

BETTER EVERYDAY REPORT

WORK IN PROGRESS 2025

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KEY FIGURES 2025

(100%)	Visibility achieved for Tier 1 Tier 2 visibility not yet complete.	(16)	Offices worldwide
(55%)	A or B BSCI rating Tier 1 factories	(6)	Warehouses
(32.7%)	Main materials certified	(620)	Employees
(130)	LCA's completed	(403/217)	Women/Men
(467)	Tier 1 factories	(€295)	Revenue Novelia BV In millions
(18)	Countries of production	(60%)	Private Label
(45)	Countries of sales	(40%)	Brands and licenses

MESSAGE FROM THE CEO AND CFO

Better Everyday

We design and source products made by partners across the world. That takes resources, creates emissions, and depends on people and factories we do not own - but for which we still carry responsibility. That means we are part of the problem, and we do not get to pretend otherwise. What we can do is face the facts, show our work, and move faster.

This report shows where we made progress, where we fell short, and what we will do next. Because sustainability is not separate from business performance. It is tied to risk, resilience, regulation, cost, and long-term value creation. The better we understand our impact, the better we can manage our business.

Progress is visible. But we are not where we need to be yet.

We will keep measuring, keep monitoring, and keep doing the hard work: improving conditions, reducing impact, and being honest when we miss the mark. Because better data leads to better decisions - and better decisions build a stronger, more responsible business.



Mike van Sneek
CEO, HVEG Group



Remco Vermeij
CFOO, HVEG Group

Where we moved the needle

Working conditions (Tier 1)

We set a clear target and met it: 55% of our Tier 1 factories are now rated A or B in amfori BSCI, our target was 50%. Better scores do not solve everything, but they do show that progress is possible when we work closely with suppliers. They also support stronger partnerships and a more resilient supply chain.

Understanding impact

We completed 131 Life Cycle Assessments (LCA) across our portfolio. Not for reporting alone, but to build a reduction plan based on product data. That helps us see where impact is highest and where action matters most.

Materials

We now have a clearer view of our starting point: 33% of our purchased main fabrics are certified. That is not enough. Our target is 50% by 2030. Reaching it means balancing environmental impact with sourcing reality, cost, and scale.

Carbon footprint measurement (Scopes 1, 2 and 3)

We started working with Carbonfact to measure our emissions, build a credible baseline, and prepare targets in line with Science Based Targets initiative (SBTi).

Where we fell short - and how we will respond

Supply chain visibility

We wanted full visibility on Tier 1 and Tier 2 factories involved in our main fabrics. We made progress, but Tier 2 tracing proved harder than expected. Data is fragmented, supplier input is inconsistent, and upstream tracing requires more discipline than our current process allowed. In 2026, we will strengthen requirements, improve data processes, and follow up more strictly with suppliers.

HVEG Lab

We aimed to build a more sustainable business model around repair, upcycling, or another circular proposition. The ambition was real, but turning circular ideas into something operationally and commercially viable proved difficult. That does not change the direction. It means we need to test faster, learn sharper, and focus on what can scale.

ABOUT HVEG GROUP

HVEG Group is an international apparel, footwear, optics, accessories, lingerie, underwear, hosiery, workwear and home textile partner for large retailers and value-driven markets. We design, develop, source and produce products across private label, licensed brands and our own labels. Our role is simple: **we unburden our customers**. We take care of the work behind the collection — from design and sourcing to compliance, sustainability and production.

We operate in the affordable segment, where value, speed and reliability matter. That comes with responsibility too. We believe products should be accessible, but increasingly accountable. For us, affordability, product relevance and sustainability are not separate conversations. They are part of the same challenge: creating products people need and can afford, while taking responsibility for how they are made.

