

# Social Responsibility Report 2018.

2018 in focus. _____	3	
Playing fair _____	0	
Engaging _____	2	
together we set the _____	4	
How we engage _____	5	
Appeal _____	6	
GRI _____	7	
Over _____	8	
le 201 _____	9	
Pls. _____	10	
_____	11	
_____	12	
_____	13	
_____	14	
_____	15	
_____	16	
_____	17	
_____	18	
_____	19	
_____	20	
_____	21	
_____	22	
_____	23	
_____	24	
_____	25	
_____	26	
_____	27	
_____	28	
_____	29	
_____	30	
_____	31	
_____	32	
_____	33	
_____	34	
_____	35	
_____	36	
_____	37	
_____	38	
_____	39	
_____	40	
_____	41	
_____	42	
_____	43	
_____	44	



# Table of Contents.

<b>We are open about how we do things.</b> .....	4	<b>2. Strengthening quality and product safety.</b> .....	26
<b>About Zeeman.</b> .....	6	<b>3. <i>Zuinig</i> of the environment.</b> .....	27
<b>The Zeeman culture.</b> .....	7	<b>4. <i>Zuinig</i> of our employees.</b> .....	30
<b>How do we put CSR into practice?</b> .....	8	<b>Around us.</b> .....	32
<b>Value creation in the chain.</b> .....	9	<b>About this report.</b> .....	32
<b>2018 in focus.</b> .....	10	<b>How we engage our customers.</b> .....	33
<b>The playing field.</b> .....	12	<b>Appendices.</b> .....	34
<b>Engaging our stakeholders: together we set the agenda.</b> .....	14	<b>GRI Core Table 2018.</b> .....	36
<b>Zeeman's sustainability goals.</b> .....	16	<b>Overview of KPIs.</b> .....	39
<b>1. Optimizing working conditions in the supply chain.</b> .....	18	<b>Footnotes.</b> .....	43
		<b>Glossary.</b> .....	44

# We are open about how we do things.

At Zeeman, we value our unique culture. That's what makes our brand so special. We are unconventional, involved, and *zuinig*. '*Zuinig*' is a typical Dutch concept which conveys the fact that we are both caring and cost-conscious. We're all *zuinig* at Zeeman. And we're getting better and better at it. Because being *zuinig* brings a lot of benefits. Not just where it comes to money. It also yields long-term benefits: for people, resources, the environment, and society as a whole. In order to be able to work in a truly *zuinig* way, we join forces internally and build more and more bridges with consumers and other organizations. And we are becoming increasingly open about this.

This is the eleventh year that we have published our annual Corporate Social Responsibility report (or CSR report). Each year we increase our transparency by explaining ourselves better and revealing more details and plans. We see our nomination for the 2018 Crystal Prize of the Dutch Ministry of Economic Affairs and Climate Policy's Transparency Benchmark as an important encouragement from a professional jury. It helps us to take the next step. We are on the right track and are continuing to communicate our policy in an open and transparent manner.

In our CSR report for 2017, we shared the results of our audits for the first time. The 67 issues we found at the time have now been resolved in cooperation with our suppliers. This year, too, we are open about the results of our audits. We provide insight into the points for improvement that have been identified and resolve them together with our suppliers. This way, we work constructively to improve the work processes and working conditions of our partners.

Supply-chain transparency is an essential element of our CSR policy. That is why we have already taken the next important step in 2019: the publication of our production sites on our website.

In 2019, we will continue doing a little bit better every day. To determine our priorities for the coming years, we like to work together with stakeholders outside of Zeeman. In late 2018 we organized a stakeholder dialogue for this purpose. Participants were customers, NGOs, government, suppliers, other retailers and our own employees. Based on their opinions, insights and ideas, we have drawn up a new materiality matrix and two roadmaps for the coming years.

The search for partnerships to tackle certain issues is essential. For example, when it comes to living wages. We would like the people who make our products to be able to earn a wage that an average family can live on. So, enough to meet basic needs. What qualifies as a living wage differs per country and per region. And even between city and countryside, and between individual families. This remains a complex issue that Zeeman cannot solve on its own. We are committed to reaching clear agreements on this matter within the Agreement on Sustainable Garments and Textiles and we'll actually be taking the first step in this direction in 2019.

We also remain critical of ourselves. Sustainability does not receive our full attention in all the choices we make. We want our internal organization to be even more aware of this, for example by being even clearer about how we want to work with our suppliers. We continue to communicate openly and honestly about what is improving and what needs to be improved. And as of this year, we are also holding ourselves accountable by including not only financial but also CSR objectives in the assessment of our management team.

Best wishes,

Erik-Jan Mares  
CEO



# zuinig

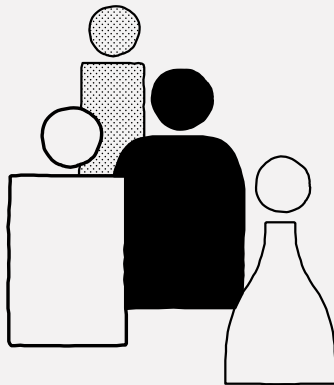
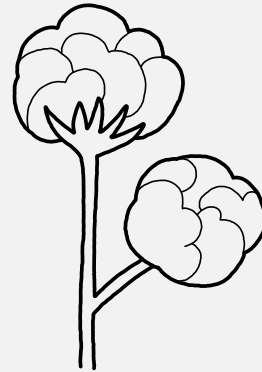


## People.

We are *zuinig* of each other, and we believe in progress. We are convinced that our company and everyone who works for us always has more to learn, ways to grow and improve. We facilitate this with our own Zeeman School, among other things. No matter who you are or what you do, everyone has a fair chance of getting a job and pursuing a career with us.

## Environment.

Being *zuinig* of the environment begins with the way we manufacture our products. This means that no substances or production methods are used that could be harmful to workers or end users.

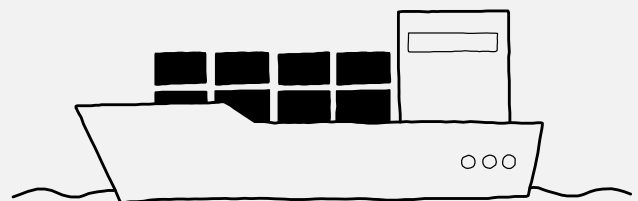


## Society.

We want to make a difference in the world around us. That is why we have been supporting the Save Our Sisters project for years — helping young, underprivileged women to build a better future. At a special school, which was founded partly thanks to our support, they receive counseling, education, and help finding a job.

## Resources.

We are *zuinig* of the resources that we depend on. That's why we transport goods by water as much as possible. And when we have no choice but to go by road, we do so as *zuinigly* and efficiently as possible. This reduces the amount of exhaust fumes polluting the air. We generate the energy for our distribution center and service office using our own solar panels. And you won't find any unnecessary packaging at our stores.



# About Zeeman.

Zeeman is a chain of textile stores across seven European countries. Our stores can be found in Belgium, Germany, France, Luxembourg, the Netherlands, Austria and Spain. In these stores we sell directly to consumers, offering 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 and cleaning products. Zeeman is a family business: 100% of the stock is held by the Zeeman family. Our company is led from our service office in Alphen aan den Rijn, the Netherlands.

## 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. Only our sales organization operates outside of the Netherlands. Purchasing, 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.

Zeeman is led by a Board of Directors consisting of 5 people: Erik-Jan Mares (CEO), Albert van Bolderen (CFO), Wim Muermans (Sales), Wilma Veldman (Purchasing) and Suzanne Terpstra (HR). The Supervisory Board consists of Mr. B. Roetert, Mr. T.A. Rövekamp, Mr. W. Timmermans, and Ms. T.A.J. Burmanje. Two committees exist within the supervisory board: the audit committee and the remuneration committee. With this group of people, Zeeman meets the statutory target of 30% women in seats on the Board of Directors. At 25%, this is not yet the case on the Supervisory Board.

## Investing in the quality of our store portfolio.

In 2018, Zeeman primarily invested in improving and expanding its store portfolio. At the end of 2018, there were 1303 Zeeman stores spread across the Netherlands (519 + online store), Belgium (276 + online store), Germany (176), France (283), Luxembourg (12), Spain (35), and Austria (2). The number of stores has grown, especially in France and Spain. We will continue to open new stores in 2019, particularly in France and Spain.

## 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 2017.

Zeeman comprises the following subsidiary companies.

ZEEMAN textielSupers B.V., Alphen aan den Rijn, 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%)

## Commercial objectives and strategy.

Growth safeguards the continuity of our company.

We aim for the following key targets:

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

# The Zeeman culture.

With more than 1,300 stores in seven countries and plans to expand significantly, the physical distance between the central service office in Alphen aan den Rijn and the stores is growing. That's why it is important that we are on the same wavelength and form *one* Zeeman. Only this way can we work efficiently and communicate effectively. Moreover, this way we strengthen the family spirit, together. Strong values are therefore essential. Our unique culture is described by our three values: unconventional, *zuinig*, and involved. From 2019, we will be putting a lot of energy into strengthening our values throughout the organization. Not only in the Netherlands, where our culture has been firmly anchored since the very beginning, but in all the countries where we have stores. From Drachten to Valencia. From Berlin to Amiens.

## Unconventional.

As a family business, we are not beholden to external shareholders. We are independent, and we set our own course. We don't simply follow what other companies do, but we do listen carefully to our stakeholders. Keep thinking for yourself and come up with creative solutions: this mentality can be found throughout the Zeeman organization. We have a remarkable number of unconventional people in our organization. Also in our store teams, who are in daily contact with our customers. They know our customers best and ensure, each in their own way, that the customer really feels at home at Zeeman. Another aspect of our individuality is that we prefer to do as much as possible ourselves: we only outsource things (and tasks) when there is no other option. When we believe in something, we'd rather try it out ourselves right away than perform extensive research first. That has to do with costs, but even more with what seems logical to us. Using common sense, thinking critically, purchasing intelligently; when we think something is a logical idea, our customers often agree.

## Involved.

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

## *Zuinig.*

Corporate social responsibility is part of the way we work. At Zeeman, we call it: *zuinig*. This typical Dutch word has two meanings: caring and cost-conscious. On the one hand, we are cost-conscious, but we also see it as our responsibility 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.

Cost-consciousness is in our genes. Everyone who works at Zeeman thinks thrice before spending money on something. Because if you're *zuinig* of something, you treat it with respect. For us, that's self-evident. The way we work means we waste as little as possible. We believe in the benefits of long-term partnerships and strive to ensure good working conditions at our manufacturers. We give the people who work for us the space to develop.

# How do we put CSR into practice?

## **A structured approach.**

Within Zeeman, the CSR & Quality department continually fine-tunes our CSR policy. Every two weeks, the CSR & Quality Manager reports directly to the CEO on the progress that has been made. A CSR steering committee meets on a regular basis to evaluate the steps that have been taken. This steering committee consists of Zeeman's directors and the managers of the Marketing & Communication, Controlling, and CSR & Quality departments.

Zeeman is working on sustainability at every stage of the value creation process. The following diagram shows how Zeeman's value-creation process is structured, how the various activities are geared to one another, and what value they add for all parties involved. Zeeman's business operations are all about being *zuinig*. And that begins with the purchasing of our products. Purchasing takes place directly from the factory without any intermediaries, so there's no intervention from traders, buying houses, or other parties who want to profit from our products. We also keep virtually all costs as low as possible, e.g. marketing, stores, our (small) service office, and even our low profit margin. The savings are for our customers. We also arrange transportation to the Netherlands ourselves and only package our products when it's really necessary. This reduces both our costs and our waste. Furthermore, we do things ourselves as much as possible (e.g. design and transportation), because outsourcing is costly. We are also *zuinig* of our manufacturing partners. We enter into long-term partnerships with them and get to know them well. Through efficient organization and bulk purchasing, we are able to produce our products at low cost and offer our customers great prices. And we manage to work responsibly and take responsibility for the environment and social conditions throughout the business process.

## **Good and good for your wallet: the way we work makes it possible.**

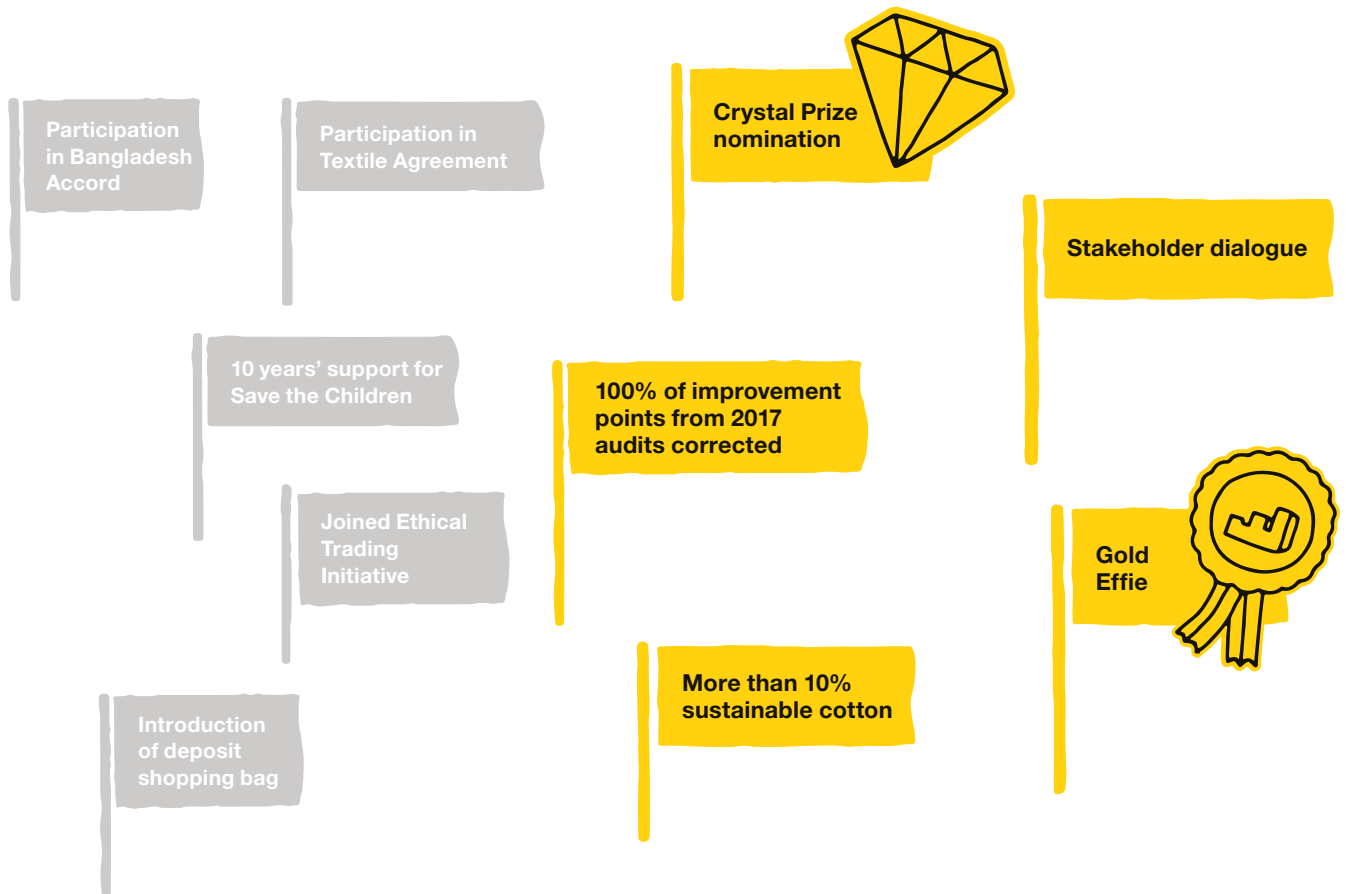
The fact that we are a reliable trading partner for our suppliers is evidenced by our class-1 rating from Dun & Bradstreet (the highest class of creditworthiness). We don't get such a rating for nothing. As an example, it is our policy to pay for our goods quickly, at the time of shipment. We also accept over-deliveries and under-deliveries, so we don't leave our suppliers with unnecessary remainders. And that translates back into the purchase price. Of course, we always continue looking to see if there is room for improvement. We believe it is important that corporate social responsibility is also clearly reflected in our purchasing policy. In 2018, we therefore issued guidelines for our purchasing department on how to purchase our products in a responsible way. The aim is for us to become even more aware of the potential consequences of our way of working for the people who manufacture our products and for the environment. When drafting these guidelines, we consider issues such as the possible impact of our delivery times, pricing, the way we negotiate, sampling, and contract duration. A Modint workshop has also contributed to raising awareness surrounding this theme.



