

schijvens
CORPORATE FASHION

since 1863



**REUSE
REDUCE
RECYCLE**

SUSTAINABILITY REPORT '19

SCHIJVENS CORPORATE FASHION



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About Schijvens

Schijvens is a Dutch family business that has been designing, manufacturing and distributing corporate clothing for over 150 years. Schijvens has all the departments needed to supply a high-quality production process, including a design department, a quality department, a workshop, a purchasing department, a sales department with office and field staff, a distribution centre of 5000 m2 and supporting staff departments.

Schijvens has been around since 1863 and has always been a producer of corporate clothing. A long history, ample experience. Until 2005, Schijvens was a real production company with 100 seamstresses in Hilvarenbeek. Nowadays, Schijvens is a business with a head-to-tail construction and outsources the production to low-wage countries.

Apart from designing and producing customer-specific corporate clothing, Schijvens also owns the workwear brand T'riffic, an extensive and coordinated collection of trousers, overalls, poloshirts, sweaters, t-shirts, jackets and thermal clothing, which is all deliverable from stock.

In November 2015 Schijvens also set up a business in Dubai, at the Free Trade Zone JAFZA, to offer regional support to the customers in the Middle East.

Since 2016 Schijvens has also had its own production factory in Mersin, Turkey, of which it holds 80% of the shares.

The other 20% are owned by Michiel Oosterhuis and his Turkish wife Pinar, who provide for the day-to-day management. This factory employs approximately 50 people. As a consequence Schijvens can continue switching fast, produce small quantities, perform fast deliveries, produce samples or fitting sets and this factory supplies a pool of information that we can use to steer our other production locations, e.g. wage minutes per product and patterns.

The customers find the power of Schijvens in the full-service concept. Schijvens designs the clothing and won the Dutch Corporate Fashion Award for its appealing designs on several occasions. Schijvens supervises the production at fixed producers, with personal experience in this matter from the history and with an in-house quality control department, which is ISO9001 certified. And Schijvens can keep the collection in stock for the customers and ship them to the establishments of the customer. To this end it disposes of properly equipped software systems, e.g. an EDI portal, customer specific web shops and a budget control system.

The mission of Schijvens is to ensure that the employees who wear its clothing feel good in their workwear, so that this radiates to their customers and provides reassurance to the buyers. Schijvens does this by supplying a fashionable design, a great fit and a good quality and by making the products in a sustainable way.

Introduction

For years Schijvens has been well aware that continuing on the traditional path of production is no longer sustainable in the long term and this awareness is reflected in its mission and vision. Schijvens strives for an economy in which today's goods form the basis for tomorrow's products; a circular economy. Our mission is to produce sustainable, post-consumer corporate clothing (with worn garments as input) that is worn with pride and pleasure by the personnel. That the personnel of the company promote the formula and so a stylish business card is issued, as an added advantage. Our vision is that by 2020, Schijvens is completely producing circular. In addition in terms of social responsibility, our company and our production sites are affiliated with the Fair Wear Foundation, an organization that is dedicated to good working conditions. We find it naturally; respect for people and the environment and concern for the future.

Shirley Rijnsdorp-Schijvens (owner): "I'm the 5th generation of our family company: Schijvens Corporate Fashion. We design, produce and distribute corporate apparel. I am owner of the company together with my brother, Hugo Schijvens, and the CEO is my husband Jaap Rijnsdorp-Schijvens. Overall we work with 25 employees in Hilvarenbeek and we have production facilities all over the world. It is a wonderful branche we are working in. Why? Because people are working every day in our workwear. They receive their clothing

*Shirley Rijnsdorp-Schijvens, Jaap Rijnsdorp-Schijvens
Owner / CEO*

From their employer. Therefore, it is very important for us to ensure that the employees of our customers are feeling happy in their corporate apparel. This is one of our company's main missions. Besides that, I really enjoy working with textiles. On this particular part, I like textiles, because it is an industry where a lot of movement is on sustainability. Especially when it comes to sustainability, my hearts start beating faster. If you have a company like ours, which exists over 150 years, then social responsibility is embedded in your DNA.

Jeske van Korven CSR



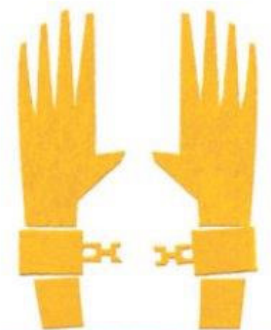
Sustainability

Social Responsibility

Sustainability is in the company's DNA. It is very important to us that our clothing is manufactured under good working conditions and as environmentally friendly as possible. Apart from the Fair Wear Foundation, we are also affiliated with the Dutch Agreement on Sustainable Garments and Textile, Bangladesh Accord and SAC, which helps us to monitor the working environment at our production locations. All factories are audited by an independent third party after which, in association with the factory, work is carried out on creating a better working environment. We consider all of our suppliers as partners and our good long-term relationships are highly valued.

Fair Wear Foundation

Since 2010 we are a member of Fair Wear Foundation, which is a non-profit organization that works with brands, factories, trade unions, NGO's and sometimes governments to verify and improve workplace conditions for garment workers in 11 production countries in Asia, Europe and Africa. FWF is an independent foundation, which is supported by the Dutch government and it operates in accordance with the ILO-standards. Membership of FWF results in an obligation to submit all production information, including all factory details. FWF investigates the labour conditions at our production locations, which is an on-going process. All the findings from audits will be followed up together with the factory in a timely manner.



