factories in Europe itself and the remaining factories are visited by agents. For example in Madagascar and Tunisia. Last year, the production team continued what they had started that year before. Especially, better communication about the workload versus the capacity of the production locations at the start of the collection creation, to strive for the styles that do not change too much after placing an order.
- Every end of the year we check a number of factory data, such as the address, to update the factory data.
- We have emailed all active suppliers with the question what the lowest wage is that is earned in the factory and how high that wage is per month. We analysed this in an excel sheet, together with the minimum wage and the living wage. We can now see that some pay the living wage, others the minimum wage or above the minimum wage.
- Each year we discuss with external brands what they are doing in the field of Corporate Social Responsibility (CSR). We have made it clear that more than 60% of the brands either have signed the FWF questionnaire or work with an NGO such as Fair Wear Foundation or have their own CSR programme. We work with new brands every year, so gaining this insight is a continuous process. With the other brands, we are also starting to achieve great things. We accept that change starts with awareness and we are proud to be part of this process.
- From the start of our membership in 2013 till 2019, almost 90% of our factories were visited and checked by our agents, Fair Wear Foundation or by ourselves. We are pleased with this score in a seventh year of membership.

- In addition to our membership of Fair Wear Foundation, we have made a number of other sustainable developments; we are increasingly using natural and sustainable fabrics in our collections. For example Tencel which is 100% biodegradable, Bio Cotton and BCI cotton. In addition, our Travel Collection is made by a company that's making big steps in sustainability, like water re-use, as well as a 50% reduction in water usage as a result of their production. In addition, they have solar panels, making them self-sufficient. In addition, they have a special system to reduce CO2 emissions. Finally, we produce Fair Trade basics such as t-shirts.
- As well as improving the situation in our factories, we are also busy giving our own stores a makeover or opening new ones, using natural materials, LED lighting and giving Fair Trade coffee to customers.
- Internally, we share videos made by our production managers to show the situation in our factories, so that our employees can also see how the circumstances are in the factories where the collection is made.
- In 2019, we installed solar panels at the top of our distribution centre.

Sourcing Strategy

Sourcing Strategy & Pricing

Anna van Toor focuses exclusively on women's fashion. This collection consists of all kinds of clothing, from trousers to coats to t-shirts. We try to create a complete collection, so that a woman can visit Anna van Toor and find everything she needs. For work, but also for more casual moments or for a party. In our stores we sell our own brands as well as premium labels.

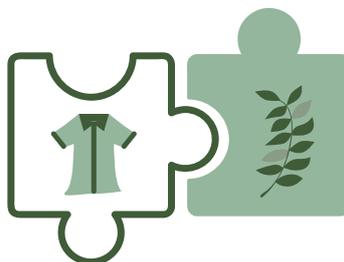
Our brands Anna and Anna Blue are sold exclusively in the Netherlands; in the 31 Anna van Toor stores and in around 60 other retailers in the Netherlands.

Sourcing Strategy

We work with a factory approach which is a step-by-step plan that all production managers must follow when approaching a new factory. The main goal is to find a factory 'suitable' for Anna van Toor. Think, for example, of informing the factory about our guidelines and checking whether they are willing to work together on that basis. The production managers are responsible for sending, collecting and archiving information.

We will visit factories that we can visit ourselves, especially when a factory is new. By following these steps, it will help to obtain correct information and whether a particular factory meets our standards. Sometimes it may be wiser not to enter into a new collaboration on this basis. This choice can either come from Anna van Toor, but it can also be a choice of the factory itself. The strategy ensures a systematic way of working.

When a Fair Wear audit shows that conditions are not acceptable, we start by improving the situation rather than switching suppliers because we want to take responsibility in the factories we work with. There is still no real tension between us and our suppliers. When this happens, our aim is always to talk about it and find solutions, but if we cannot find one, we will communicate with our Fair Wear coordinator to find a good solution together.