# Value creation in the chain.



# 2018 in focus.



2018

## Crystal Prize nomination.

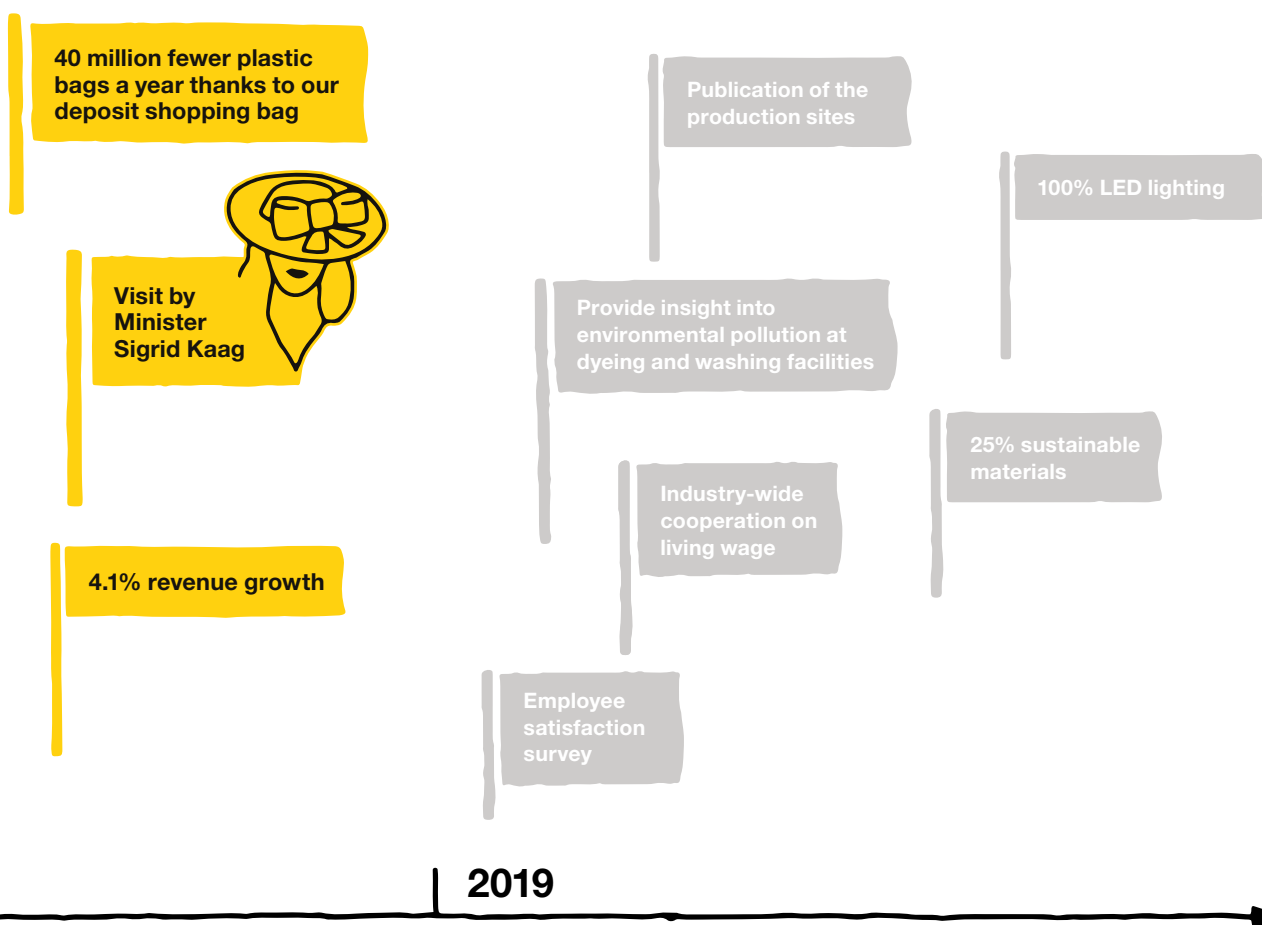
In 2018 Zeeman was nominated for the Crystal Prize alongside Plus Retail, Philips and Unilever. The theme of the award was chain transparency and chain responsibility. These are basic principles for corporate social responsibility, included in e.g. the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The jury had positive words for the fresh wind in our organization, but awarded a shared first place to Philips and Plus Retail.

*"The jury would like to express its appreciation for the surprisingly clear and transparent way in which Zeeman provides insight into its supply chain and explains this in an understandable way in its annual CSR report for 2017. This makes it possible for stakeholders to understand the complex issue of chain management. In addition, the CSR report includes an assurance statement, albeit with a limited degree of assurance. The fact that Zeeman, as a store with relatively low prices for clothes among other things, is very open about the main dilemmas that play a role within its chain, is much appreciated. As is the courage that the organization shows by indicating it is engaged in a process in which it is working to improve its supply-chain management. The jury acknowledges that a fresh new breeze is blowing within Zeeman, with the organization deciding to increase its transparency. On the other hand, within the textile sector, there are several organizations that provide details of the specific factories from which they purchase their products. Zeeman limits itself to naming the countries in which its suppliers are active.*

*Furthermore, little insight is provided into the organization's objectives and its vision of the future for raising its supply-chain management to a higher level. Finally, the jury sees that the reporting is mainly focused on the suppliers, while in the jury's view consumers also play an important role when it comes to an important issue such as recycling."*

## Gold Effie.

We have won the most prestigious marketing prize in the Netherlands for our long-running brand campaign 'Zeeman. It can be that simple.' In our winning case, we showed that we have opened the eyes of new customers without losing our existing ones. In three years' time, quality perception in this new target group increased from 25.7% to 64.4%. The jury reports: "Zeeman opens new eyes with the story behind its bargains. In this multi-year case, the store chain shows how it connects 'cheap' and 'quality'. A brand without a face in a rapidly shrinking market. In this beautiful multi-year case, Zeeman shows how it combined 'cheap' and 'quality', by leaving the beaten path in media and with excellent creative work. Zeeman succeeded in pulling the target group of 'weighers' over the threshold. Brand strength lays the foundation for spectacular growth and forms a solid basis for the future. Every reason to be crowned with GOLD."



### Minister's visit.

On Monday 29 October 2018, Minister Sigrid Kaag of Foreign Trade and Development Cooperation visited our service office to see how we are working on the Agreement on Sustainable Garments and Textiles and how we have given sustainability a place in our organization. Our Purchasing director gave the minister a tour of the various departments, where she also had the opportunity to talk with the employees present. Then there was time for an informal meeting with CEO Erik-Jan Mares, in which he explained to the minister how our products are produced sustainably despite our very low prices. Journalists from Nieuwsuur reported on the visit.

### 2018 results.

After peaking in 2017, the growth rate in the eurozone has slowed down. Among other things, this slowdown is due to the uncertainty surrounding trade policy, Brexit and the demonstrations in France.

Zeeman's growth rate, too, was lower in 2018 than in 2017. However, we have outperformed the market in all the countries in which we operate. We are clearly benefiting from the strategy we implemented years ago. The result: a clear recovery in organic revenue. This is important in order to be able to absorb the rising costs in existing stores. That was more challenging in 2018 than it was in 2017. Consumer sales increased by 4.1% from €703.3 million in 2017 to €732.3 million in 2018 (net sales from €585.1 million in 2017 to €609.0 million in 2018). The increase in revenue is due to organic growth of 1.4% (growth from existing stores only) as well as the expansion of the number of stores and the growth of the online store.

We invested €23.1 million in 2018. This is an increase of 25% compared to 2017 (€18.2 million). Over half of the investments related to the maintenance of existing stores and the opening of new stores.

### Expectations for 2019.

Growth in the eurozone is expected to weaken further in 2019. Nevertheless, we expect that Zeeman's revenue will continue to increase. Revenue growth will come from expansion – especially in France and Spain – as well as a sharpened product-range vision (including in-store availability) and a further expansion of our e-commerce activities. It is our ambition to raise our level of investment in the coming years.

	2015	2016	2017	2018
Net revenue in millions of €	530.1	548.1	585.1	609.0
Consumer revenue in millions of €	636.6	658.6	703.3	732.3
Number of products sold in millions	271.6	273.3	283.0	284.4
Average number of employees in FTE	5,292	5,635	5,868	6,019

# The playing field.

## **Importance of sustainability according to consumers.**

For the second year running, consumer willingness to pay extra for sustainable products has increased: 36% of Dutch consumers are prepared to do so. At the same time, skepticism is on the rise: 43% mistrust claims about sustainability or corporate social responsibility. This is evident from Dossier Duurzaam 2018, the annual market survey performed by b-open and GfK. Almost half of the Dutch population (46%) indicate that they consider sustainable or socially responsible aspects important when purchasing products and services. This share is higher in sectors with a high environmental impact and where sustainability offers direct benefits to consumers (for example in terms of cost or health). For energy, white goods and various food categories, the figure is even higher, at over 60%.

In 2016, 29% of those surveyed indicated that they were prepared to pay extra for sustainability; by 2017 this figure had already risen to 32%, and this year sees it grow to 36%. When consumers find a company's sustainable products or activities appealing, as many as four out of five indicate that they are willing to pay a little more for them: on average 14 to 22%. "The increased willingness to pay extra illustrates that people are more positive about sustainability. People want to consume without guilt. But the increased quality of sustainable products also plays a role in this."

Despite the increased willingness to pay extra for sustainability, distrust of sustainability claims has risen from 39% to 43% after several years of decline. Consumers have become more critical and more sensitive to 'green-washing' or empty promises: "It appeals more to consumers that a company firmly anchors sustainability in its core business and products, than that it sponsors a social cause or encourages consumers to adopt a more sustainable lifestyle." Source: Dossier Duurzaam 2018.

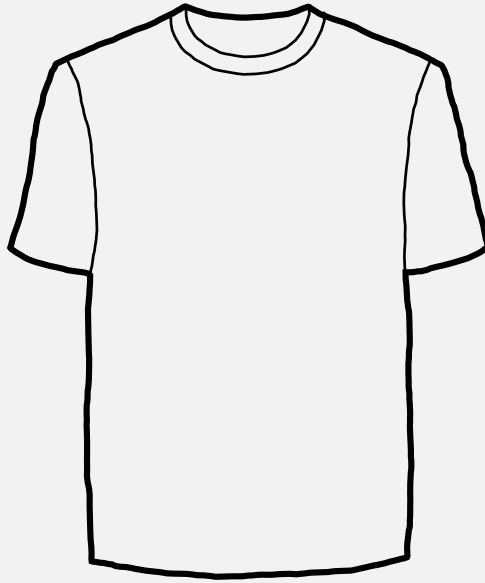
## **Market figures for 2018.**

2018 was a year of extremes for fashion retailers. Online sales increased by 14.2%, but this was offset by a 4.6% decline in offline sales. 2018 was also a year of extreme weather. After a long winter came a particularly warm and long summer. Despite the fact that the weather is not always the reason for disappointing sales, the weather can often be the familiar 'last drop'. Therefore, the question is not whether extreme weather causes disappointing or very high revenue figures, but what you can do to become resilient to these kinds of extremes.

The month of November in particular delivered positive results for many fashion retailers in the fourth quarter. Partly due to sale events, revenue in November was 3.6% higher than in the previous year. Black Friday and Cyber Monday were the cause of an increase in revenue for the online channel (+22.4%). But things were also going well in the shopping streets. Margins were under pressure, however.

Source: INretail, Revenue in the fashion sector 2018.

# The way others do it.



Brand shirt  
**24<sup>95</sup>**

# Our smart business operation results in our low prices.

Our designs are simple.

We produce large quantities in few variants.

We buy directly from the factory without intermediaries.

We don't use any lavish packaging.

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

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

Manufacturers do not receive penalties for late delivery.

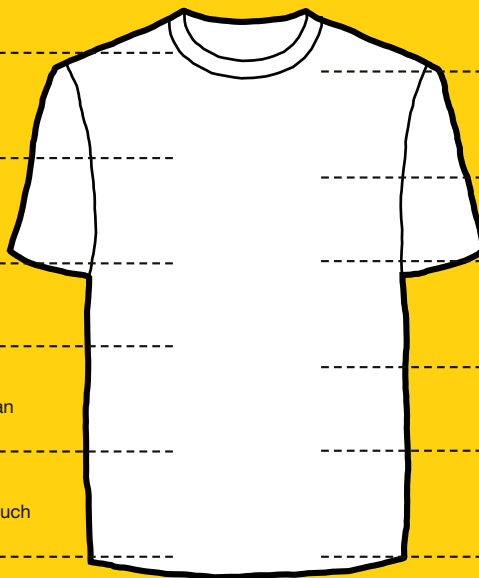
Simple stores without fitting rooms.

Smartly transported over water.

Low profit margins; the savings are for our customers.

Low marketing costs.

We pay our suppliers immediately after shipment.