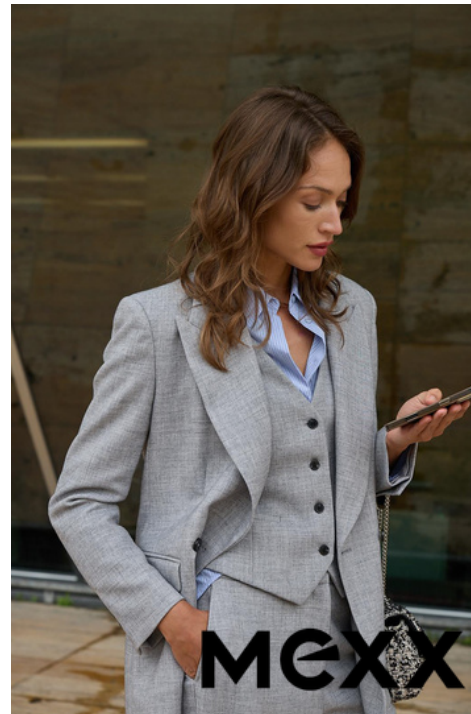
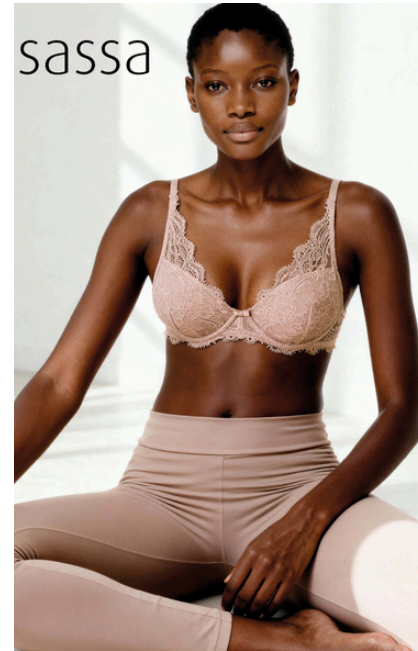
HVEG Group consists of several Business Units in the Netherlands and Germany. These Business Units operate across private label, licensed brands and own-brand activities. Private label BUs include Fashion Linq, Low Land Fashion International, Jomo Fashion and Y'organic, Fashion Connections, RNF & Mexx Group (including licences for Pantofala d'Oro, Umbro, and McGregor), HVEG Accessories Group, Wfashion and Lumas International (including licences for Penn Sport, and Stanley). Brands include MAGIC Bodyfashion, Mexx, Fred de la Bretoniere, Shabbies Amsterdam, Maison de Paris, Brams Workwear, Bamboo Basics, Sassa Mode and Covered.

We work through a global network of suppliers, manufacturers, logistics partners and retail customers, supported by 16 offices and 6 warehouses worldwide. HVEG Group supports retail partners and reaches (online) consumers in 45 countries.

The international setup keeps us close to both customers and production. It helps us manage quality, timelines, compliance and sustainability requirements across markets. In CSRD terms, this matters because the most significant impacts connected to our business do not sit in one place. They are spread across the chain: in raw materials, manufacturing, transport, product use and end-of-life. That is also how leading apparel companies describe their value chain today: from upstream sourcing and production, through own operations, into downstream use, waste and recovery.

We create value by bringing many moving parts together. For customers, that means fewer handovers, shorter lines and one partner that can help turn an idea into a finished product. For HVEG Group, it means long-term relationships, category growth and stronger synergies across brands, sourcing offices, compliance teams and logistics operations.

But this model only works if responsibility grows with scale. Our focus is to improve working conditions in the supply chain, strengthen traceability and compliance, make smarter material choices and reduce the footprint of our products and operations over time. Or, put more simply: **we make products, and that means we have to face the impact we create.** The job is to understand it, take responsibility for it and keep improving — step by step, collection by collection, decision by decision.





REPORTING METHODOLOGY

This report describes the Corporate Responsibility strategy, activities and progress of HVEG Group. It has been prepared with the intention to align with the principles of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), although HVEG Group is currently not legally required to report under CSRD. The report reflects a transition phase, in which existing sustainability monitoring systems are gradually being aligned with the ESRS reporting framework.

Reporting scope

The report covers the Corporate Responsibility activities of HVEG Group and its subsidiaries, including sourcing, product development and corporate operations.

Where relevant, information related to HVEG Group's supply chain is included, particularly for working conditions and supplier monitoring.

Data is currently most complete for Tier 1 suppliers, where transparency and monitoring systems are most developed.

The reporting period for this report is 2025, unless otherwise stated.

The report covers all HVEG Group Business Units, unless explicitly stated otherwise. Any exclusions or limitations are disclosed in the relevant sections.

Limitations

As HVEG Group is transitioning towards CSRD and ESRS-aligned reporting, some indicators are based on existing monitoring systems that were not originally designed for ESRS reporting.

For several topics, 2026 will serve as a baseline year during which data collection and internal reporting processes will be further developed. This also means that for several topics we do not have targets or progress over 2025. Supply chain data beyond Tier 1 suppliers may currently be limited due to the complexity of global production supply chains.

Data Sources

The information presented in this report is based on internal data and external monitoring systems, including:

- internal sustainability and sourcing data
- supplier information and supply chain mapping
- amfori BSCI social audit results
- factory visits by HVEG Group Corporate Responsibility teams
- product and material composition data
- environmental product data developed in collaboration with bAwear and Carbonfact, initiated in 2025

Disclaimer

This report contains forward-looking statements regarding Corporate Responsibility ambitions, targets and future developments. These statements reflect current expectations and plans but may change as data availability, regulatory requirements and internal processes evolve. Future reports may therefore include updated methodologies, indicators or targets as HVEG Group continues to align its reporting with CSRD and ESRS requirements.

OUR APPROACH

HVEG's Corporate Responsibility strategy follows a structured top-down funnel approach. This structured approach ensures that HVEG Group's Corporate Responsibility targets are not just ambitions, but are derived from regulatory developments, stakeholder expectations, risk assessment and measurable targets.