Organisation of Sourcing Department

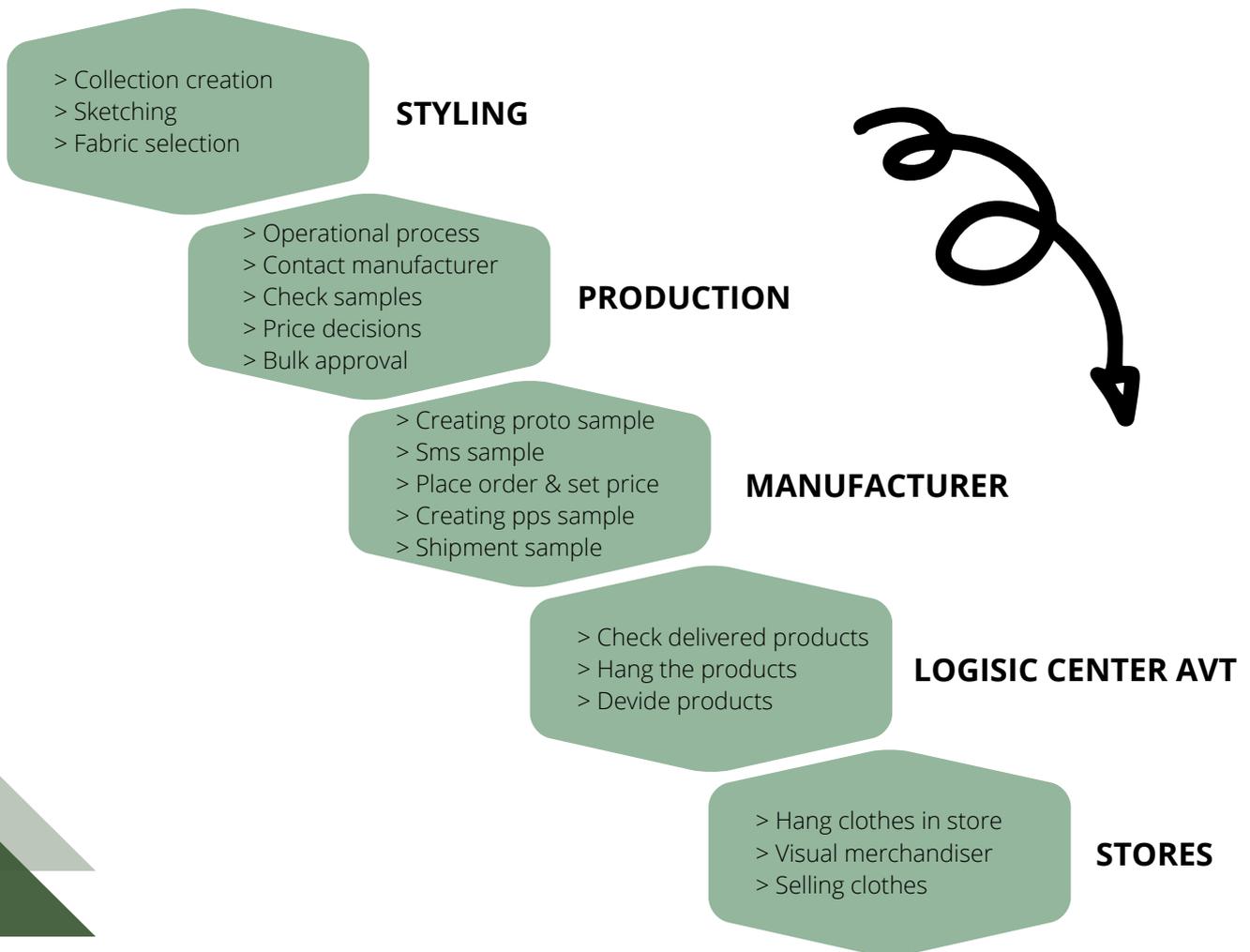
Our styling and production department works two to twelve months ahead. The development and ordering of the Anna and Anna Blue collections takes place throughout the year. New orders are placed every month, which means that the order rhythm is well spread out. In this way we try to prevent factories from having to deal with high peak moments.

Styling and production work closely together in selecting the supplier of the relevant product. Our product managers are in contact with various suppliers, all of whom have their own speciality. This is based on the qualities of the fabrics and the countries in which they are produced. It depends on the qualities of a design (e.g. woven, knitted or leather) which manufacturer is chosen for the production of the product.

Anna van Toor attaches great value to long-term relationships with her suppliers. In addition, **quality, craftsmanship, punctuality and working conditions** are important variables when choosing a supplier. Sometimes we use a new supplier with a specific specialism or a specific garment treatment, when none of our existing suppliers has the skill or equipment required for that special treatment. In such cases, the new supplier is selected on the basis of the above criteria.