Zeeman shirt  
**2<sup>49</sup>**

# Engaging our stakeholders: together we set the agenda.

We think it is important to consult the various groups of stakeholders, to keep them informed of new developments, and to continually engage them. Stakeholder management at Zeeman is coordinated by the CSR & Quality and Marketing & Communication departments, in consultation with the directors. The CSR & Quality manager maintains most of the communication with these stakeholders and updates the CSR steering committee when there are new stakeholders.

## Internal stakeholders.

### Employees.

To facilitate communication with employees, we have elected works councils and staff delegations. There is an open culture in which constructive communication with management is highly valued. A good example of this is the works council, where Zeeman's Board of Directors responds to the topics that have arisen.

### Shareholder.

Our shareholder is frequently updated, both formally and informally, regarding all aspects of the company. He gets the opportunity to offer input at various stages.

## External stakeholders.

### Customers.

We communicate with our customers through our products and through various forms of media. Such as our website, our leaflets, commercials and our newsletter. We also receive questions and feedback on Zeeman policy. Questions can also be asked via our website.

### Agents & manufacturers.

Throughout the year, we are in regular contact with our agents and manufacturers in Asia and Turkey — by means of mutual visits, direct correspondence about our product development and order tracking, and through newsletters. We discuss with each other what our expectations are in terms of quality and sustainability. The Zeeman supplier manual is very important in this respect.

### Zeeman's agent in Turkey & Pakistan.

*"We have been a proud member of the Zeeman family as an agent in Turkey since 2001. In April 2016, we began taking care of Zeeman business in Pakistan as well. In Turkey we organize the production planning, sample approval process and final inspections, and we prepare the shipping documents. We do this for a wide range of product categories such as garments, cosmetics, detergents, toys, kitchenware, food etc. As Pakistan is a cotton-rich country, we organize a wide range of textiles, from kitchen and bedding to bath and of course clothing for all age categories. Zeeman celebrated its 50th anniversary in 2017, and all Zeeman agents from around the globe gathered at Zeeman's head office in Alphen for a week.*

*Everyone involved in this business knows that the authorities impose some regulations relating to safety that need to be followed. However, we can proudly say that Zeeman is not just a simple regulations follower who is only looking for the most competitive prices. Zeeman*

*is well aware that every product it puts on its shelves also represents a background of producers' labor which should reflect pure justice for workers. Zeeman guides us when it comes to resource utilization, environmental respect, employee rights and ethical responsibilities. Not only with their Code of Conduct and audit process, but also with their accumulated wealth of experience striving for a more sustainable future. We are proud of our products since they are not just made of the best materials, but also more and more of sustainable materials like BCI cotton. Zeeman CSR management is also making sure all factories producing for them safely discharge water for a cleaner environment. It really feels safe and comfortable being a part of Zeeman."*

### Bangladesh Accord.

This is a unique, independent and legally binding partnership between brands (retailers) and trade unions. Together, we are striving for safe working conditions in the Bangladesh textile industry. And we hold each other to that, too.

### IRBC Agreement on Sustainable Garments and Textiles.

Zeeman is working on sustainable clothing and textiles together with more than 90 other companies. There is regular contact with the agreement's secretariat, and we participate in workshops on the themes that appear in the agreement. We have joined the agreement's working group on safe working conditions.

### Modint.

This is a trade association with a business network of manufacturers, importers, agents and wholesalers in clothing, fashion accessories and textiles. Modint holds workshops at Zeeman and advises on sustainability and quality.

### Regulators.

The NVWA is the Dutch regulator and annually assesses whether we are able to guarantee the quality of our products. The aim is to ensure that customers buy a safe product that complies with European regulations and legislation. In addition, we are in contact with foreign regulators who perform spot checks and ask us questions about the quality of our products.

### INretail.

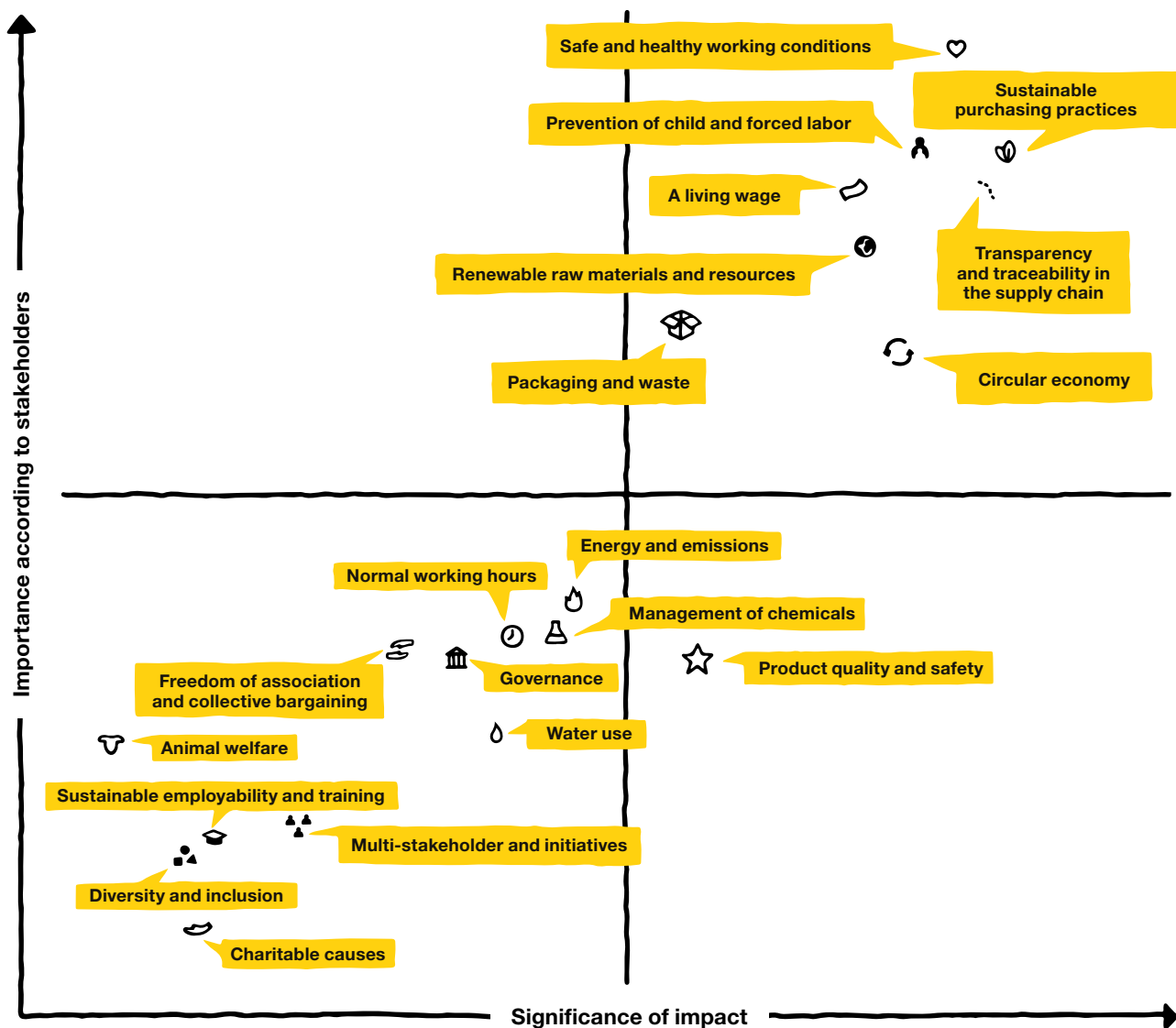
Every quarter, CSR managers from the various retailers meet to discuss current themes. We also take a joint approach to politics and other stakeholders.

### NGOs.

We enter into open dialogues with NGOs such as the Clean Clothes Campaign, the Plastic Soup Foundation and Rank a Brand. This can also be highly specific to a particular subject.

### Unions.

We are also in communication with various trade unions. Both internationally in our production countries and nationally. We believe that it is important for employees to be free to form trade unions.



### The dialogues and our materiality matrix.

In 2018, in consultation with the directors, we mapped out our company's stakeholders once again. Then they filled out a questionnaire, in which they had to choose from the 30 most material topics in the field of sustainability / socially responsible enterprise. These topics are also reflected in other – similar – companies in our sector. They also play a role in the textile agreement and are reflected in our discussions with NGOs, in the media, in trend reports and in the Sustainable Development Goals (SDGs).

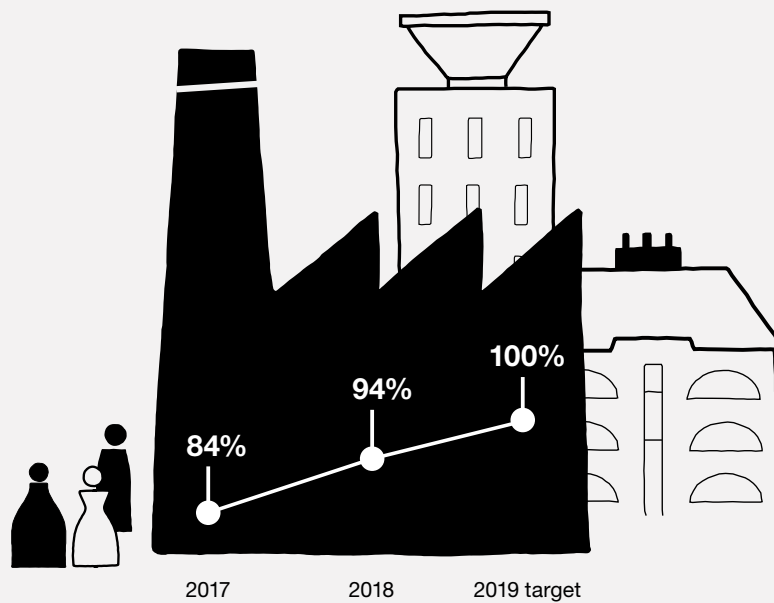
We compared the topics selected by our stakeholders with the topics we identified together before, in 2014. We then discussed the eight most important topics together. New material topics are the circular economy, living wage, transparency and sustainable purchasing practices. Other subjects were assessed as less material, such as diversity and training.

Stakeholder dialogues form the basis of our updated materiality analysis. The materiality matrix shows which themes our main stakeholders attach the greatest importance to, as well as the priority they give to each. The topics in this new matrix will be further developed into specific objectives and KPIs for the coming years.

# Zeeman's sustainability goals.

## 1. Optimizing working conditions in the supply chain.

Independent audits in East Asia and Turkey



Major points for improvement from 2017 corrected



2018

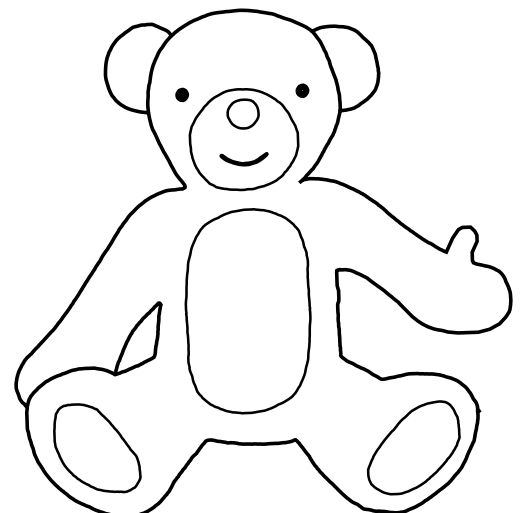
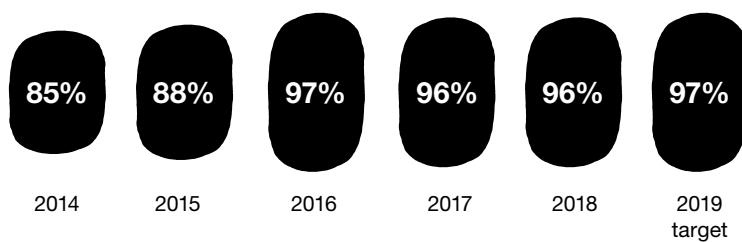


2019 target

Sustainable Development Goals 1,8,10,12

## 2. Strengthening quality and product safety.

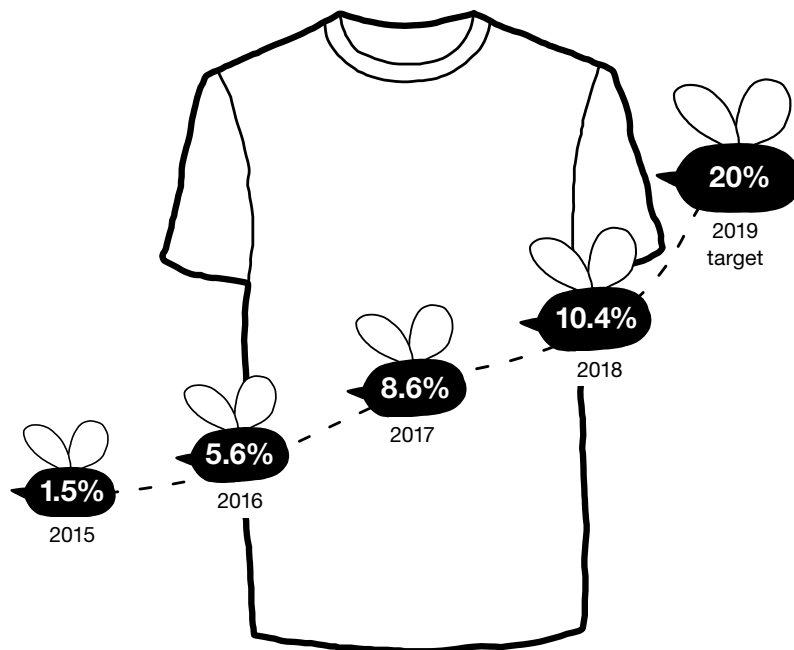
Spot checks passed





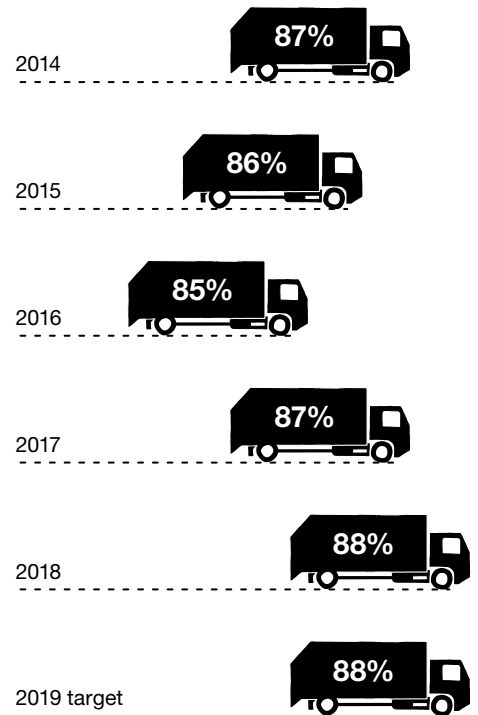
### 3. Being *zuinig* of the environment.