1 employment is freely chosen



2 freedom of association and the right to collective bargaining



3 no discrimination in employment



4 no exploitation of child labour

ELEMENTS OF FWF'S CODE OF LABOUR PRACTICES



5 payment of a living wage



6 reasonable hours of work



7 safe and healthy working conditions



8 a legally binding employment relationship



Living wage

In the clothing industry employees are usually paid a minimum wage, which is not sufficient to make a living. To yet make a living overtime is often performed, however we feel that the basic wage should be enough to make a living. Schijvens wants to know whether its cost price is enough to pay for a living wage. If that is the case, then Schijvens wants to know why the employees are not paid a living wage. If this is, then Schijvens wants to increase its cost price in order that the living wage can be paid. If Schijvens does pay the living wage but it is not paid to the employee then Schijvens will enter into discussions with the factory management to verify what the reason is and what Schijvens can change about that together with the factory.

"Wages and benefits paid for a standard working week shall meet at least legal or industry minimum standards and always be sufficient to meet basic needs of workers and their families and to provide some discretionary income".



**target
living wage
39%
factory
employees**

Our living wage project in Turkey was finalized in 2017, which was rewarded with FWF's Best Practice Award. As of 2017 all factory employees have received our target living wage, which was set together with the factory and employees. All of the employees have submitted their monthly expenses, and were asked what they consider a living wage. This research was done to determine the right living wage benchmark for the specific region where the factory is located. There are many different benchmarks available for all countries, however it is hard to choose the right one. In addition we think it is important to involve the workers in the process. Of course this is an ongoing process, so the living wage benchmark is adjusted annually, when minimum wages in Turkey increase.

This project was then rolled out to the factory in Pakistan. In 2018 we visited this supplier twice to meet, about this. During one of these visits a questionnaire was also distributed to the employees who work at our production floor. They indicated what all their costs are, and in this respect the question was also asked what they feel a living wage should be. These results were processed by The Sustainable Trade Initiative (IDH) and a benchmark was determined in this respect.

Feedback was subsequently given to the factory and now it needs to be calculated what the additional cost will be to increase the salaries to the said living wage benchmark. In this respect it goes without saying that the difference in work experience and expertise should be taken into account. This factory comprises 23% of our total production. Turkey covers 39% of our production, hence when we have also implemented the living wage in Pakistan we already have a demonstrable living wage at well over 60% of our production. Because we are an important player to the factory in Pakistan and also because this is a family business that is intrinsically motivated to improve and to properly provide for its staff, we expect to be able to jointly realize this. Moreover, we are also trying to cooperate with another player of the Covenant, which also sources from this factory.

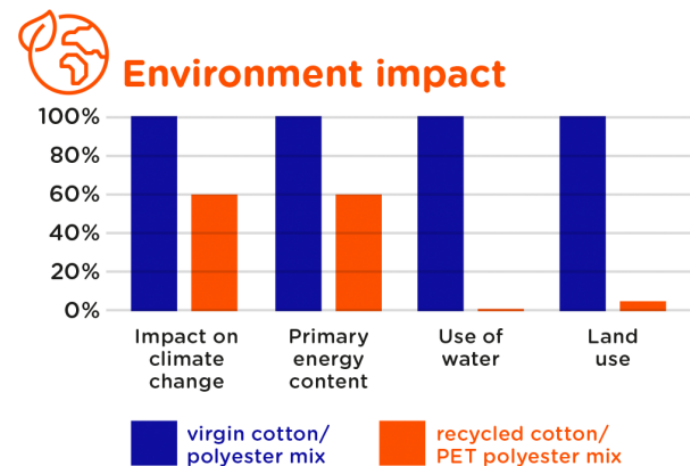
If this becomes a success then we will again copy this to a subsequent producer from our "Value Circle". We had the ambition to do this faster however the present experience teaches us that the factories still measure much too little to truly obtain good insight into wage minutes and cost prices, which are essential data. The next roll-out will be at the factory in Bangladesh.

The circular process in a nutshell

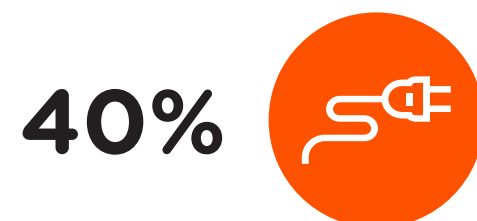
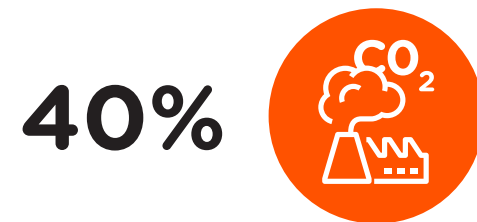
There is a world to win, that is why our recycled clothing is made of recycled yarn. The yarn is made of 50% recycled textile and 50% recycled PET bottles. Schijvens adds PET bottles because they make sure that the fabrics are strong enough and can properly be washed".

Schijvens does this by collecting the clothing at the customer, recycle it and make new clothing of it. The entire process of producing recycled company clothing has considerable impact on the environment.

For instance, on average 99% water, 40% energy and 40% CO₂ emission are saved because no new raw materials are required to produce new yarn and because the clothing does not end up on a waste dump or is incinerated.