By being a member of Fair Wear Foundation, Anna van Toor wants to express her social responsibility. That is why we have started the process to integrate the FWF labour standards with our current standards. Our criteria for selecting new suppliers are based on quality, good workmanship, lead times, partnership, good references in the market and certificates obtained for their production, so we know that working conditions are good.

Production Cycle



- Styling starts 2 to 12 months before shipment.
- Production starts 2 to 5 months before shipment.
- Production/development starts 2 to 6 months before shipment.
- Delivery in our logistics center is 1 to 31 days before sales.

As explained in previous chapters we work with long and short term collections. We have (small) orders every month, so the order rhythm is well spread. Of course we have to mention that this remains difficult and that we are not there yet. Therefore, our aim is to enter into dialogue with manufacturers, asking what is realistic and achievable. Openness and honesty are part of our values and they are also expressed in this area.

Supplier Relations

We work together with various manufacturers. The lead time can vary between countries, between different suppliers and can even vary from month to month (e.g. Chinese New Year). Our lead time is between four weeks (Europe) and five months (China).

For more than two years we have had a new strategy in the development of the collection. We put more effort and time into the styling process, for example more precise drawings and more internal checks with other departments before we place the order. In this way, the order is more complete and has a greater chance of a successful sample. Also, fewer last-minute changes are needed.

Due to better discussions at the beginning of the collection formation, the styles are changed less often after placing an order. This allows suppliers to better organise their production, resulting in less overtime. It is also better for Anna van Toor, because productions are received on time. With this system there is less time pressure for both of us.

It is beneficial for both Anna van Toor as for our suppliers that short-term collections (of two months) and repeat orders are being placed in low season periods. Factories are now able to work in low season and the gap between low and high season becomes less.

Monitoring Activities & Sourcing Decisions

For our purchasing decisions, we use the Factory Overview, which contains all the information about the factories we work with, like the first year of purchase, CSR activities, such as an overview of a factory visit, the questionnaire and the availability of other Fair Wear activities/documents such as audits, training and corrective action plans.

We also check our overview of the total capacity of all factories, so that we can decide which factory has room to receive the order. We make the final decisions of all production managers together during the Monday meetings and on a regular basis the head of production discusses with the Creative Director before the final call. In addition to the useful overviews, her many years of experience helps in making the best decisions. (See also chapter 'Information management'.)

Monitoring & Remediation

All our active suppliers and agents were informed of our membership and asked to complete the questionnaire and place the Code of Labour Practises at a visible place in the factory.

Own Production

We are in the process of updating the factories information we have been working with for years. We have send them a new questionnaire to check if the factory information has been changed.

CHINA

In 2018, we conducted a verification audit at one of our main suppliers in China. We also did a Worker Education Program in 2019. In addition, we conducted an audit at another supplier in China. All in all, we are continuing our audits and efforts to improve conditions in China.

MADAGASCAR

For specific garments we buy from a supplier in Madagascar. Their work is great in terms of craftsmanship, punctuality and quality. The factory has already been audited by BSCI and in 2017 we organised another audit. The audit took place in July 2017 and in November 2017 all points for improvement were already followed up. We owe this to a very good cooperation with a CSR officer in Madagascar. We have close contact with a Dutch agent who owns the factory.

POLAND

In Poland we have direct contact with the supplier. We have a good relationship with our suppliers and they do a great job. Poland has been visited by our production managers in 2018.

PORTUGAL

Anna van Toor has a good relationship with our suppliers and agents in Portugal. Our product managers have been in the country again several times in 2019. We keep track of the visits in a special document with stories about what we have seen or discussed. The working environment, employees and facilities in the factories are very good.

TURKEY

We have a positive, long-term relationship with our supplier in Turkey. This is a family business just like Anna van Toor. So far, the contact has been positive. A subcontractor of the factory was audited in 2016 and therefore we were able to perform a verification audit in 2019. One subcontractor was audited in 2018 and we are following up on their Corrective Action Plan. We still need to make some improvements in Turkey, because sharing the workload and taking care of overtime remains at the top of our list of priorities to talk about. Fortunately, our contact person is very helpful in making improvements.

TUNISIA

We work with a Dutch agent who places the orders for us in Tunisia. This agent has been living in Tunisia for several years and is personally familiar with the factories she works with. She also visits the factory herself on a regular basis. The factory where our orders are placed is certified with ISO9001, 14001, 18001, OEKO-TEX and has been audited by BSCI. In 2019 she also did a health & safety check for us.