Better Cotton in Zeeman collection



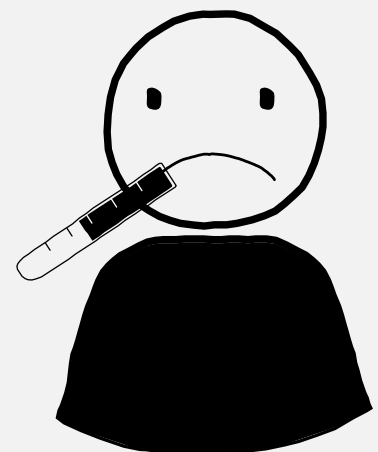
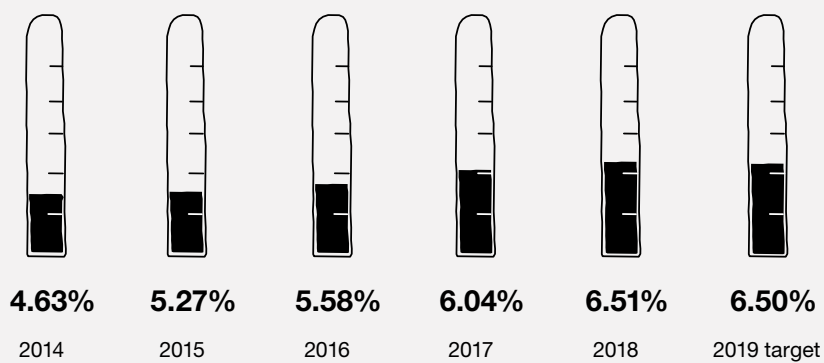
Sustainable Development Goal 12

Recycled waste



### 4. Being *zuinig* of our employees.

Sickness absence



# 1. Optimizing working conditions in the supply chain.

## **Sustainable purchasing practices.**

Sustainable procurement means that CSR is taken into account in all aspects of the procurement process. We received feedback from the textile agreement's secretariat that due diligence was insufficiently integrated into our purchasing practices. That is why in 2018, in cooperation with Modint, we organized a workshop for the members of our purchasing department in which we zoomed in on our own purchasing practices. We looked at the possible negative effects in the supply chain in terms of working conditions. Examples of things that can have a potentially negative impact are unstable relationships with suppliers, the continuous desire to lower the purchase price while at the same time increasing the quality requirements, short delivery times, late changes in the order or even cancellation. In the workshop we took a critical look at our activities and mapped out the possible negative impact. On this basis, we have tightened our purchasing policy with key points for our buyers. These include agreements on payment conditions, delivery times and price negotiations. But also that our purchasing team must always be aware of the exact location of production as well as the working conditions in the factory.

Product development – During the design of our products, we are already thinking about how we can use raw materials and other resources as *zuinigly* as possible.

Sampling – This is a costly phase for suppliers. We try to state our wishes as specifically as possible when requesting a sample. This way, the supplier will have fewer changes to process at a later date, fewer samples or proofs will be required, and production can begin sooner.

Price quotation / price negotiations – We enter into long-term partnerships with our suppliers. Because they can count on constant orders, they give us a low price. By entering into an open dialogue with our suppliers and asking about the price structure of a product, in 2019 we want to gain more insight into how the cost price relates to the price we pay the supplier.

Forecasting – By studying past sales figures, market trends and developments, we can make realistic forecasts. This allows us to enable suppliers to make an accurate estimate of the production capacity.

Payment terms – We pay our suppliers when our goods are shipped. This is exceptional in the industry, where it is customary to pay, e.g., ninety days after shipment.

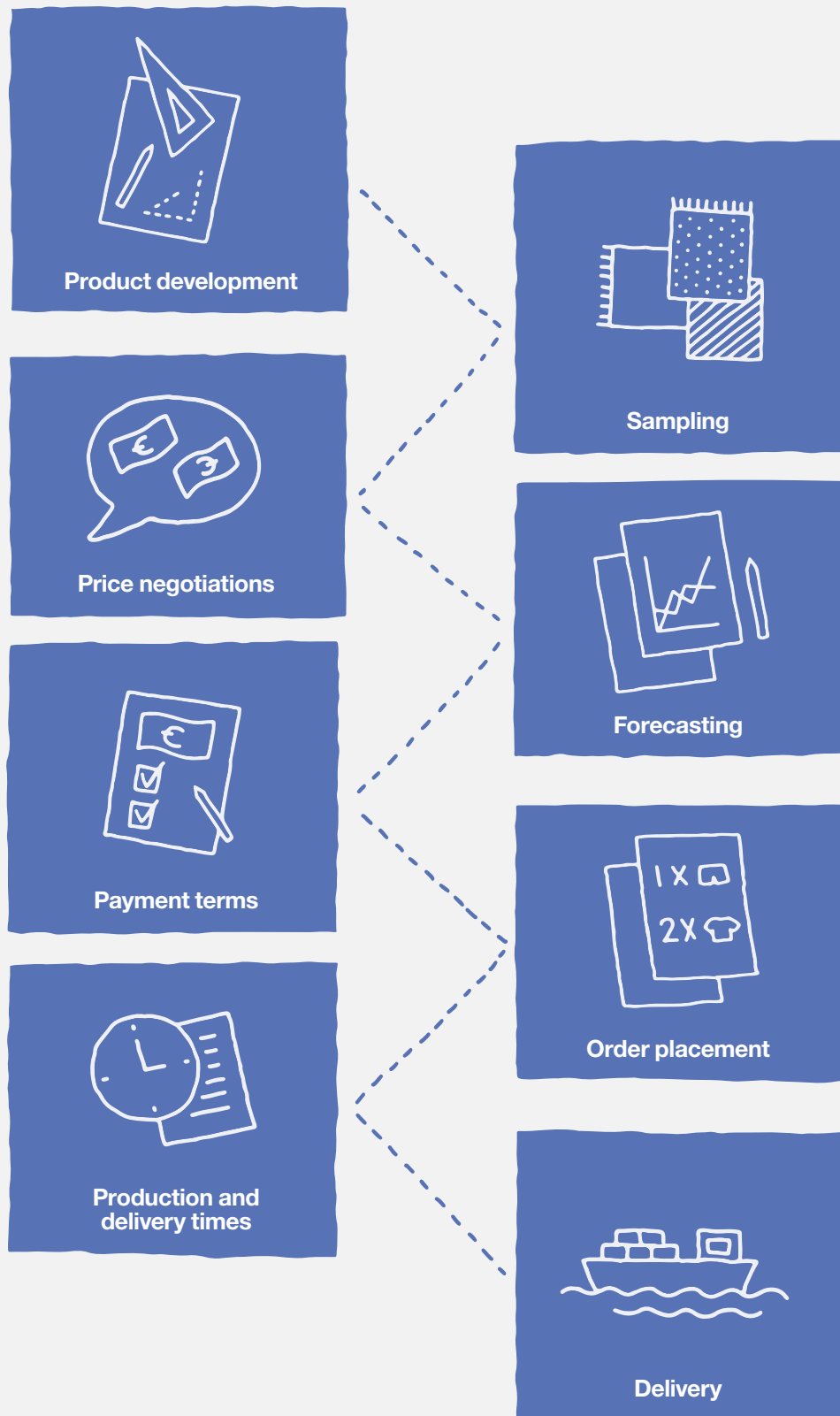
Order placement – At Zeeman we don't produce fast-fashion; we mainly make good basics. The advantage of this is that we can place orders with our suppliers well in advance, so that they can plan the production properly. This reduces the risk that too many overtime hours have to be worked or that a supplier chooses to outsource the order.

Production and delivery times – Because we do not offer fast fashion, there is less pressure on delivery times for our supplier. And if it proves impossible to meet the delivery time, our supplier will not be fined.

## **Direct cooperation without intermediaries.**

In East Asia, agents act as an extension of Zeeman and its policies. They monitor the production and carry out the inspections before shipment.

There is no intervention from traders, buying houses or other parties who want to profit from our products. We also arrange transportation to the Netherlands ourselves. The savings are for our customers. Our aim is to build long-term partnerships with our manufacturers and to work together to make the Zeeman collections more sustainable and to create good and safe working conditions in the supply chain. We've been working with some of our manufacturing partners for more than 30 years. Our efforts in recent years have already contributed to structurally better and safer working conditions. For example, all the major points for improvement identified by our audits in 2017 were addressed, and the follow-up of all the inspection results of the Bangladesh Accord has made working conditions safer.



## Suppliers by country.

**Europe**  
**27%**

**Turkey**  
**9%**



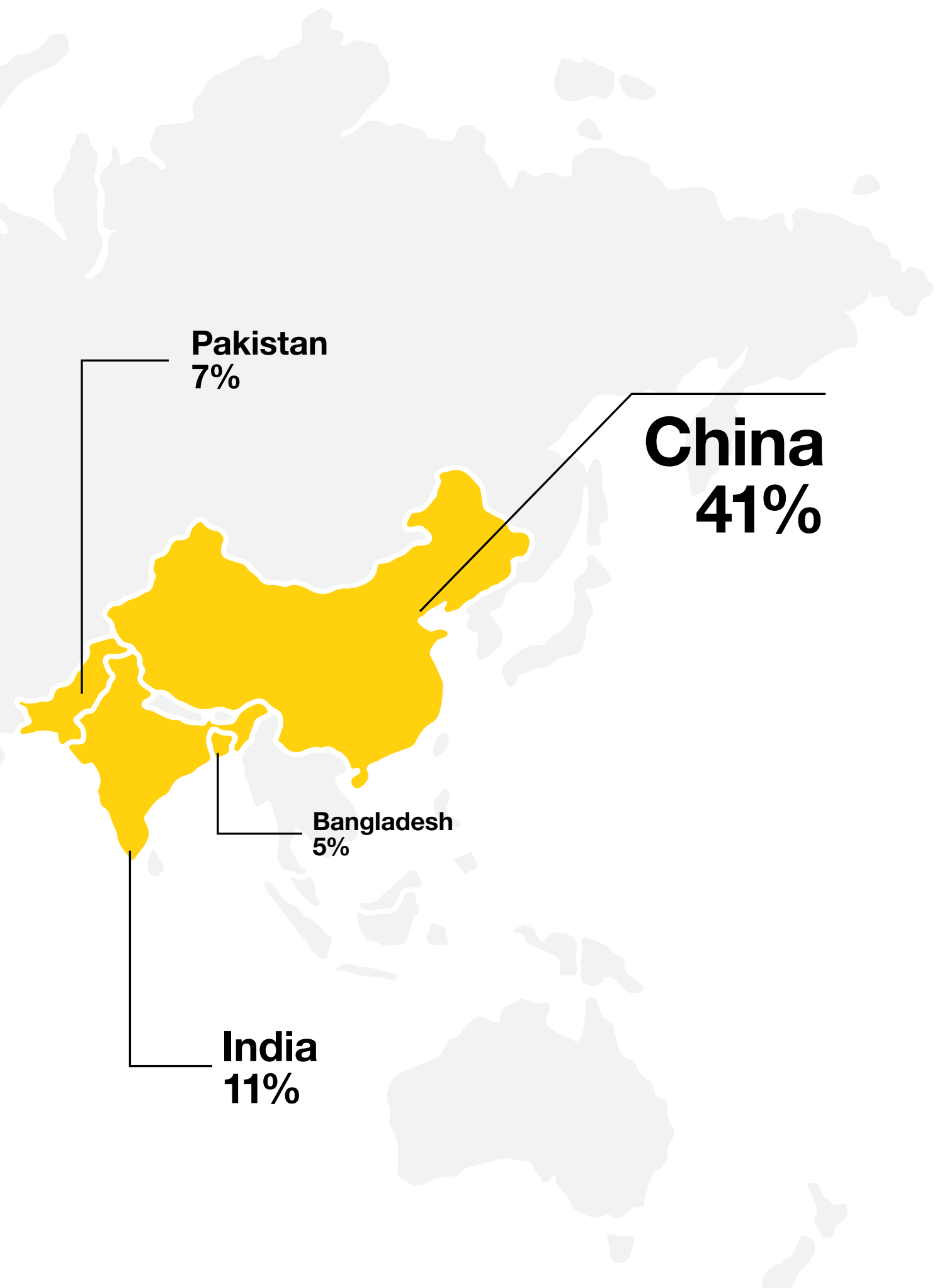
### Transparency and traceability in our supply chain.

We don't have our own factories, but instead work with experienced manufacturers who also produce for other brands and retailers. We won't partner up with just anyone. Before we start working with a manufacturer, we first check that the working conditions are good and safe and that our Code of Conduct is upheld.

In 2018 we started working on a tool that will be launched in May 2019: a world map on our website showing our 'first-tier' suppliers. This refers to the suppliers that we work with directly.

At the country level, we will share, among other things, the supplier's name, address details, the type of factory (textile or non-textile) and the number of employees in the factory. We want to be transparent about where and under what conditions our products are made. Making our production sites public means that our stakeholders can be confident that we are monitoring working conditions in our supply chain on a regular basis. In addition, we will be signing the Transparency Pledge, which means that we will be committed to transparency in our supply chain.

The list includes all suppliers with whom we have worked for more than one year. In the first year, we assess whether suppliers operate in accordance with international ethical guidelines or are willing to make the necessary improvements to working conditions and quality processes at the factory. The data on the world map will be updated every six months.



**Pakistan**  
**7%**

**China**  
**41%**

**Bangladesh**  
**5%**

**India**  
**11%**

## **Code of Conduct.**

Our Code of Conduct forms the basis of our collaboration with our suppliers. It is based on the Ethical Trading Initiative (ETI) code, and its main elements are: no forced labor, no discrimination, no child labor, and safe and hygienic working conditions. In 2018, we expanded our Code of Conduct to include issues relating to environmental pollution caused by factories, ethical business behavior and animal welfare. Before we start working with manufacturers, we ask about their CSR policies and they must sign the code of conduct, thus declaring that they will comply with it.

## **The way we work.**

Our local agents regularly visit our suppliers and their production sites. They are jointly responsible for compliance with our Code of Conduct. In order to be able to monitor working conditions properly, we regularly have independent audits carried out by TÜV SÜD Global Inspection Limited.

It is customary for two persons to carry out the audit. It begins with an introductory meeting to explain the purpose and process of the audit. Afterwards, the auditors inspect the production facilities, interview managers and employees, and examine the administration records. At the end of the audit there is a closing meeting. After an audit has been carried out by an external party, an extensive report is drawn up with the results and any points for improvement. The CSR & Quality department informs the manufacturer of the result. Based on the recommendations in the audit report, the manufacturer draws up an improvement plan. This is done in collaboration with Zeeman's local agents. Improvement plans include a deadline by which the necessary improvements must be implemented. Issues that may impact the health or safety of workers must be addressed immediately. Depending on the points for improvement, we either ask the manufacturer to allow a re-audit or request photos so that we can see whether the improvements have actually been implemented. This is how we work together to achieve good, safe working conditions at our production sites.