Average savings



Recycled items for the circular process

Schijvens 03-10-19

Collected at client

182.100

Delivered in rec.

283.450

In production rec.

602.168

Environmental Responsibility



The textile industry is the 2nd most polluting industry in the world. That is why Schijvens has already been working on the development to make new clothing of old clothing for quite some time. We want to produce our clothing in a manner that is as environmentally friendly as possible and we aim to be fully circular. We are working hard to increase the recycled content in our clothing. By recycling clothing we produce new recycled yarn, which we use for new productions again. Because the footprint of recycled yarn is considerably lower than traditional yarn. The waste dump is also reduced because we pick up the worn clothing from our customers. We try doing this by convincing customers to participate in our recycling process. We can then pick up the clothing and shred or melt it at the recycling factory in Turkey. The yarn is distributed over the cloth producers who in turn can produce new cloth that is used in new productions of Schijvens.

In our last bookyear Schijvens delivered 25% of its total production in its recycled yarn. In addition, it collected more than 100.000 pieces of worn old clothing from its customers. Twenty of our customers are wearing recycled clothing. Schijvens also won the 2018 Corporate Fashion Award in the sustainability category, with the CSU collection, that we are very proud of. According to the Jury the

picture is complete with this collection and it shows that CSR does not need to be boring at all. We have an employee within Schijvens who is dedicated for 100% of this time to the circular process, this person cooperates with our ISO coordinator who is also responsible for the return logistics. In addition, we hired two employees who sort and repack all the old clothing in order that it can be transported to the recycling factory.

Meanwhile we have, apart from the ECAP project, been working with RVO and the embassies in Turkey, Pakistan and China on creating breakthroughs in the present legislation, which is not set to circularity yet. We realize that we are a small player, however we are a trendsetter and a disruptor who can open doors, can set examples and make sure that in time the scalability of our projects can work internationally and can be followed or improved by big players as a result of which the environment will shortly no longer suffer from our industry.

Our goal is to move from 25% to 75% recycled collections in 2019. We will convince even more customers to switch to recycled clothing and will moreover convert our T'riffic brand into recycled materials. Our ultimate goal is to be fully circular in 2021.

SUSTAINABLE OBJECTIVES

People

The auditing and following up of corrective actions is a continuous process that we work on, in association with the factory, throughout the year. The biggest challenges can be found in the reduction of overtime, the increase of worker awareness and the implementation of a living wage that we will work on further in the years to come. With regard to the living wage our goal is to finalize the project in Pakistan this year and to roll out to the factory in Bangladesh. Worker awareness must be increased through training, preferably through FWF's Workplace Education Program, which is aimed at both workers and management. We will continue also upcoming years with this, especially in China. With regard to overtime, this remains a difficult concern for us, were we will continue working on, also with other brands to hopefully make more progress .

[Fair Trade Principles]



Planet

Recycling is our biggest priority. In 2019 we would like to move from 25% to 75% of recycled productions by convincing more customers and by converting the T'riffic collection into recycled materials. At our factories in Turkey and Pakistan recycled productions have already been produced, we want to also expand this to China and India. Tests are still being conducted with the recycled yarn, but in 2019 we expect to also start the first recycled productions in these two countries. In addition, we are working on the implementation of a software tool that measures and renders the stock inventory, the return logistics planning and the realized environmental result compared to the Sustainable Development Goals transparent.

Finally, a due diligence is conducted at production locations further ahead in the chain, we will start this in 2019 in order to ultimately also implement improvements there.