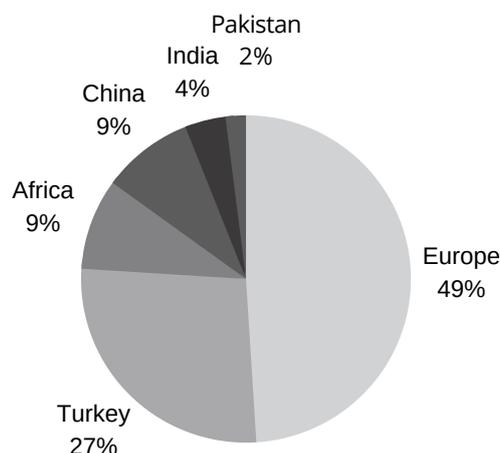
SERBIA

Serbia has been a new production country for us since 2018. We work together with a Dutch agent who places orders for us. This agent regularly goes to Serbia to visit the factories and we also visited the country twice in 2018 and once in 2019. The agent has his own factory in this country as well, so he is very familiar with the standards. We did a check at the factories and took some pictures. In addition, in 2019 our production managers did a living wage interview with some workers in a factory in Serbia.

LITHUANIA

We work with a Dutch company that has its own factory in Lithuania. The Dutch owners regularly go to Lithuania to visit the factory and we also visited the factory by ourselves. The working environment and the facilities in the factories are very good. We also made a movie in the factory, to show this place to our customers.

Production Locations



External Production

In the stores of Anna van Toor several other brands are sold. They were all informed of our FWF membership and were asked which steps they make to a more fair and sustainable fashion industry. Each year we try to discuss with external brands what they are doing in the field of CSR. In this way we can keep the document of external brands up to date. We have made it clear that more than 60% of the brands either have signed the FWF questionnaire, or work with an NGO such as Fair Wear Foundation or have their own CSR programme. We work with new brands every year, so gaining this insight is a continuous process. With the other brands we are also starting to achieve great things. We accept that change starts with awareness and we are proud to be part of this process.



Complaints handling

If complaints are made or problems are found during one of the factory audits, Anna van Toor will urge the manufacturer to take immediate action to improve the problems. Fair Wear Foundation will make a remediation plan, which will be supervised and audited by us. We will take the responsibility to find a solution to the problem supported by Fair Wear. If suppliers do not take action, we will discuss the possible consequences, which may ultimately lead to new orders being held. This is another important position that could have an impact on the purchasing strategy in the future, but which was not applicable in 2019. We have the experience that all suppliers are willing to improve situations when necessary.

All suppliers must display the Code of Labour Practices in the factory on the wall in the language appropriate to the location, so that employees can see what Anna van Toor's required standards are. We also propose to some factories to organise a canteen meeting to explain the Code of Labour Practises and Fair Wear Foundation's complaints mechanism.

If we visit the factory ourselves, we can double check and talk to people about our membership of Fair Wear and tell them that we are open to any questions and improvements.

For countries we cannot visit we have our agents to check the circumstances or we plan an audit by Fair Wear Foundation to clarify situations.

Training & Capacity Building

Activities to Inform Staff Members

The production and styling department have weekly meetings where they discuss developments in the collection as well as possible issues and developments in production locations. Furthermore, our staff members are directly informed by our own internal app. Every six months we organise a training for new (in store) staff about the work ethic at Anna van Toor and during this training they get informed about Fair Wear Foundation and sustainability as well.

Activities to Inform Agents

Agents visit our office on regularly basis and discuss production issues as well as labour circumstances in the factories. We stay in close contact with our agents and together we can take care of the workers and the environment. We also involve agents by our living wage analysis, since they are in closer contact with some factories. If there is an agent between the factory and Anna van Toor, the agent is our contact. We have an agent for almost every supplier. This means that we have an agent in almost every country, except Turkey. We have direct contact with the supplier in Turkey.

Activities to Inform Manufacturers & Workers

During the visits of the production managers, they carry out the health and safety check. If they discover safety or health problems during the check, this is communicated directly to the workers. In this way, change can take place directly.

Information management

All the information, pictures and questionnaires we have received the last years are saved at a save disk in the office. Furthermore, we have the following excel overviews:

1

Factory overview of **basic** information related to Factory ID, Country, and first year of purchase. In addition, this file provides information about CSR-activities, such as an overview of a factory visit (by ourselves or by an agent), the questionnaire, and the availability of other Fair Wear activities/documents like audits, trainings and action plans. Last, the reporting of complaints is visible, as is the risk factor of the factory in question.