In addition, the CSR & Quality Manager travels to East Asia and Turkey several times a year to visit the production sites. During these trips we discuss the results of the audits and work on improvement plans together with the manufacturers. They share their dilemmas and we support them in implementing the improvements. We benefit greatly from our extensive, long-term relationships with our suppliers. We also explain to new manufacturers what we expect from them in terms of working conditions and quality.

When we find that a manufacturer is not complying with Zeeman's Code of Conduct, we first enter into discussions with the management to improve the situation. If the situation doesn't improve, or doesn't improve enough, we reduce the purchase volume. Only when that proves ineffective and good faith is no longer present do we discontinue the partnership. This has not occurred in 2018.

The factories inspected for us by TÜV SÜD are checked on 252 points. We confirm that working conditions are clean and safe, that there is no forced labor, discrimination or child labor, that a fair wage is paid, that workers are free to join a local trade union or interest group, and that there's not too much overtime. In addition, we check the factory's quality procedures. Does the factory use any substances or materials that are harmful to human health or the environment? Is everything tidy, and are the quality inspections carried out properly? In our audit results, we distinguish between minor, moderate and major issues.

What that means exactly is determined in consultation with TÜV SÜD. For example, there is a minor issue when visitors are not registered in the factory. A moderate issue may be when the manufacturer has no insight into the degree of loading of the floor. We call something a major issue when the factory operates in violation of Zeeman's standards or our Code of Conduct. The auditors are qualified to identify these shortcomings. The results are checked by an audit coordinator and finally by a senior manager at TÜV SÜD.

At present, 94% of our manufacturers in East Asia and Turkey have been audited by an independent party (2017: 84%). This means we have not yet reached our target of 100%. The remaining 6% of suppliers where no independent audits have been carried out are a group of smaller suppliers we now no longer work with. We expect to be able to achieve our 100% target in 2019. 99% of our items purchased in East Asia and Turkey are produced in factories that have been audited by an independent party.

## **Audits, a continuous process.**

In 2017, 58 TÜV SÜD audits carried out on our manufacturers in East Asia and Turkey identified a total of 67 major points for improvement. In cooperation with our suppliers, local agents and TÜV SÜD, we have tackled and improved these 67 issues.

The majority of the points for improvement identified related to wages and working hours. The audit reports showed that payroll and attendance lists could not be checked during factory visits. As payroll and/or attendance lists were not provided during the audit, worker payment and working hours could not be verified. In some cases, it was found that the attendance records were not kept accurately. For example, it was found that the employees who carried out the goods inspection on a particular day were on the inspection list but not on the attendance list.

The core of the problem is that many Chinese factory owners pay their employees on the basis of the number of pieces they produce. As a result, both factory management and factory employees attach less importance to keeping track of hours worked. Because this is a structural problem in China, we organized a seminar in 2018 to train our suppliers on how to improve the issues identified, but also on how to conduct better business processes. 14% of the points for improvement in 2017 were about safe working conditions at the factory. In most cases, additional emergency exits or staircases were required. Because these issues concern the safety of employees, we immediately addressed and improved these issues.

## **Key findings in 2018.**

In 2018, TÜV SÜD carried out 41 audits of our suppliers in East Asia and Turkey. During these audits, 72 major points for improvement were identified. On average, this comes to 1.8 major points for improvement per factory. That's a higher average than a year before. One explanation for this is that a large number of the factories audited in 2018 are ones that we have been working with for a relatively shorter period of time.

**Total number of points for improvement in relation to our Code of Conduct** **53**

Working hours	23
Wages	13
Safety	16
Hygiene	1

**Total number of points of improvement found with respect to our quality processes** **19**

Metal detection	10
Broken-needle procedure	5
Administration of quality inspections	4

## Findings by country.

### Bangladesh.

In 2018, two factories were inspected by TÜV SÜD in Bangladesh on behalf of Zeeman. In both factories, one major point for improvement was found: during the factory inspection, no documents could be shown confirming that incoming goods and materials had been inspected. No major points for improvement were found relating to working conditions in these factories.

### China.

80% of the 72 major points for improvement identified were found at our Chinese manufacturers. In China, 25 audits revealed a total of 58 major points for improvement. Half of these concern a lack or inconsistency of administration. As in the previous year, we saw that the working hours and payment of wages were not properly documented. A quarter of the points for improvement identified in the Code of Conduct category related to safety. In some cases a fire alarm and sprinklers were missing. In other cases it was found that there were not enough emergency exits or that these were not accessible at the time of the audit. Issues related to safety in the factory are immediately followed up. During one factory inspection, the family of the factory owner turned out to live in the same building where production took place. For reasons of safety

and hygiene, this is not desirable. At five Chinese suppliers, points for improvement were identified in the quality processes at the factory. Here, no procedure was followed for broken needles during production, or the goods made did not pass through a metal detector before they were packed. In a few cases, there was also no administration of the inspection of incoming goods and materials.

### India.

In 2018, six factories in India were inspected by TÜV SÜD. In three cases, this was a follow-up to an audit that took place the previous year; we call this a re-audit. During these re-audits, TÜV SÜD verified that the points for improvement identified a year earlier had been fully corrected. In one factory, an initial audit revealed a major point for improvement, namely the lack of a metal detector. This issue was corrected immediately.

### Pakistan.










Five audits at three Pakistani suppliers identified major points for improvement. In all three cases, the use of the metal detector was found to be inconsistent or could not be demonstrated. In addition, major points for improvement in terms of wages and working hours were identified at two suppliers. In one of these cases, insufficient records were available to be able to verify the wages and working hours. At another factory, two employees were found not to be receiving the locally applicable minimum wage.

### Turkey.

Across three factory inspections in Turkey in 2018, TÜV SÜD found one major point for improvement. The manufacturer did not use a metal detector.

### Status of improvement points.

Of the 72 major points for improvement identified up to and including 31 Dec 2018, 15 were corrected and verified by TÜV SÜD in the same year. We are now working on the remaining points. The audit results for 2017 did not contain any major points for improvement regarding our suppliers in Indonesia and the Philippines, which is why no audits were carried out there by TÜV SÜD in 2018.

	identified in 2017	resolved	identified in 2018	resolved in 2018	in progress
Bangladesh	1		2		1
China	55		58		46
India	3		1		0
Pakistan	8		10		9
Turkey	0		1		1

## Industry-wide cooperation.

### Bangladesh Accord.

The Bangladesh Accord is a unique partnership between various stakeholders. We have made a binding commitment to improve working conditions in the Bangladesh textile industry, where we work directly with 14 factories. These 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. At the factories where Zeeman is active, 91% of the original points for improvement had been implemented by the end of 2018. This is also the Accord average for all factories. When necessary, we support our factories in implementing costly improvements such as sprinkler systems and alarm systems. We do this by pre-financing a portion of the investment. Together with our manufacturers, we want to see 100% of the points for improvement implemented by 2019.

The Accord began in 2013 and was renewed in 2018. The goal, provided that well-trained inspectors are available, is to eventually have a local inspection body in place to carry out the Bangladesh Accord's tasks.

### IRBC Agreement on Sustainable Garments and Textiles.

In 2016, Zeeman signed the IRBC Agreement on Sustainable Garments and Textiles. The objective is to work together to make the industry more sustainable. The agreement offers tools to prevent and combat negative impacts by participating in joint activities and projects that we, in business, cannot solve on our own. In 2018, 95 companies were party to the agreement. We again shared all our clothing and textile production sites with the agreement secretariat that year. These have now been published online. The advantage this brings is that the agreement secretariat can now approach us if something is going on at one of our suppliers. We are also taking joint action with the secretariat on a conflict between management and factory workers at one of our Turkish manufacturers. This had become known through an international trade union. Because several retailers worked with this manufacturer, a request was made to work together on this issue. Zeeman entered into a dialogue with the manufacturer in order to get a clear picture of the situation. We pointed to the right to freedom of association and suggested that we work together to find a solution. Since the start of the agreement, we have been working on an action plan with which we can identify the impact of our actions and explain how we can limit or prevent risks.

## Living-wage roadmap.

**2018** Gather information and draw up a roadmap.

Request input from external stakeholders with expertise in the area of living wages (textile agreement, ETI, Clean Clothes Campaign).

Review guidelines for our own buying practices.

Improve management of payroll and attendance records.

**2019** Delve into the issue of living wages and enter into cooperation in this area.

Launch the first pilot program in a factory where we produce alongside another agreement signatory.

Participation in 'Collective Project Living Wage' training under the textile agreement.

Map out the minimum wages and actual wages and calculate living wages during the TÜV SÜD audits.

Gain insight into the cost price of items in order to relate the final purchase price to working conditions.



### **Ethical Trading Initiative (ETI).**

Since 2015 we have been a member of the Ethical Trading Initiative and a participant in the TNMS program in Tamil Nadu. Spinning mills in South India have been found to be at risk of forced and child labor. The program includes spinning mills used by our Indian suppliers, a total of 17. The aim of the program is to train employees, especially women, to stand up for their rights. The program lasts twelve months and is facilitated by ETI's own expert social workers and includes training in occupational health and safety, self-assessment and communication with management. The program increases self-confidence and improves employees' communication skills. Spinning mills that have previously participated in the program indicate that the program has contributed to a better relationship with the employees, less staff turnover, and fewer days lost due to illness.

### **A living wage.**

Statutory minimum wages set in countries like India, Pakistan and Bangladesh are often far below a living wage. We would like employees of Zeeman manufacturers to earn a fair wage that covers all basic needs. Our manufacturers sign for this in our Code of Conduct. But just what level of pay constitutes a living wage remains difficult to determine. It varies for different people, as well as by region and by country. In order to tackle this issue, we developed a roadmap in 2018. There are more issues that are touched upon when it comes to living wages. In order to achieve a living wage, factory employees also need to know what their rights are. In addition, we want to conduct transparent negotiations with suppliers in which we gain insight into the price structure of the products we purchase from them. In this way, we can ensure that we pay a fair price and thus enable our suppliers to pay their employees a living wage.

## **2020** Actively utilize opportunities to contribute to a living wage.

Develop a complaint mechanism and promote freedom of association among factory workers.

Launch pilot programs at our key suppliers in concert with other agreement signatories.

Issue a questionnaire to manufacturers giving them the opportunity to anonymously evaluate our buying practices.

## **2021** Formulate policy based on lessons learned from previous years.

Draw up an action plan based on Better Buying results or own questionnaire.

Draw up an action plan based on the results of pilot programs at our main manufacturers.

## 2. Strengthening quality and product safety.

### A good product.

Our customers can rely on the quality of our products. Zeeman's quality department is responsible for the implementation and enforcement of our quality and safety policy. All requirements for the product, labeling, logistics and testing are described in our supplier manual. Because European legislation sometimes changes, the manual is updated regularly. This also happened in 2018.

To ensure that products comply with our quality standards, we have commissioned TÜV Rheinland to test products all over the world since 2013. Products are only allowed to be shipped to Europe after approval of the test reports. In addition, a Product Council, consisting of the director of Purchasing, Design & Styling manager, E-commerce manager and the CSR & Quality department, assesses all newly designed products for safety. The council also verifies that products do not infringe on the intellectual property of third parties.

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.
- Whether products are of good quality: e.g. in terms of fit, durability and finish. We set particular requirements for toys and products that come into contact with food.

### Spot checks.

In 2018 there were 17 occasions where a product turned out not to meet our quality standards, after which we took it off the market. In 2017, this concerned 15 products.

It can happen that a product poses a potential safety risk to the consumer as a result of failure to meet the quality requirements. The CSR & Quality department assesses the risk and implements improvement processes where necessary.

In 2018 it turned out that the zipper of one of our sleeping bags could come loose under certain circumstances. We decided to remove the product from sale. To prevent a repeat of this problem, we will use a higher-quality zipper for our sleeping bags in the future. Zeeman regularly carries out its own spot checks. (High-risk) products are selected from the store and tested by the independent testing laboratory TÜV Rheinland. This knowledge and innovation center for the textile industry also investigates whether agreements reached with our manufacturing partners are truly being kept. In 2018, there were 450 spot checks. 96% of the products met Zeeman's strict standards. In 2017, this was also 96%.

Four products were publicly recalled in 2018 due to a safety risk (in 2017 this number was seven) – three were textile products and one was a plastic product. Where necessary, improvement initiatives are launched to prevent a repeat in the future.

### Quality risk management: NVWA procedure.

The Netherlands Food and Consumer Product Safety Authority (NVWA) last carried out a Product Safety system inspection at Zeeman in 2017. Based on this inspection, the NVWA has concluded that:

- Zeeman will remain under 'standard supervision';
- Products are easily traceable;
- Zeeman has a sound procedure for corrective actions, ensuring that any risks are quickly mitigated. In order to be eligible for 'limited supervision', further steps will have to be taken with regard to the product specifications and complaint analysis in order to set improvement processes in motion.

Since 2017, the NVWA has published the results of investigations of consumer goods on its website, so that consumers can be well-informed about product safety. In 2018, research into the release of nitrosamines from balloons showed that Zeeman's balloons meet the safety requirements.

A good product also includes a clear label with product information, so that consumers know the right way to use our products. For this reason, the labels of our high-risk products are checked by the consultancy firm Kroonenburg.

### 3. *Zuinig* of the environment.

Being *zuinig* of the environment begins with the way we manufacture our products. This means that no substances or production methods are used that could be harmful to factory employees or end users. We only want to use safe materials. Because sandblasting jeans can be harmful for workers, we have chosen alternative methods together with our manufacturers, such as brushing or hand-sanding.

- Zeeman has signed the Bont voor Dieren (Fur for Animals) foundation's Fur-Free Declaration, signifying that no fur is used in any of our products.
- The production of leather often takes place under poor working conditions. The tanning process is also very harmful to the environment, through deforestation and the release of hazardous waste generated due to the use of chromium III and VI. This negative impact on the environment is the most important reason why leather is very uncommon in Zeeman's collections. All leather items we do sell are therefore also produced by a small group of specially selected manufacturers, so that we can keep a close eye on the conditions under which this is done.
- The Restricted Substances List specifies that Zeeman products must not contain any chromium III or VI.

#### **Certification: the Oeko-Tex® standard.**

Zeeman has its own Oeko-Tex® certification. This is an additional guarantee that no banned chemicals are used in our products. 66% of our clothing and textile collections is produced according to this standard.