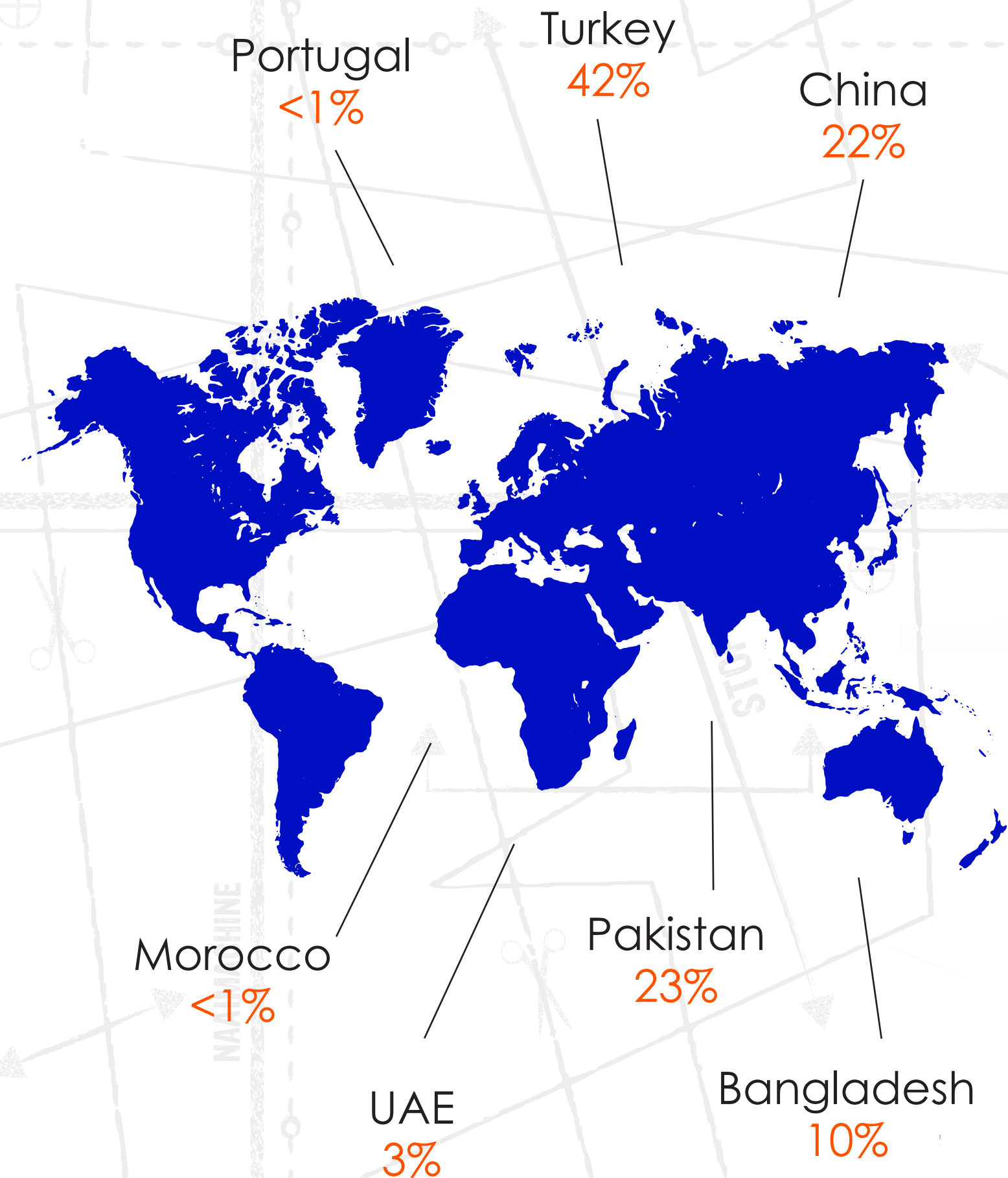
Purchasing Policy

The purchasing department consists of the purchasing manager (CEO), project coordinator (planning) and junior buyer / CSR. The purchasing manager is responsible for sourcing, innovation and handles new projects and requests. The project coordinator is responsible for the planning and is in daily contact with the factories. To keep an accurate focus on the planning a PLM system is used. This is updated and discussed with all our suppliers twice a month. Delivery times can thus be monitored accurately and it is possible to intervene, where required, in a timely fashion. The junior buyer / CSR is responsible for everything that is related to sustainability and also handles small projects that are produced in the Netherlands. Our joint goal is that our collections are produced in the best possible conditions, for everyone within the supply chain. Internal measures that we implement for this include, inter alia, the PLM and moreover the generation of a monthly forecast for our clothing. This way we keep a close eye on the stock levels and we can start new productions in a timely fashion. In addition, we apply standard delivery times, 3 months for European production and 5 months for the Far East, however always in consultation with the factory of course.

With all these measures we try to in any case give the factories sufficient time for our productions and to properly monitor the production process in order that interventions are, where required, possible in a timely fashion. The most important sourcing criteria are; sustainability, quality and workmanship, price and delivery time. Schijvens applies a manual for all our suppliers in which it is mentioned how we believe a partnership should work. We believe in cooperation as partners. It is very important to us that our suppliers share the same vision with regard to sustainability, otherwise cooperation is not possible. Our manual includes, inter alia, FWF's Code of Labour Practices, which all suppliers signed. In addition, FWF's Worker Information Sheet is available to the employees at every factory in order that they are informed of their rights and can, where required, contact FWF's complaint hotline. In addition, every supplier must be audited and it is also expected that they continuously keep working on the improvement of the working conditions at the factory. It is not a pass / fail system but an 'on-going' process. When it becomes apparent that one of our suppliers is not willing to keep working on this or is not transparent about this then we are, unfortunately, held to terminate the partnership. Of course this is only done if we truly see no other solution anymore and in consultation with the factory.



Production Partners



SCHIJVENS HAS LONG-TERM RELATIONSHIP WITH ITS PARTNERS

As indicated, we have long-term partnerships with our production locations. We cooperate with approximately 10 partners, distributed over the countries China, Pakistan, UAE, Bangladesh, Morocco, Turkey and Portugal. Every country has its own specializations. For instance, in Turkey and Portugal we can produce small quantities with a fast delivery time. In China they work well on technical products, e.g. waterproof all-season jackets and fire-retardant clothing. In Sharjah we have an excellent costume factory. In Pakistan the specialization can mostly be found in knitted products, polo shirts and sweaters, at very sharp prices. In Bangladesh and China we have a wonderful but also attractive factory in terms of price for shirts and trousers. In Morocco we produce knitted sweaters. Most of the production takes place at our own factory in Turkey and moreover in Pakistan where we have our own production floor. Approximately 94% of our production locations are situated in the risk countries. By performing a due diligence we try to make the risks per country transparent and to limit them in the best way possible.

Our standards

All our partners work according to our manual and AQL. They were set up in consultation with Modint and Intertek (an international test agency) and they provide an extensive description of the standards that the producer must comply with in terms of quality, delivery time, packaging, agreements and Code of Conduct.