2

Factory overview of **standards** for placing orders. This overview explains fabric categories, the distinction between roles (who buys the fabric), and product specialties.

3

This overview provides **total capacity** of all factories. In addition, you can find the capacity for Anna van Toor, the production period and the lead time.

4

Finally, we are working on a factory overview called 'living wage'. This is a remaining task for 2020. Since this is a vulnerable topic in the industry, we are in contact with agents and factories to gain insight into wages.

When the production department starts a collaboration with a new factory or they add a new brand to the assortment, these are immediately added to Fair Force (FWF online system) and all Excel sheets. For the follow-up of the Corrective Action Plans we work with Google Drive. All overviews help us to make decisions about placing a new order.

Training & Capacity Building

Offline Communication to Consumers

CARELABELS

The product location is mentioned in all our fashion articles. We find it important that the consumer always knows in which country her Anna-product is made.

MAGAZINE

Below you find an example of our offline communication about our Fair Wear membership towards consumer.

ANNA NIEUWS

Dit seizoen sloot ik **NIEUWE VRIENDSCHAPPEN**, heb ik gewerkt met verantwoorde **MATERIALEN** én **NIEUWE HOT ITEMS** toegevoegd. Je spot ze hier!

KE EK.
it maar 1 van!
in van gebruikte
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n met trots te
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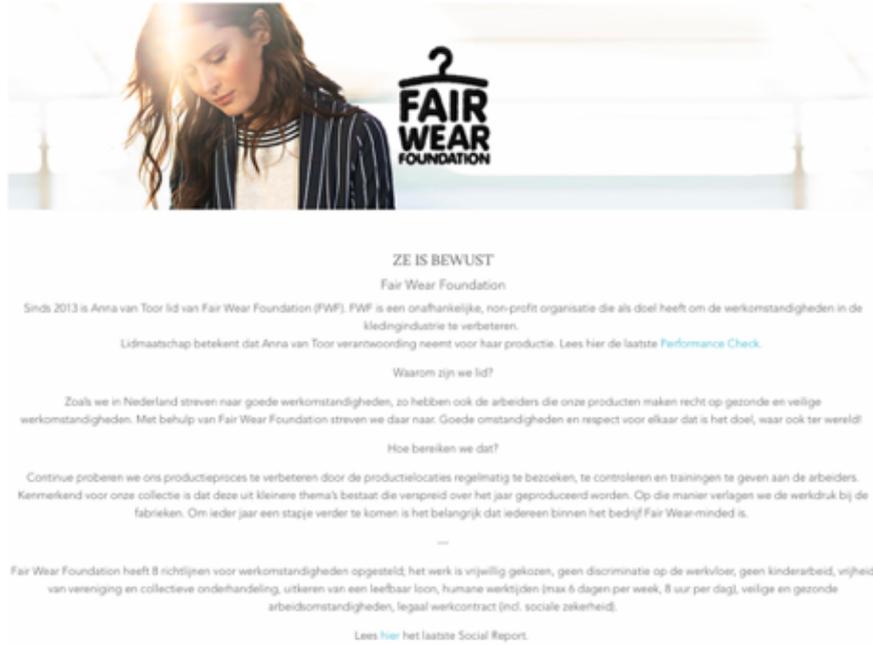
PURE! BIO KATOEN
Het vernieuwen en verbeteren van de collecties doe ik met veel plezier! Zo zijn dit seizoen fijne truien toegevoegd die gemaakt zijn van Bio katoen. Dat is nog eens puur. Tijdens het produceren zijn er dus geen chemicaliën gebruikt. Fijn voor het milieu, de mens en voor jou, want natuurlijke materialen die dragen fijn. Ik probeer deze steeds meer te gebruiken, denk naast Bio katoen aan viscose en Tencel.

WEL ZO FAIR!
Samen met Fair Wear Foundation houd ik de mensen die onze collecties maken in de fabrieken nauw in de gaten. Door ze te bezoeken, vragen te stellen en hun werkplekken te observeren. Frisse lucht! Voldoende licht? Schone werkplekken? Wel zo eerlijk! Trots ben ik op ons lidmaatschap van Fair Wear Foundation.