#### **Microplastics.**

For years, Zeeman has been helping to reduce the problem of the plastic soup by eliminating the use of plastic carrier bags and by packaging products using as little material as possible. Unfortunately, the invisible problem of microplastics is at least as big. Micro-particles are the cause of many sick and dead animals, a damaged ecosystem and plastic particles in our food and drink. By means of a filter on your washing machine, we can help prevent this problem. Each wash introduces 10 to 20 million microfibers into surface water through our washing machines. These microfibers come from synthetic materials used in products like clothing and textiles. Microplastics are also found,

for example, in cosmetics. In 2018, Zeeman became a partner of an initiative that developed a prototype washing machine filter that filters the microplastics out of the water after washing. This year a prototype will be tested extensively and it is expected that a final design can be realized. See also [www.wasmachinefilter.nl](http://www.wasmachinefilter.nl).

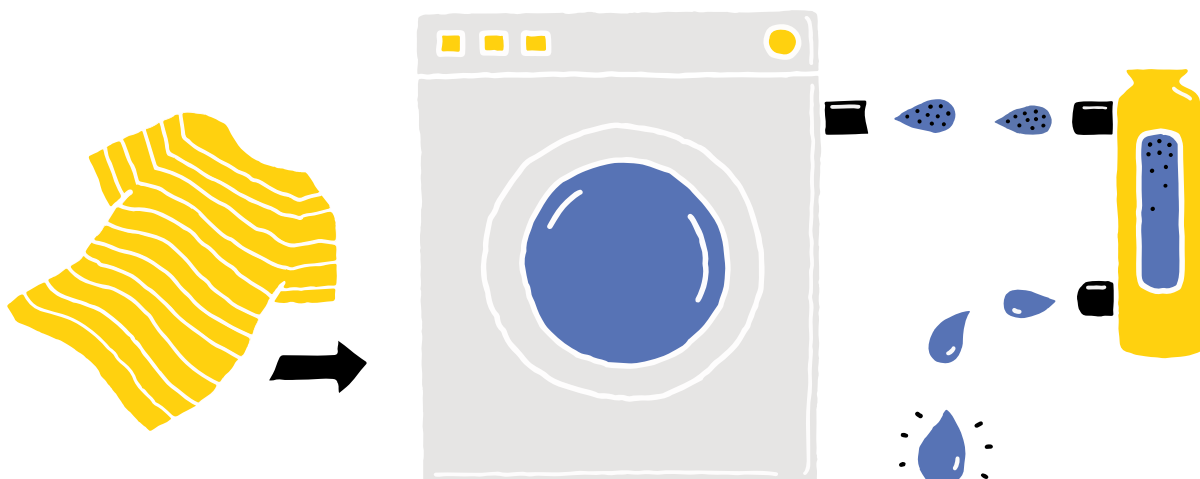
#### **A win for the environment.**

- For transport from the seaport to our distribution center in Alphen aan den Rijn, we are committed to our cooperation with the Green Corridor. The inland vessels that provide the transport run on natural gas. In 2018, 74% of all containers were shipped via inland waterways. That is 4% more than in 2017, but not yet enough to meet our 90% target. The use of road transport in 2018 was greater than desired. An important reason for this is late shipment of goods by our suppliers. By improving delivery reliability with the help of our new Supply Chain Portal, we expect to get closer to our target of 90% inland shipping in 2019.
- Transport by inland waterways entails a 62% reduction in CO<sub>2</sub> emissions compared to transport by road.
- Empty containers are used by nearby businesses for their export products, so they aren't sent back to Rotterdam empty. This is more efficient and saves on costs.

On the roof of our distribution center lies a large solar park. With 6,700 solar panels, we generated 1,683,552 kWh of electricity in 2018. This compensates for a substantial portion of the electricity consumption of our distribution center and service office. The aim is to expand our solar park with approximately 1,800 more panels, which will generate a total additional yield of 0.5 MW.

#### **Good materials.**

To make our textile collections more sustainable, we started purchasing sustainable cotton via the Better Cotton Initiative (BCI) in 2015. In 2018, we used a total of 1,655,513 kg of sustainable cotton in our clothes and textiles. This amounts to approximately 10% of our overall total (of 16,000 metric tons, i.e. sixteen million kilograms of cotton). That means we have not yet reached our target of 15%. Nevertheless, our manufacturers increasingly understand the importance of sustainable cotton. In 2019 we want to catch up and double the BCI share to 20%.



## Factory pollution roadmap.

**2018** Gather information and draw up a roadmap.

Draw up roadmap.

Draw up self-assessments for dyeing and washing facilities. in collaboration with external stakeholders.

Update RSL (Restricted Substances List).

**2019** Map out the environmental impact of dye houses and laundries in terms of water, energy and chemicals.

Participate in the Dye House Improvement Project of the textile agreement in China.

Set up self-assessment at dyeing and washing facilities.

Introduce an MRSL (Manufacturer Restricted Substances List) for our suppliers' dyeing and washing facilities.

We have always focused on mapping out social issues at our direct manufacturers. The next step is to investigate where and under what conditions our products are dyed and washed. Sometimes this is done in the same factory where the products are produced, but sometimes this takes place at external dye houses. Our factories have been working according to our Restricted Substances List (RSL) for many years to eliminate the use of environmentally harmful substances. And environmental pollution has always been an integral part of our factory audits, but not yet with the depth we're planning to introduce now. Think of topics such as water consumption and water pollution/purification, the management of chemicals, energy consumption, and the processing of chemical waste. We have drawn up a roadmap for this purpose, which shows exactly what steps we want to take in the coming years. In 2019 we will participate in a 'dye house improvement project', which is part of the textile agreement. Lessons we take on board from this will be used in a self-assessment for our other dyers.

## Logistics update.

In collaboration with shipping companies and organizations like Goodshipping, Zeeman wants to contribute to a reduction in emissions from sea freight. When it comes to ocean freight tenders, reducing the use of crude oil plays an important role here. In 2018, we implemented the bulk of our Supply Chain Portal. This gives us further improved and faster insight into the purchasing flow, allowing shipments to be merged, thus increasing the filling rate of sea containers. We expect to see the results of this in 2019. In 2018, the implementation of the Supply Chain Portal has already made the procurement planning more reliable. This offers new opportunities to improve efficiency at the distribution center and in transport planning. When we use road transport to move goods from the seaport to our distribution center, we do this within a network. This ensures that the loading level of the trucks is as high as possible.

## Via NedCargo/CTU and U-turn.

In 2018, we paid extra attention to the maximum weight of roll containers after loading. Our aim is to make the work less taxing for our employees at the distribution center, during transport and in the stores. When loading, we determine an optimal balance between weight and load level. This means that a roll container with heavy items is not always fully filled. By intelligently distributing light and heavy items, we have been able to keep the average load level of roll containers the same as in 2017. In 2018, we purchased three additional trucks and replaced one of our trucks from 2010. These new trucks comply with the Euro VI standard and are equipped with stand-alone air conditioners which reduce emissions at standstill compared to air conditioners powered by the main engine. In 2018, we continued pursuing the transport strategy that was implemented in 2017. We make a distinction between journeys in which Zeeman itself provides transportation between the distribution center and stores and journeys via a hub. For transport from our distribution center to the hubs, a network has been set up in which Zeeman carries out approximately 40% of the shuttle rides under its own management and therefore also drives back with full trailers. The other shuttle rides have been outsourced to strategic partners who carry a different load on the return journey. In this way, the load level of trailers on the road for Zeeman has been further optimized. In 2019, deliveries to stores in the Southwest France region will be further optimized in line with this strategy. The higher reliability of our inbound planning through the Supply Chain Portal offers additional possibilities for planning deliveries to stores in Southern Europe. In 2019, we will further develop how we could make use of intermodal transport to the hubs in southern France and Spain. This will reduce the number of transport movements by road.

Starting in 2019, we will calculate the emissions per kilometer for each roll container delivered to a store. This figure will allow us to partially measure the success of the above initiatives. In 2018, in order to contribute to the reduction of particulate matter, we no longer opted for diesel engines for new passenger cars. In addition, we have also added a fully electric model to our fleet, two of which are now on the road.

A study of safety and working conditions at our distribution center was carried out in 2018. Partly as a result of this study, a number of changes

**2020** Make improvements to reduce environmental impact.

Draw up an action plan for dyeing and washing facilities.

Introduce environmental standards manual for dyeing and washing facilities.

Train Zeeman design & purchasing department.

**2021** Seek collaboration with stakeholders to reduce environmental impact.

Capacity building.

Train dyeing and washing facilities.

have been implemented. For example, all personnel have received safety shoes, and we now have a specialist physiotherapist in the field of work and operations at our distribution center. Various processes have also been adapted to reduce the physical load.

In 2019 we will make a blueprint of the future processes at our distribution center. The improvement of working conditions plays a major role here. But it is also important to respond more quickly to wishes stemming from transport planning. Combined with the new processes, it will be possible to plan outgoing journeys to the stores even more efficiently.

From the distribution center, the products are taken to the stores. Throughout this process, Zeeman uses as little packaging material as possible. We fill our trucks as much as possible, so that each store only needs to be stocked up twice a week. The fewer rides we make, the less exhaust gases we release into the air. To reduce our impact on the environment, we separate plastic, paper and other waste at all of our stores. Because we collect our own waste from the stores and return it to our distribution center, Zeeman does not pay sanitation levies. At the distribution center, special presses prepare the paper and plastic for reuse. This is friendly for the environment as well as our wallet.

### The Green Corridor.

In 2017, we signed a declaration of intent to create one of Europe's first green and sustainable corridors. This Green Corridor is a project in which various parties are working together to make the Rotterdam — Alphen aan den Rijn — Zoeterwoude route more sustainable. The goal: to create a climate-neutral logistics corridor. Companies, governments and research institutes are working together to reduce emissions through more efficient collaboration and local energy generation. We've been transporting by water whenever possible for years now. Since 2011, we have been shipping our containers arriving from Asia to the transshipment terminal in Alphen aan den Rijn via inland waterways. The terminal is located close to our distribution center. Transportation from the country of origin to the Netherlands virtually always takes place by ship. This is less harmful than transport by plane or by truck. Sea containers from East Asia and Turkey arrive in Rotterdam.

## Sustainability at our stores.

### Energy consumption.

We have been *zuinig* of energy for years now. We ask our store managers to pass on gas and electricity meter readings to our service office. We have enlisted an external agency to help us monitor our energy consumption. When energy consumption is above average at a particular store, the agency performs an energy scan. When we know what the cause is, we invest in energy-saving measures where possible.

### Electric heating.

In 2019, we would like to make plans for more *zuinig* heating. Our stores are currently heated in a variety of ways: using gas, heating oil, and electricity (via heat pumps). In 2018, 25 stores were connected to a heat pump.

### LED lighting.

You won't find any needless luxuries at our stores. What you will find is LED lighting. As of the end of 2018, 56% of our stores have been fitted with LED. By the end of 2019, this should rise to 65%. LED lighting uses less than a third of the energy required by traditional fluorescent tubes. That's a big difference. The 736 of our stores using LED lighting so far already amount to annual savings of more than € 900,000. 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.

## 4. *Zuinig* of our employees.

In 2018 we launched a new vision of HR, focusing on Zeeman as an attractive employer where we grow together.

Growth is essential for our continuity. Ways in which we plan to achieve growth include expansion and enlargement of our online channel. But in order to remain a truly healthy company, we also need to continue to achieve organic (like for like) growth. So without expansion, but with our existing stores. In order to achieve this, we want to make a number of major shifts, including putting the customer first and encouraging customer-oriented entrepreneurship.

We have to ensure that we are attractive as an employer so that we can continue to attract sufficient high-quality personnel in the future.

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. In addition, new generations are entering the labor market who have different expectations of their employer, such as purpose, transparency and the desire to have access to modern tools and resources to do their job properly.

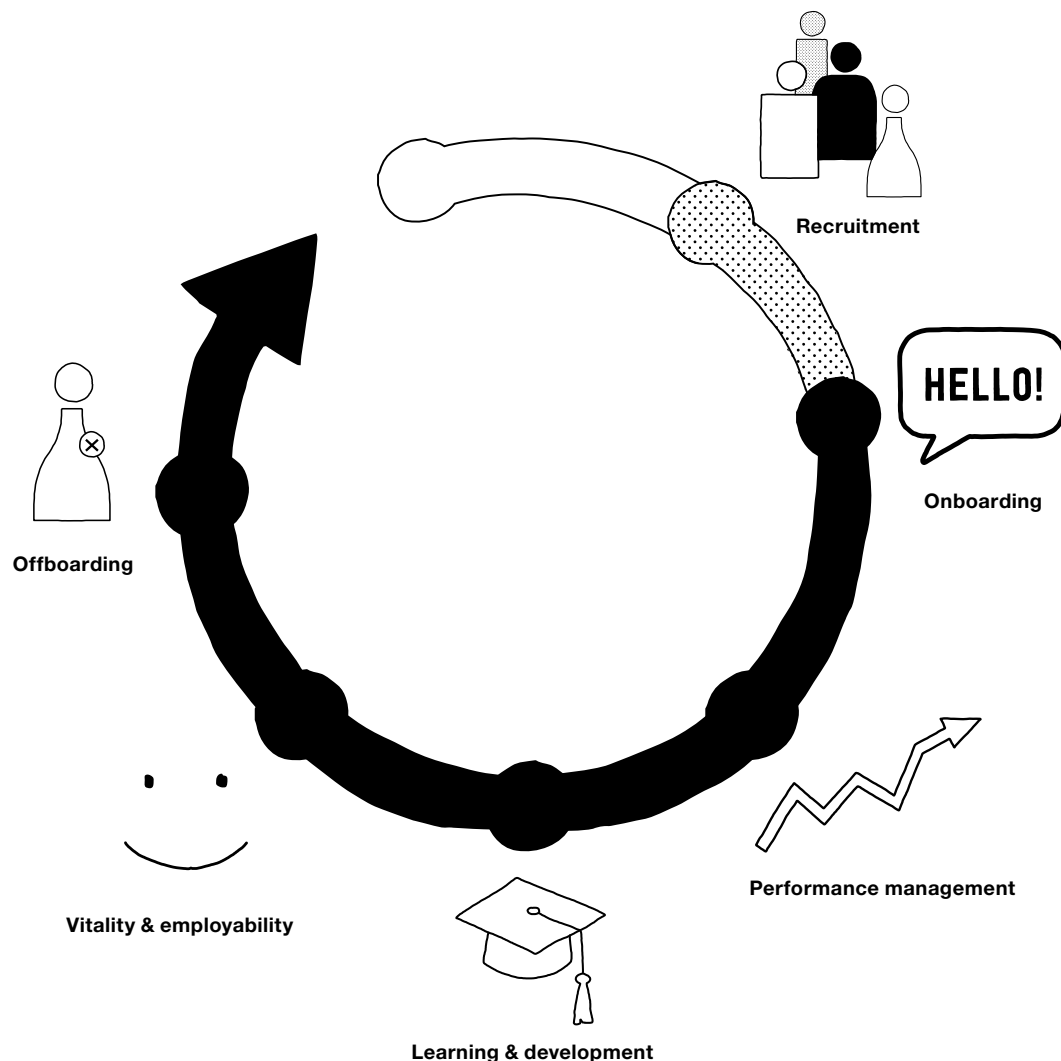
Due to the expected staff turnover and the planned increase in the number of stores, we intend to recruit around 5,000 employees per year in Europe in the coming years in order to enable growth. The shifts Zeeman wants to make also ensure that our employees have to keep developing in order to grow with us, so we grow together.