Annual supplier meeting

Since the 150th anniversary of Schijvens in 2013 a supplier meeting has been organized annually where all our partners come together. The edition in 2018 took place in Karachi and was again a big success. During this meeting everything is discussed openly with each other, also including the points for improvement that come to the fore during audits and matters that factories run into. It is good to see that our suppliers try to help each other and look forward to this every year. The suppliers are also assessed on their performances in the course of which an award can be won every year. Last year our Pakistani supplier won this award. This year the meeting will take place in the Netherlands.

Social conditions factories

The improvement of the social conditions at the factories is an 'on-going' process. All our factories are by default audited again every three years. We do this via local audit teams of FWF. Urgent issues are picked up immediately. Less urgent aspects are discussed and, in consultation with the factory, it is determined when it can be solved or implemented. Not a single factory is perfect, hence there is always room for improvement.

All on-going action points are discussed regularly with the factory, either by email or by telephone, during factory visits and annually openly with all our suppliers during our supplier meeting, in order that we can also learn from each other. In addition, we also cooperate as much as possible with other companies that source from the same factories. This way the leverage at a facility is, of course, increased because you are stronger

together. For all our efforts and performances we increased from 75 points to 86 points during the last Brand Performance Check of FWF and we have the leader status, which is the highest obtainable category.

There are many potential risks at clothing factories with regard to, for instance, the safety, freedom of trade union and discrimination. By following the corrective actions that are observed during audits we try to, in association with the factory, improve all these action points within the time frame specified by FWF. In order to thus improve the working conditions for the factory employees who produce our collections. In general our main focus is on living wage, and also on reducing overtime and increasing worker awareness of their rights. In this report the most important actions per production country are provided.



**Social conditions
at our production locations**





The Risks

- Excessive overtime and incorrect payment of the overtime
- Subcontracting
- Salaries under living wage
- Limited freedom of association
- Unfair or unlawful dismissals
- Unequal rights for Syrian refugees, child labour and unregistered employees

Turkey

At our own factory UFS almost all action points are handled, this will be verified during the follow-up audit in May of this year. In addition, we are working with another factory when our production line is full. This factory was audited by BSCI.

Overtime & Subcontracting

A frequently occurring problem in Turkey is excessive overtime and the undeclared payment of overtime in order to prevent high fees on the national insurance contributions. Of course this has an adverse effect on the employees when they are dismissed or retire. Since the implementation of living wage in 2017 this has also been adjusted at our factory and everything is being paid correctly. Overtime does remain a problem at the factory but we worked hard on reducing this, including through better planning, hiring additional people and the possibility of outsourcing the production to another facility when our production line is full. This factory does, for that matter, also fall under our audit monitoring percentage of FWF. This factory does, for that matter, also fall under our audit monitoring percentage of FWF. Our factory indicates that the overtime was on average reduced from 15% to 10%, which falls within the statutory standard of FWF. It is, however, approximate, because it differs per employee. The follow-up audit that took place in May of this year must verify this. Meanwhile we are going to try to reduce the overtime at UFS even further.

In particular at the embroidery and printing section ample overtime is performed in certain periods. This is caused by the fact that we cannot outsource this process due to a lack of machines and expertise at the subcontractor.

Syrian refugees & unregistered employees

The arrival of Syrian refugees in Turkey results in an increased risk of child labour. In addition, the risk exists that people of Syrian origin work without a work permit and do not have the same rights as Turkish employees. Syrians are also employed at the factories that we work with. They have the same rights as any other and are in possession of a work permit. This is often a long process, hence it may happen that an employee is still in the process of obtaining a permit, however they are always treated equally.

Freedom of trade union & women's rights

Our factories are located in a Free Trade Zone and a trade union is not active here. Instead, a worker committee and an operational complaint mechanism were set up. In 2018 Pinar, fellow director of UFS, won an award for the work she performs for women's rights in Turkey. She works for women who experience sexual intimidation in the workplace and for women who are in need of additional assistance in caring for sick children. The most important area of attention in Turkey remains overtime. In addition, several corrective actions are outstanding at our subcontractor that we are working on together with a other clothing brands. we are working on together with a number of other clothing brands.

Pakistan

In 2018 a follow-up audit was conducted at MYM Knitwear. Ever since the factory has no longer worked with temporary agreements and the employees are entitled to a permanent agreement.

In addition, improvements were implemented in the area of safety and a CSR training took place that all people in the workplace participate in. The objective of the training was to inform people of their rights, which was received very positively. The most important action point is the finalization of the living wage project. In 2018 we visited the factory several times to meet about this. A benchmark was established together with employees and the factory. The last step is the calculation of the additional costs in order that the living wage can also actually be implemented. This also includes the manner that overtime is reimbursed. We expect to finish the project soon, together also with another clothing brands, that sources from the same factory, and implement the living wage in the fall of this year.

The Risks

- Unequal rights for women
- Limited freedom of association
- Salaries under living wage



UAE

Main concerns that have to be taken into account in the United Arab Emirates particularly regards the freedom of trade union, which represents a considerable problem. Geebee Garments, which makes clothing for us in Bangladesh, also has a production location in Sharjah where costumes are produced. This factory was audited in 2018 and no corrective actions came to the fore. We do still have a goal with regard to freedom of association. We would like to see the incorporation of a worker committee but this is, unfortunately, prohibited by law, hence we have now indicated that a worker representative would be a good alternative. We would like to implement this via training and also inform the employees of their rights, the worker representative and FWF's complaint line. In addition, even though according to the auditor the factory also complies with the living wage benchmark, we still want to examine this in the longer term.