2 FAIR WEAR

Online Communication to Consumers

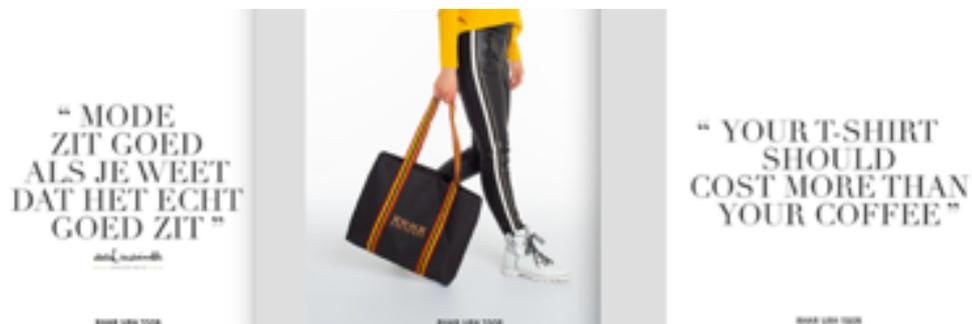
ANNA.NL



SOCIAL MEDIA

In 2019 Anna van Toor joined the Dutch Sustainable Fashion Week. During this week we have posted something we do about sustainability every day. This could be about our membership of FWF, but also about Fair Trade coffee, no fur in our collections and the use of sustainable materials in the stores.

Below some examples of posts for Social Media.



Corporate Social Responsibility

Sustainable Bag as Gift

In 2019 we developed a bag made from 100% recycled PET canvas, which is entirely made from plastic waste. The plastic is collected in the streets of China and transformed into luxurious canvas. It is a really strong, waterproof and sustainable bag. We gave this bag to all our colleagues.

Natural Materials Used in Stores

There are still some renovations going on in the stores and new stores are being opened. In the new Anna-style, natural materials have been used and LED lighting has been installed. Furthermore, we have chosen for Fair Trade coffee and tea in the new shops.

Solar Panels

In 2019, 3000m² of solar panels have been placed at the top of our distribution centre. In this way we are largely self-sufficient in energy.

Bont voor dieren

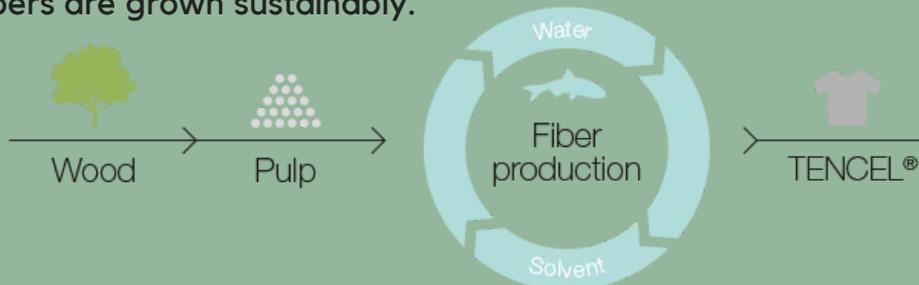
We are in cooperation with 'Bont voor Dieren', which means we are not using real fur in our collection.

BSCI

Many brands collaborate with NGOs, in particular with BSCI. This means that BSCI is very important to us, because we are working towards a common goal: to improve working conditions.

Sustainable Steps in Fabric Choice

The use of natural fabrics is becoming increasingly important in our collection. For example, Tencel which is 100% biodegradable. Tencel (also called lyocell) is a sustainable fabric, regenerated from wood cellulose. It is comparable to rayon and bamboo, both regenerated fabrics. However, Tencel is one of the most environmentally friendly regenerated fabrics. Tencel fibers are grown sustainably.



In addition, we have a large amount of items made of travel fabric (jersey sensitive), which is made by a sustainable company. Sensitive fabrics are produced in an eco-compatible way that focuses on protecting the environment. The characteristic of jersey sensitive is to minimise the impact of the product on the environment for its entire life cycle.



Bio-cotton and BCI cotton was used in the collection in 2019, i.e. cotton which has been grown without harmful pesticides and fertilisers. These farmers also reuse the water for production.

We have developed our own sustainable logo, not to show off, but to give customers insight into sustainable materials/products which can be purchased in our stores. The logo is placed on the price tags of the products: "Sustainable Choice".



ANNA VAN TOOR