### **Attractive employer.**

We want to be an attractive employer and create energetic, engaged and proud employees. Our people are our ambassadors and are in contact with the customer. If our people want to work for us, they will also radiate this to the customer. That's why we put our employees at the heart of their journey at Zeeman. In addition, we want to make more use of feedback from our employees. This will enable us to ensure that our employees feel energetic, engaged and proud.

### **Recruitment.**

Since late 2018, we have been working with a pre-assessment tool in all countries: the Zeeman Talent Pitch. This tool is used for in-store vacancies. Employee turnover in the stores is high, which is often because our candidates have expectations of the position that are not



in line with reality. It also happens that the position doesn't necessarily fit the personality of the candidate. In order to prevent a mismatch, candidates who apply for an in-store job receive information about working for Zeeman by means of videos and games. They also take a personality test so that we can better predict the match between the candidate and Zeeman.

### **Onboarding.**

Within Zeeman we have a program to introduce new employees to their tasks and responsibilities and the Zeeman organization. The existing program no longer meets the expectations of new employees. In late 2018, we therefore started developing a new and contemporary onboarding program; we will be offering a combined program (a mix of E-learning, short videos and practical assignments) and make pre- and onboarding accessible at work, on the road and at home via a Learning Management System (LMS). The new onboarding program is expected to be ready for use in November 2019.

### **Performance Management.**

In order to stimulate development in an employee's current job, in terms of conduct and results, in 2018 we defined result areas for each job and created competence profiles for all jobs. The cultural values and the desired behavior in performing your job, or to change along with developments, are important within Zeeman. These have therefore been given a place in the Performance Management system, by means of an assessment based on competencies. We use the results to further develop the competencies of our employees. In addition, our managers were trained in 2018 to coach employees in the areas of conduct and competency development.

### **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. In 2018, over 1200 managers took part in our workshops aimed at working with competencies and the new system of assessment. In order to put the customer first, we encourage customer-oriented entrepreneurship. We see the role of Store Manager as a key position within Sales. Zeeman strives for inspiring store managers who are enterprising and who keep their store (and Facebook page) in order. But result-orientation and good cooperation in a small team are also important competencies. In 2019, we will be launching a fixed learning path for Assistant Store Managers and Trainee Store Managers.

### **Vitality and sustainable employability.**

In the interest of a vital and sustainably employable workforce, we want everyone to be able to work healthily and safely. In November 2018, a Risk Inventory and Evaluation was held within the Distribution Center. The results were shared with Zeeman on 18 December. A working group on Health, Safety and Quality will be set up to supervise the implementation of the necessary improvements to the distribution center's health and

safety policy. Based on the Risk Inventory and Evaluation, a draft action plan was drawn up, which will be further developed in 2019 by HR and the Distribution Center's management into a definitive action plan with short-, medium- and long-term objectives aimed at safety, vitality and sustainable employability. In late 2017, together with other companies in which the Zeeman family invests, we negotiated a better collective care contract for all employees.

The goal:

- To offer comprehensive supplementary insurance cover at a competitive monthly premium;
- To find a partner in the field of sustainable employability.

Based on the agreements made, we carried out a broader study of the possibilities for improving sustainable employability at our stores, in cooperation with CZ, in 2018. The results of this study show that lifestyle, physical strain and a work-life imbalance, among other things, can have negative effects on the sustainable employability of employees. More research is needed to develop specific policies. See below.

### **Learning from feedback – employee engagement survey.**

In order to form a clear picture of the status of engagement and employability of the organization and its main influencers, we will be using an online survey to ask our employees for input in the first quarter of 2019. This survey will be carried out by Nolo Capital. They will also perform a data analysis and link employees' perceptions with employee data and other organizational data, including absenteeism records. Based on the relationships and patterns that are found, we will construct employee profiles so that a clear picture emerges of the characteristics of the group involved, the at-risk group and the unemployable group. Based on these profiles and insights, concrete interventions and an effective approach can be developed to increase engagement and sustainable employability. The collected research data cannot be traced back to individual employees, only to groups with a specific profile. For example, all trainees, all sales staff, or all sales staff in France.

### **Diversity.**

Zeeman values diversity. We are *zuinig* of all the people who work for us. 91% of our employees are women, and among our managers, that figure is almost 96%. 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: 69.6% of our staff works part-time (about equal to 2017). In addition, we believe that everyone deserves a fair chance of finding a job. No matter if you have a disability, wear a headscarf, are LGBTQ+ or are over 50. We consciously recruit employees with a disadvantage in the labor market and have created workplaces for employees with disabilities. In order to ensure that managers can offer the right guidance to employees with disabilities, the managers working with them receive a special training course, developed in-house at Zeeman.

# Around us.

Supporting charities in which we feel involved suits us. But we are a low-cost organization and cannot offer unlimited sponsorship. That's why we have a clear sponsorship policy: we support a number of projects around our stores, around our office and around factory locations.

## **Around our stores.**

Since 2018, every Zeeman store has been permitted to support a charity in which the customer base is involved. We don't make funds available for this, but we do offer time, attention and space. For example, by setting up a spot in the store where customers or passers-by can donate products or money. Victims of accidents, crimes and disasters receive goods through the Victim Support Fund. These goods are distributed through the stores, making store staff feel involved. Many stores enthusiastically participate. In addition, each store may support a team of its choice with sports shirts.

## **Support around the service office in Alphen aan den Rijn.**

Because as a company we are part of the Alphen community, we sponsor a limited number of local initiatives directly surrounding our office.

## **Support in production countries.**

Closer to our production sites, we have had our own project in Mumbai for fourteen years: Save The Children India/Save Our Sisters, with a school for deaf and hearing-impaired children and a shelter for girls rescued from prostitution.

# About this report.

## **Information gathering.**

The information in the 2018 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 2018 through 31 December 2018. The previous CSR report was published in May 2018. The scope of the report is Zeeman Groep B.V., established in Alphen aan den Rijn. This includes the activities of all companies mentioned on page 6, with the exception of Profitex Import Export Company Ltd, Hong Kong and Romanee Ltd, Hong Kong. No subdivisions or activities have been excluded. No acquisitions or disinvestments took place in 2018.

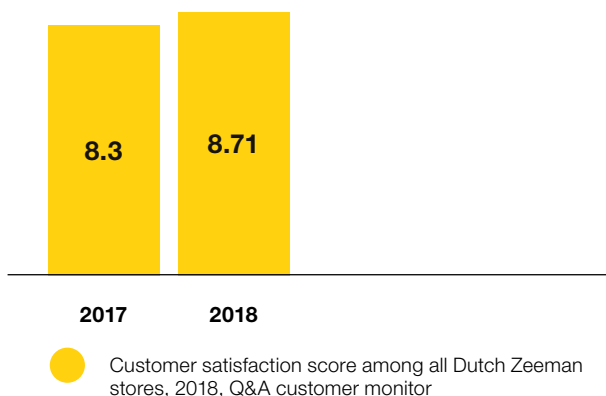


# How we engage our customers.

## Customer satisfaction.

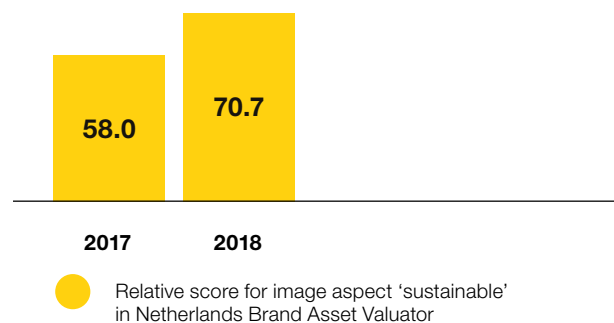
Until 2017, customer satisfaction with Zeeman was not measured. In previous CSR reports, we reported instead on a figure that we did have at our disposal: the image aspect of customer-orientation. This is measured in the Brand Asset Valuator among Dutch consumers. Since 2017, the customer satisfaction score has been available to us. Because the customer satisfaction score is measured among Zeeman customers who have just visited a store, which gives us more information than a general image score among all consumers, we now use the score on customer satisfaction instead of the customer-orientation image score.

In 2018, our store teams worked hard to improve customer satisfaction. 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 2018, customers were given cards with a web address for a survey at the checkouts. This enabled customers to report their experience at our store right after their visit. As of 31 December 2018, the average score in the Netherlands was a nice 8.71 (measured from 1 Jan 2018). Source: Q&A Netherlands, 31 December 2018.



## Sustainable image.

In our communication and campaign, we are gradually placing more emphasis on *zuinigness* and on responsible production. To measure whether this is coming across to people in the Netherlands, we use the Brand Asset Valuator. The BAV has measured how sustainable the Dutch consumer thinks Zeeman is, compared to 1,000 other brands, annually in February/March since 2018. The image aspect 'sustainable' has risen considerably for Zeeman to a score of 70.7%, which means that of the 1000 brands measured, 706 are considered less sustainable and 293 considered more sustainable by people in the Netherlands.



## Local involvement.

Since 2018, we have been facilitating our stores in creating a local Facebook page and thus maintaining contact with customers in the local area.

## Test panel.

Zeeman has a customer panel consisting of 22,678 customers that we can ask questions and ask to test products.

## Customer service is a top priority.

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.

## Global Reporting Initiative Standards.

Zeeman's report on sustainability was prepared in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI), application level 'core'. PricewaterhouseCoopers Accountants N.V. has tested the application level. The GRI table (starting on page 36) explicitly shows the indicators Zeeman reports on.

## Review of the CSR report.

Zeeman management has commissioned PricewaterhouseCoopers Accountants N.V. to review the quality of the information in this CSR report so that limited assurance can be given regarding the information presented (see assurance report on the following pages).

# Appendices.

## Assurance report from the independent accountant



To: the management of Zeeman Groep B.V.

### Assurance report regarding the 2018 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 2018 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 2018, in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI) and the internal reporting criteria as clarified in the section 'Reporting criteria' below.

#### *What we have reviewed*

We have reviewed the social-responsibility report of Zeeman Groep B.V. for the year ending on 31 December 2018. The aim of this review is to obtain limited assurance.

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 2018.

#### 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). 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 reporting criteria used internally as explained in the section 'About this report' in the social-responsibility report. 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 and estimates. 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 sustainability information 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**

### *The management's responsibilities*

Zeeman's management is responsible for the preparation of 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 section 'About this report' of the social-responsibility report. The management is responsible for determining whether the reporting criteria used are acceptable in this situation.

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.

### *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.

Deviations may occur as a result of fraud or errors and are material in the event that it can reasonably be expected that these may influence, either individually or jointly, economic decisions made on the basis of the social-responsibility report by its users. The materiality impacts the nature, timing and scope of our review activities as well as the evaluation of the impact that recognized deviations may have on our conclusion.

### *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, 29 May 2019

PricewaterhouseCoopers Accountants N.V.

Original signed by J.G. Bod, registered accountant

# GRI Core Table 2018.

At the end of 2018, the materiality of the various themes was again determined based on a questionnaire and a stakeholder dialogue. We hope to define relevant KPIs for the eight most material themes during 2019, so that we can report on them in 2020.

Indicator.		page no.
102-1	Name of the organization.	6
102-2	Primary brands, products and services.	6
102-3	Location of the service office.	6
102-4	The number of countries in which the organization operates.	6
102-5	Ownership model and legal form.	6
102-6	Markets served.	6
102-7	Scale of the reporting organization.	6
102-8	Employee information.	6, 39, 40
102-9	Supply chain.	18
102-10	Significant changes in size, structure, ownership, or the value chain during the reporting period.	32, 33
102-11	Explanation regarding the application of the precautionary principle by the reporting organization.	12
102-12	Externally developed economic, environmental and social charters, principles or other initiatives endorsed or upheld by the organization.	22, 23
102-13	Membership of associations (such as industry associations) and (inter)national advocacy organizations.	14, 24
102-14	Statement from the most senior decision-maker of the organization.	4
102-16	Values, principles and standards surrounding behavior, such as a code of conduct.	5, 7, 22
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).	8
102-40	List of stakeholder groups engaged by the organization.	14
102-41	Percentage of total employees covered by collective labor agreements.	39
102-42	Basis for inventory and selection of stakeholders to be involved.	15
102-43	Approach to stakeholder engagement, including frequency of engagement by type and group of stakeholders. Omission in 2018 CSR report: <i>Frequency of stakeholder engagement will be reported next year.</i>	15
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.	15
102-45	Business units included in the annual accounts or equivalent documents of the organization.	34
102-46	Process for determining the content of the report.	34
102-47	List of all material topics identified during the definition of the content of the report.	15
102-48	The impact of any updates of information provided in previous reports, and the reasons for such updates.	32, 33
102-49	Indicate any specific limitations on the scope or delimitation of the material subjects.	32, 33
102-50	Period under review.	32, 33
102-51	Date of the most recent previous report.	32, 33
102-52	Reporting cycle.	32, 33
102-53	Contact point for questions regarding the report or its contents.	45
102-54	The application level that was chosen.	33
102-55	GRI Core Table.	36
102-56	Policy and current practice with regard to seeking external assurance for the report.	32

## Renewable raw materials and resources.

103-1	Description and delimitation of material subjects.	
103-2	Management approach.	14, 15, 24-29
103-3	Evaluation of the management approach.	14, 15, 24-29
Zeeman indicator	KPI: % Better Cotton (BCI) Omission in 2018 CSR report: <i>Zeeman intends to include additional information on the use of sustainable materials other than Better Cotton in the next year's report.</i>	14, 15, 24-29

## Packaging and waste.

103-1	Description and delimitation of material subjects.	5, 9, 15, 41, 42
103-2	Management approach.	5, 9, 15, 41, 42
103-3	Evaluation of the management approach.	5, 9, 15, 41, 42
Effluents and waste	GRI 306-2: Waste by type and disposal method	5, 9, 15, 41, 42

## Sustainable purchasing practices.

103-1	Description and delimitation of material subjects.	15, 18, 19
103-2	Management approach.	15, 18, 19
103-3	Evaluation of the management approach.	15, 18, 19
Supplier Social Assessment	GRI 414-1: New suppliers that were screened using social criteria. KPI: % audits at new suppliers by independent parties. – % major points for improvement from Zeeman social audit corrected.	15, 22, 23, 42
Supplier Environmental Assessment	GRI 308-2: Negative environmental impacts in the supply chain and actions taken. Omission in 2018 CSR report: <i>Data not yet available – see explanation in introduction of this GRI table.</i> <i>We are working towards an indicator based on the roadmap that we have developed for this purpose.</i>	15, 28, 29