The Risks

- Excessive overtime
- Non legally binding agreements
- Limited freedom of association
- No statutory minimum wage established



Bangladesh

In 2018 a follow-up audit was conducted at Geebee Garments, with whom we collaborate in Bangladesh. All corrective actions are now followed up together with also other companies, that source from this facility. In this way our leverage is increased, which helps with the remediation of improvements.

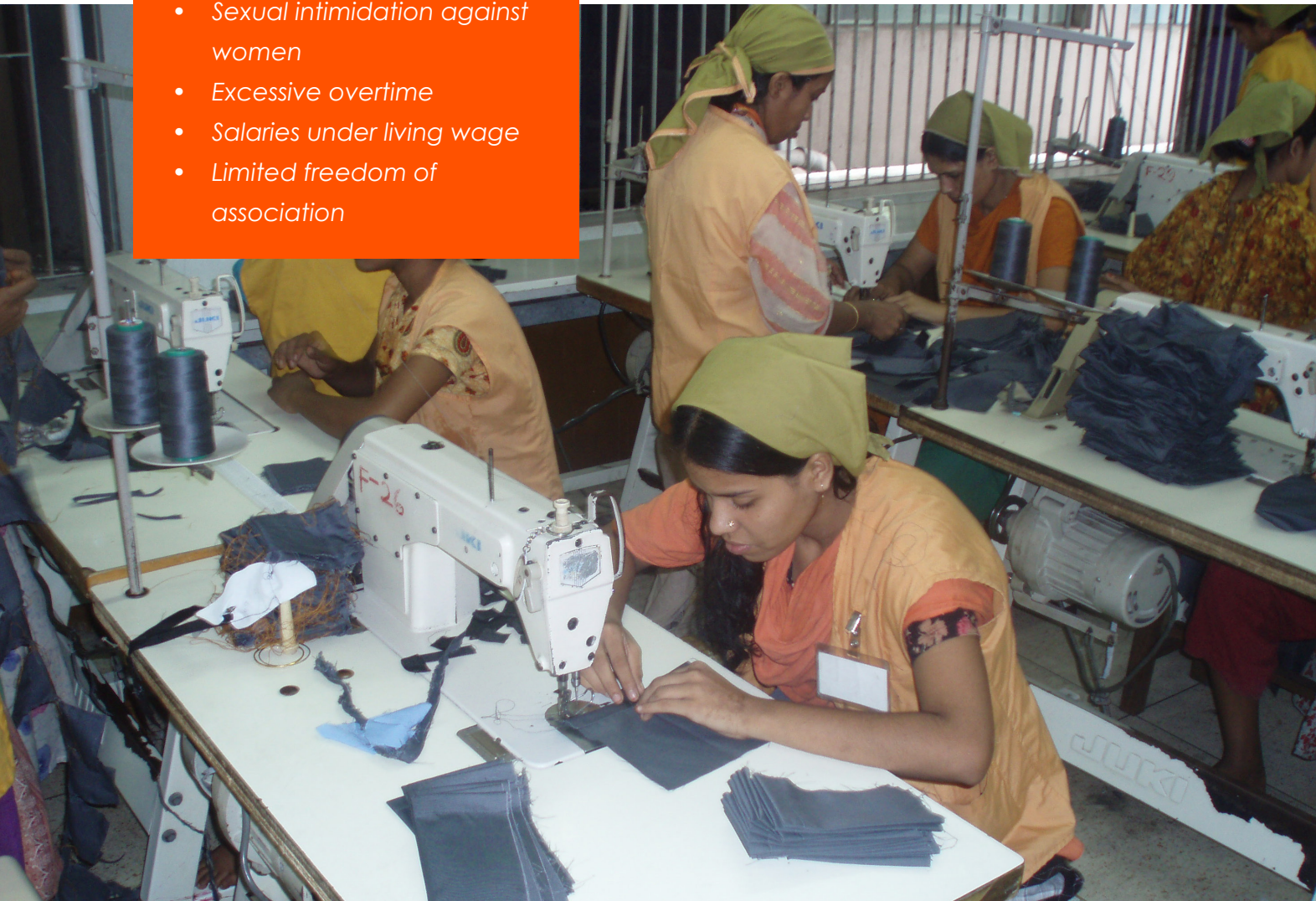
During our factory visit at the start of this year we went through all outstanding actions as well as the living wage aspect and the increase of the minimum wage, which has also been implemented at the factory. In the autumn we would like to roll out the living wage project to this

factory. The management indicated to be positive about this, hence hopefully we can start this soon. The most important action points still remain Worker Awareness and the incorporation of a properly operational anti-harassment committee. Unfortunately this process is taking a lot of time, however our goal is to finalize this in 2019 in association with FWF. The complaint system is neither working optimally yet. In terms of the safety at the factory most of the points were improved, however actions are still outstanding in respect of the building safety, which must obviously be followed up as soon as possible. This takes place under the supervision of the Bangladesh Accord, which follows and inspects this.



The Risks

- *Bad fire and building safety*
- *Subcontracting*
- *Sexual intimidation against women*
- *Excessive overtime*
- *Salaries under living wage*
- *Limited freedom of association*



China

Due to decisions of the Chinese government there are factories in China that must either relocate or close. To our knowledge this takes place for environmental motives and it is tried to place factories together in a more centralized manner in order to monitor them better or, if the standard is truly not met, to even close them.