## Safe and healthy working conditions.

103-1	Description and delimitation of material subjects.	15, 18-24, 40
103-2	Management approach.	15, 18-24, 40
103-3	Evaluation of the management approach.	15, 18-24, 40
Occupational Health and Safety	GRI 403-2: Work-related injuries. KPI: Occupational accident rate. Omission in 2018 CSR report: <i>The breakdown by region and gender does not show any relevant differences with regard to the composition of Zeeman's workforce.</i>	15, 18-24, 40

## Circular economy.

103-1	Description and delimitation of material subjects.	15, 29, 41
103-2	Management approach.	15, 29, 41
103-3	Evaluation of the management approach.	15, 29, 41
Materials	KPI: To be determined. Omission in 2018 CSR report: <i>Data not yet available – see explanation in introduction of this GRI table.</i>	15, 29, 41

## Child and forced labor.

103-1	Description and delimitation of material subjects.	15, 18-25
103-2	Management approach.	15, 18-25
103-3	Evaluation of the management approach.	15, 18-25
Child Labor	KPI: To be determined (see GRI 408-1).	15, 18-25
Forced or Compulsory Labor	KPI: To be determined (see GRI 409-1). Omission in 2018 CSR report: <i>Data not yet available – see explanation in introduction of this GRI table. Our suppliers operate in accordance with our Code of Conduct and are audited for compliance. In the high-risk area of South India, the spinning mills participate in ETI's TNMS program.</i>	

## Transparency and traceability in the supply chain.

103-1	Description and delimitation of material subjects.	4, 15, 20, 32
103-2	Management approach.	4, 15, 20, 32
103-3	Evaluation of the management approach.	4, 15, 20, 32
Zeeman indicator	KPI: % major points for improvement from Zeeman's social audit corrected.	4, 15, 20, 32

## A living wage.

103-1	Description and delimitation of material subjects.	15, 24, 25, 44
103-2	Management approach.	15, 24, 25, 44
103-3	Evaluation of the management approach.	15, 24, 25, 44
Zeeman indicator	KPI: To be determined. Omission in 2018 CSR report: <i>Data not yet available – see explanation in introduction of this GRI table. In 2018, Zeeman developed a roadmap to eliminate the omission.</i>	15, 24, 25, 44

# Overview of KPIs.

	2014	2015	2016	2017	2018
<b>Our employees</b>					
Total number of employees	7,127	7,256	7,406	7,593	7,927
The Netherlands	3,494	3,419	3,491	3,425	3,505
Belgium	1,553	1,521	1,504	1,629	1,615
Germany	945	923	909	865	826
France	1,061	1,283	1,344	1,456	1,680
Luxembourg	74	73	69	62	64
Spain	Unknown	25	73	142	217
Austria	Unknown	12	16	14	20
Average number of FTEs <sup>4</sup>	5,043	5,292	5,635	5,868	6,019
The Netherlands	2,034	2,113	2,298	2,471	2,430
Belgium	1,244	1,229	1,205	1,216	1,251
Germany	797	808	796	785	743
France	895	1,056	1,211	1,223	1,368
Luxembourg	73	70	67	64	62
Spain	Unknown	10	43	97	151
Austria	Unknown	6	15	12	14
Total number of interns	4,613	4,514	4,148	4,043	4,010
The Netherlands	1,832	1,786	1,625	1,512	1,307
Belgium	673	625	540	630	759
Germany	1,278	1,154	1,166	1,128	1,192
France	797	898	758	690	674
Luxembourg	33	49	40	32	31
Spain	Unknown	Unknown	8	27	20
Austria	Unknown	2	11	24	27
% male employees	8.3	8.3	8.8	9.0	9.0
% female employees	91.7	91.7	91.2	91.0	91.0
% full-time	31.1	31.2	31.8	30.7	30.4
% part-time	68.9	68.8	68.2	69.3	69.6
% fixed-term	Unknown	39.6	39.5	39.7	39.6
% permanent	Unknown	60.4	60.5	60.3	60.4
% employees covered by a collective agreement	Unknown	87.2	87.7	88.5	89.5
% employees with a disadvantage in the labor market	0.9	1.5	1.5	3.2	2.7
% men in management positions	3.7	3.8	4.4	4.1	4.3
% women in management positions	96.3	96.2	95.6	95.9	95.7
% men in management positions (excl. store managers) <sup>2</sup>	26.3	27.4	28.0	24.7	25.9
% women in management positions (excl. store managers) <sup>2</sup>	73.7	72.6	72.0	75.3	74.1

	2014	2015	2016	2017	2018
<b>Age structure</b>					
% 24 years and below	38.4	36.2	34.6	34.1	32.9
% 25-34	34.6	34.2	33.1	31.8	31.5
% 35-44	15.5	17.6	19.3	20.1	20.8
% 45-54	7.9	8.2	8.9	9.7	10.1
% 55 years and above	3.6	3.8	4.1	4.3	4.7
Average number of years of service	5.8	6.0	6.3	6.4	6.3
Sickness absence (%) <sup>3</sup>	4.63	5.27	5.58	6.04	6.51
Occupational accident rate	2.16	2.83	2.38	2.47	2.39
Number of deadly accidents	0	0	0	0	0
Training days / FTE <sup>1</sup>	1.04	0.66	1.03	1.36	1.04
Number of MBO diplomas obtained	138	148	141	208	142
<b>Transport <sup>7</sup></b>					
<b>Fuel consumption (liters / 100 km)</b>					
Trucks	26.83	26.91	26.49	26.37	26.04
Passenger cars	5.80	5.95	5.42	5.82	5.78
<b>Truck emission standards</b>					
% Euro V	40	35	0	2	0
% Euro VI	20	30	49	66	81
% EEV	40	35	51	32	19
Traffic accident rate <sup>5</sup>	0.44	0.59	0.55	1.11	1.15
Roll-container load volume (m <sup>3</sup> )	0.66	0.67	0.64	0.64	0.62
<b>Packaging &amp; waste <sup>6</sup></b>					
Industrial waste (kg)	737,267	726,170	821,569	807,312	712,987
of which hazardous substances	Unknown	Unknown	Unknown	Unknown	1.4%
Secondary packaging (kg)	4,859,040	4,600,160	4,588,300	4,670,900	4,802,017
Total weight of waste (kg) <sup>8</sup>	5,596,307	5,326,330	5,409,869	5,478,212	5,515,004
% recycled	87	86	85	87	88
% waste incinerated with energy recovery	Unknown	Unknown	Unknown	13	12
% waste incinerated	Unknown	Unknown	Unknown	0	35
Primary packaging (kg) <sup>17</sup>	2,045,759	2,227,566	2,186,016	2,304,913	2,251,675



	2014	2015	2016	2017	2018
<b>Energy consumption <sup>9</sup></b>					
<b>Gas consumption (m<sup>3</sup>/m<sup>2</sup>)</b>					
The Netherlands <sup>10</sup>	12	14	15	14	14
Belgium	14	14	15	15	13
Germany	18	20	21	22	21
France <sup>11</sup>	13	16	14	15	25
Luxembourg	11	14	15	13	16
Distribution center + service office	3	3	3	2	2
<b>Electricity use (kWh/m<sup>2</sup>)</b>					
The Netherlands	71	67	67	66	65
Belgium	56	55	55	53	53
Germany	83	82	79	74	73
France	88	100	88	98	100
Luxembourg	35	34	33	32	40
Distribution center + service office	42	42	40	33	38
<b>CO<sub>2</sub> footprint (metric tons) <sup>9,12</sup></b>					
<b>Scope 1 / m<sup>2</sup> <sup>13</sup></b>	22	24	24	22	29
Gas – stores in the Netherlands	25	28	30	26	27
Gas – stores in Belgium	28	28	31	28	25
Gas – stores in Germany	36	39	42	41	39
Gas – stores in France <sup>11</sup>	26	32	27	28	47
Gas – stores in Luxembourg	22	27	30	24	30
Gas – DC + service office	5	6	6	5	5
<b>Scope 1 / net revenue <sup>7,13</sup></b>	9	9	9	9	8
Transport – trucks	8	8	8	7	7
Transport – passenger cars	1	1	1	1	1

	2014	2015	2016	2017	2018
<b>Scope 2 / m<sup>2</sup> <sup>14</sup></b>	25	25	24	22	21
Electricity – stores in the Netherlands	29	27	27	29	28
Electricity – stores in Belgium	11	10	10	15	15
Electricity – stores in Germany	40	39	37	46	46
Electricity – stores in France	5	6	5	6	6
Electricity – stores in Luxembourg	14	13	13	12	16
Electricity – distribution center + service office	17	17	16	15	9
<b>Scope 3 / net revenue <sup>15</sup></b>	43.40	45.77	45.32	45.62	32.52
Sea shipping <sup>19</sup>	22.28	25.73	25.40	26.43	11.90
Third-party road transport <sup>16</sup>	0.22	0.18	0.35	0.57	3.40
Inland waterways	0.69	0.66	0.64	0.56	0.45
Air travel	0.53	0.47	0.52	0.63	0.47
Packaging materials	14.72	15.63	14.72	14.33	13.75
Paper	4.96	3.10	3.69	3.10	2.55
<b>Purchasing</b>					
% of suppliers in East Asia & Turkey independently audited <sup>18</sup>	Unknown	Unknown	Unknown	84	94
% Better Cotton purchased by East Asia suppliers	Unknown	2.0	5.6	8.6	10.4
% major points for improvement from Zeeman's social audit corrected	Unknown	Unknown	Unknown	Unknown	100
% of spot checks passed	85	88	97	96	96
Number of products removed from sale	Unknown	24	22	15	17

# Footnotes.

- 1 The way this KPI is calculated was adjusted in 2016.
- 2 Comparative figures for years prior to 2016 have not been reviewed.
- 3 The definition of 'sickness' has been changed as of 2016. Employees carrying out alternative work are no longer considered 100% recovered.
- 4 Before 2016, a standard percentage was used when calculating the average number of FTEs for employees without fixed schedules. Since 2016, the calculation has been carried out on the basis of the actual number of hours.
- 5 This rate is now calculated as follows: number of traffic accidents / distance driven in passenger cars and trucks (per 100,000 km). Since 2017, minor vehicle bodywork damage has also been included in traffic accidents.
- 6 As of 2016, figures concerning packaging and waste also include data from Austria and Spain.
- 7 The Zeeman Bus and off-road vehicles are not included in these figures.
- 8 Since 2016, the weight of removed refrigerators is included in the waste figure. Because this data was not measured in previous years, the figures for 2013-2015 have not been adjusted.
- 9 As in previous years, Spain and Austria have been excluded from this data.
- 10 Natural gas from the Dutch province of Groningen.
- 11 Reported gas consumption in France increased significantly in 2018 due to more complete information. The extent of the error in 2017 cannot be determined. The estimated impact on the 2018 figure is 45%. Comparative figures have not been corrected.
- 12 Note that the figures for years prior to 2016 have not been reviewed.
- 13 Scope 1: this includes all direct emissions generated by the company's own activities, from sources under the company's control or in its possession, such as transportation to the stores. The CO<sub>2</sub> calculations for 2017 were made using conversion factors provided by suppliers and ones obtained from [www.co2emissiefactoren.nl](http://www.co2emissiefactoren.nl) for transport (2017). The conversion factor applied for gas is the same for all countries.
- 14 Scope 2: this includes indirect emissions from the use of energy procured to facilitate company activities, e.g. electricity. The CO<sub>2</sub> calculations for 2017 were made using conversion factors provided by suppliers; each country has its own conversion factor.
- 15 Scope 3: this includes all miscellaneous indirect emissions from third parties, such as: sea shipping, inland navigation, and air travel. The CO<sub>2</sub> calculation was made in accordance with the principles of the Greenhouse Gas Protocol (2016).
- 16 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.
- 17 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. If this packaging were included, the primary-packaging figure would be 11.7% higher.
- 18 As of 2018, we report on suppliers audited by an independent party. As this data has not been measured before 2017, the figures for 2014-2016 have not been included in the report.
- 19 Maritime emissions for recent years have been adjusted due to a change in methodology. Based on the availability of more accurate data, an adjustment in the volume-to-mass conversion factor has been applied, resulting in lower recorded maritime emissions. Adjusted comparative figures have not been reviewed.

# Glossary.

## **Audit committee.**

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

## **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.

## **Code of Conduct.**

Our code of conduct is a clear definition of our ethical values and standards for the manufacturers in the supply chain.

## **Dun & Bradstreet.**

An agency that ascertains companies' creditworthiness and assigns them a rating.

## **Factory audit.**

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).

## **FTE.**

Full-time equivalent.

## **GRI.**

The Global Reporting Initiative is an international organization that develops guidelines for sustainability reporting.

## **IRBC Agreement.**

Zeeman is a signatory to the agreement for International Responsible Business Conduct (IRBC) 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.

## **MODINT.**

A trade association for fashion, interior design, carpets and textiles, which supports its members in many areas.

## **CSR.**

Corporate Social Responsibility, also referred to as sustainable enterprise.

## **NGO.**

A non-governmental organization is an organization that is independent of the government and targets a supposed societal interest.

## **NVWA.**

The Netherlands Food and Consumer Product Safety Authority. Its core task is to monitor companies and institutions for compliance with laws and regulations.

## **PIEK certification.**

PIEK realizes evening and night-time distribution. Many municipalities in the Netherlands have implemented delivery time windows aimed at reducing inconvenience for shoppers due to trucks, among other things. Needless to say, transporters of goods need to take these into account. The 'silent' products developed by PIEK make it possible to load and unload trucks in the evening and at night without causing noise pollution for residents. For transportation providers, this enables a better spread of deliveries throughout the day, which yields a great number of benefits.

## **Rank a Brand.**

A consumer organization that wants to make brands people-friendly, climate-friendly, and eco-friendly. It runs a brand comparison website that shows how sustainable different companies are.

## **Remuneration committee.**

A committee that advises the supervisory board.

## **Supervisory Board.**

This is the company's supervisory body.

## **SDG.**

Sustainable Development Goals, 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.

## **Stakeholders.**

Stakeholders are individuals and organizations who are directly or indirectly influenced by the activities of the company or who have a direct or indirect influence on the company.

## **Transparency Benchmark.**

An annual review of the content and quality of social reporting at Dutch companies.

## **TÜV SÜD Global Inspection Limited.**

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

**May 2019**  
**Zeeman textielSupers**

De Schans 15 – 2405 XX  
Postbus 301 – 2400 AH  
Alphen aan den Rijn  
The Netherlands  
Telephone: +31 172 482 911  
Fax: +31 172 482 293  
Email: [csr@zeeman.com](mailto:csr@zeeman.com)

If you have any questions about this CSR report,  
please contact Arnoud van Vliet, CSR & Quality Manager.