Unfortunately, one of our factories closed. The latter because relocation was not an option, because it was not possible to obtain new staff or to maintain present employees. That is why we started looking for a new production location in China, which was audited in May of this year. The other factories remain, in any case for the time being, at the present location. In total, we work with four different production locations in China.

Foshan Ka Chun Garment is our most important supplier in China, with which we have already cooperated for a long time. In July 2019 we have a repeat audit scheduled at this factory. Risks that we want to have insight into include transparency because during the previous audit

The Risks

- *Excessive overtime*
- *Limited transparency*
- *Salaries under living wage*
- *Limited freedom of association*

there was question of a double bookkeeping. In addition, Overtime and freedom of association are a problem. We think it is a good idea to after the audits examine the possibilities of providing training to the employees in order that they obtain more insight into their rights and try to make the worker committee more active.

Moreover, there are two other production locations where only a small part of our production is produced. We intend to discontinue with one of the factories, we only represent a very small part of their total production as a result of which we have very little leverage. This is particularly a problem when following up on the social conditions at the factory. Despite the fact that we cooperate with another company the total leverage is still very small. Last year we provided a training together with this other company, unfortunately, due to limited cooperation of the management, only a small number of employees participate in the training, which is, of course, a shame. Our fourth production location must still be audited, this will also be scheduled in 2019, after which we will work on the improvement of the corrective actions.

Portugal

The most important risks are presently related to the minimum wage, which is often the same for everyone, regardless of experience and responsibilities, and is rarely increased. In many instances this is not a living wage, which is one of the reasons that employees perform so much overtime, which is often paid at a lower compensation level than prescribed by law and is often not registered. Another risk is related to health and safety conditions. The economic crisis incited employers to save on investments. That is why machines are rarely replaced and they become more dangerous to use. Also because training is not provided and external consultants are not deployed to work on a risk assessment with the factory.

Our factory in Portugal, Ultra Creative, is visited by us, however not audited because Portugal falls under the low-risk countries. During a visit we do always conduct a health and safety check, and we discuss these risks and the situation at our factory. In addition, the production location is also held to post FWF's Worker Information Sheet at the factory and to inform employees of their rights and FWF's line.

At the start of 2019 we visited the factory, which had recently relocated, in order to check what the factory looks like and to conduct a health and safety check-list and this was all in order. The biggest risk in Portugal is, in our opinion, excessive overtime due to fast deliveries. Our partner indicates that overtime is exceptional and minimal.

The Risks

- Excessive overtime
- Subcontracting to smaller workshops
- Salaries under minimum and living wage
- High percentage of female employees without agreement or social protection
- Limited freedom of association
- Unhealthy working conditions

Morocco

Morocco has, as a production country, often more risks than expected because it is relatively close. However, there are indeed big risks, e.g. ample overtime and subcontracting, due to fast delivery times, unequal rights for women and limited freedom of trade union.

THA, our factory in Morocco, organized a training to inform employees about FWF and the complaint mechanism. Health and safety actions were implemented and moreover the factory indicates that contract employees are converted into permanent employees after two years. All these actions will be verified during a follow-up audit. Overtime and subcontracting are not a risk at this factory, but of course this is always checked during every audit. Focus points remain as followed: optimize worker committee and complaint mechanism and stimulate women in managerial positions.

The Risks

- Excessive overtime and incorrect payment of the overtime
- Salaries under living wage
- Unhealthy working conditions

Stakeholders Organizations

Schijvens is affiliated with several organizations and initiatives in both the social and the environmental area that assist us in conducting due diligence. Below, apart from the IMVO Covenant Sustainable Clothing and Textile, with which we have been affiliated since the incorporation in 2016 and obtained a score of 63 points, the most important affiliates are mentioned.

Fair Wear Foundation (FWF)

FWF works for good working conditions in the clothing industry and is one of our most important affiliates. Our factories are audited by FWF after which we then work on improvement of the work environment in association with the factory. Because of our performances we are, as a business, 'leading' within FWF, which is the highest category and we obtained a score of 86 points.

Bangladesh Accord

Bangladesh Accord was incorporated in 2013 after the collapse of Rana Plaza in order to monitor and improve the safety of clothing factories in Bangladesh. This also includes our factory in Bangladesh, which is a continuous process.

European Clothing Action Plan (ECAP)

The focus of ECAP is to develop a pan-European framework in which environmental and economic advantages can be introduced in the clothing industry by creating a circular approach throughout Europe. Schijvens was the first pilot to market a circular collection. The ECAP pilots show that it is possible to make textile in a circular manner as a result of which a sustainable future at the European level is within reach.

Sustainable Apparel Coalition (SAC)

Higg Index is an initiative of SAC with which Schijvens is affiliated. Our suppliers are asked to annually enter their performances with regard to the environment and sustainability on the basis of a questionnaire. This way Schijvens obtains more insight into the CSR policy and the performances of factories.



Better Buying

This initiative aims at the assessment of buying performances in the course of which suppliers assessed Schijvens. The relevant results were discussed with all suppliers during the annual supplier meeting. However, our suppliers had doubts about the outcome of it. We provided input about the manner that questions were asked. Unfortunately, during the last round it was also indicated that we are too small for this, hence it is presently on hold.

Cirmar

Cirmar sets up, together with partners, a worldwide system for circular products, components and raw materials. They assist us in setting up a software tool to monitor our circular process.

GRS certification

Factories where our recycled yarn is produced are GRS certified. Control Union audited this for an order at our factory in Pakistan.

MVO Nederland

We are a member of MVO Nederland ('CSR Netherlands') and we provided a presentation with CSU during the MCO annual event about circularity and working conditions which was received very well. In addition, we participate in a survey from Agape about our CSR policy.

Remo

For the assessment of the 100% post-consumer company clothing for Stayokay Schijvens relied on the expertise of the independent research agency Remo. Remo has a database that analyses the links of the recycling chain of Schijvens and calculates how much post-consumer material a product contains. The label that is issued by Remo is attached to the piece of company clothing by Schijvens and contains a QR code that takes the customer to a website where all the information about the links in the production chain can be found.



Sponsoring

Apart from the sustainabilisation of the clothing industry through corporate social and environmental responsibility, Schijvens feels that it is also important to make a contribution to society by supporting charities. Meanwhile, Schijvens has already been able to support the following charities.

2018	Ronald McDonald McHappy day
	KWF Kankerbestrijding
2017	De Voedselbank
2016	Warchild
2015	Masterpeace

In addition, Schijvens supports local initiatives like Foundation Yayasan Jasinga, Beachbeek, Elastiek Muziek, Football Association Hilvaria, Carnival Association De Pezerikken and Harmonie Willibrordus.



Communication

Sustainable Fashion Show

During the sustainable fashion show 'walk the talk', which took place in Hanoi in April of this year, Schijvens could be seen with the sustainable collection of facilities business CSU. Schijvens wants to show that much is possible in the textile industry in the area of sustainability. The fashion show was attended by Prime Minister Mark Rutte and the Vietnamese Minister with the objective of discussing, inter alia, violence and intimidation in the workplace at clothing factories.

FWF's Best Practice Award

In 2018 FWF's Best Practice video was launched. This centres on our living wage project in Turkey for which we won the Best Practice Award. Curious how this process took place and how the factory employees experienced this? Check out the video on: <https://www.schijvens.nl>.

Winner of Corporate Fashion Award

With the jury comment that the picture is truly complete with the collection of CSU and that this collection shows that CSR really does not need to be boring, we won the 2018 Corporate Fashion Award together with CSU.

CSR Events

As a business we are often invited to talk about our sustainable policy and the circular clothing that we produce. We hope to thus inspire others. For instance, in Copenhagen we provided a presentation to the City of Copenhagen and we were invited in Helsinki to provide a presentation at the World Circular Economy Forum In Helsinki in June.

Schijvens in the news

In 2018 we were frequently in the news, inter also with the NOS News about the Covenant Sustainable Clothing and Textile, and moreover in various newspaper articles, magazines and on the radio to talk about our sustainable developments.



Summary

This report covers our social and environmental efforts and goals over our book year 2019. Despite the fact that a lot has already been accomplished in the area of sustainability, where we are there are still enough challenges left that we are pleased to set to work with.

What were the highlights?

- Leader status at Fair Wear Foundation and score from 75 to 86.
- Living wage recalculated and implemented in Turkey
- More than 100.000 pieces of old clothing were collected.
- In total 20 customers are wearing circular clothing.
- 25% of our productions were made of recycled yarn.

We want to produce our clothing in a manner that is as environmentally friendly as possible and we aim to be fully circular. Twenty of our customers are already wearing recycled clothing and more than 100,000 pieces of our old clothing have already been collected.

We are very proud that we won the Corporate Fashion Award in 2018 for sustainability with the CSU collection. Our goal is to gradually become completely circular by 2021. The upcoming years we will try to convince more and more customers to choose for recycled collections. Currently we are also converting our own T'riffic brand into a circular collection.

In terms of social responsibility one of our main concerns is on living wage. After the implementation of the living wage at our own factory in Turkey we rolled this project out to Pakistan. In 2019 we expect to finalize this and we then want to roll it out to our production location in Bangladesh. In addition as in Turkey the minimum wage has increased, our living wage benchmark is recalculated and adjusted in accordance with the employees in January of this year. This remains an ongoing concern, so employees will keep receiving a living wage. In addition the reduction of overtime and increasement of worker awareness on labour rights remain our primary focus.

Recycled items for the circular process

Schijvens 03-10-19

Collected at client

1 8 2 . 1 0 0

Delivered in rec.

2 8 3 . 4 5 0

In production rec.

6 0 2 . 1 6 8



100%

of our factories are audited and under monitoring.



More than 100.000 pieces of outworn workwear are collected. Together with old pet bottles, new recycled yarns are made from this.



Living wage in Turkey recalculated and implemented. Living wage in Pakistan will be implemented in 2019.



We have risen from 75 to 86 points during FWF's brand performance check.

What are the main concerns?

- Implementation of the living wage at the factory in Pakistan and roll-out to Bangladesh.
- Due diligence in respect of the entire production chain and obtain insight into all production locations.
- Increasing worker awareness through training
- Further investigation on reducing overtime
- Continuous improvement of working conditions for the employees at the factories by following up on corrective actions.
- Complete implementation of software and visibility recycling.
- Sustainability of the entire product with environmentally friendly trimmings.
- Increasing recycled collections and become fully circular by 2021.

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