From Double Materiality to Corporate Responsibility Targets



RELEVANT LEGISLATION

HVEG Group operates in a rapidly evolving regulatory environment where sustainability legislation increasingly shapes how we design products, manage our supply chain and report on our impact. These regulations are not standalone requirements, but directly influence our Corporate Responsibility priorities, risk management and business decisions.

The overview below highlights the key regulations most relevant to HVEG Group at this moment in time and their impact on our operations, product development and value chain.

Legislation	Abbreviation	Description + additional information
Corporate Sustainability Reporting Directive	CSRD	The CSRD requires companies in the textile industry to report on their environmental, social, and governance impacts. Although HVEG operates under the threshold at the moment, we have chosen to continue the journey of reporting in line with ESRS standards.
Ecodesign for Sustainable Products Regulation	ESPR	ESPR is a European regulation aimed at making products more sustainable and circular by setting requirements for product design and environmental performance. It includes the introduction of the Digital Product Passport (DPP), which provides structured product information across the value chain. The regulation also addresses the treatment of unsold goods, increasing transparency and restricting their destruction.
Forced Labour Ban	FLB	This regulation prohibits placing on or exporting from the European market products that are (partly) made using forced labour.
Packaging and Packaging Waste Regulation	PPWR	PPWR is a European regulation aimed at reducing packaging waste and promoting more sustainable packaging.
Registration, Evaluation, Authorisation and Restriction of Chemicals	REACH	REACH is the primary European framework for protecting human health and the environment and promotes the use of safer and more sustainable alternatives to hazardous substances.
Empowering Consumers Directive	EMPCO	EMPCO is an EU regulation aimed at addressing greenwashing and enhancing consumer protection by requiring that environmental claims are transparent, accurate, and substantiated. The directive seeks to enable consumers to make well-informed purchasing decisions and to promote a more sustainable and trustworthy market environment.
General Product Safety Regulation	GPSR	The GPSR sets clear safety responsibilities for products and updates safety rules.
Pay Transparency Directive	PTD	EU legislation aimed at strengthening equal pay for equal work or work of equal value by increasing transparency on pay structures and gender pay differences.
Anti-Waste for a Circular Economy law	AGEC	The French AGECE law aims to reduce waste and promote the circular economy.
Extended Producer Responsibility	EPR	This is an environmental policy framework under which producers are responsible for the collection, treatment, and end-of-life management of the products they place on the market. It is intended to incentivise improved product design, reuse, recycling and waste reduction.
Waste Framework Directive	WFD	The WFD is a law that defines how waste in the EU should be prevented, collected, and processed. In future, this may also include financial consequences for disposing of waste.

REGULATORY DEVELOPMENTS AND RISKS

In 2025, we focused on strengthening governance structures, clarifying Business Unit responsibilities, enhancing supply chain due diligence, and preparing our data systems for increasing transparency requirements. Our risk assessments confirmed that the majority of our exposure remains upstream in the supply chain, particularly in relation to human rights, Scope 3 emissions, supplier data reliability and chemical compliance.

Risk Category	Risk	Description	Potential impact on HVEG Group
Supply chain risk	Limited supply chain transparency and Forced labour exposure	Forced Labour Ban and Digital Product Passport: New due diligence requirements increase expectations on supply chain monitoring.	Products may face restrictions and penalties and reputational damage if forced labour risks are identified and transparency is not provided.
Operational risk	Increased compliance costs	CSRD/DPP/EPR: New regulations require additional data collection, audits and reporting.	Increased operational costs and investment in systems and processes.
Reputational risk	Transparency expectations	EMPCO/DPP: Increased scrutiny from regulators, customers and NGOs regarding sustainability performance.	Potential reputational damage if expectations are not met or information is not openly shared.
Regulatory risk	Product chemical compliance	Evolving EU regulations, including REACH, ESPR and GPSR, introduce stricter requirements on chemical substances and overall product compliance. Restrictions on substances such as PFAS and microplastics, combined with broader product safety and sustainability requirements, may impact material choices, product design and compliance processes.	Non-compliance could result in restricted market access, product recalls, penalties, and the need for material reformulation, additional testing and increased compliance costs.

DOUBLE MATERIALITY

Methodology

To identify the most relevant material topics for our business, HVEG Group conducted a Double Materiality Assessment (DMA) in line with the principles of the European Sustainability Reporting Standards (ESRS).

The assessment evaluates sustainability topics from two perspectives:

*Impact materiality

The impact of our activities on the environment and society, including our supply chain.

*Financial materiality

The potential financial risks and opportunities sustainability topics create for our business, such as regulatory changes, supply chain disruptions or reputational risks.

Each topic was evaluated using a structured scoring approach considering:

- scale and severity of environmental and social impacts
- likelihood of occurrence
- regulatory risks to identify emerging sustainability risks and expectations
- potential financial impact on the business.

The results were consolidated into a materiality matrix, identifying the topics that are most relevant to HVEG Group and its stakeholders.

HVEG Group Stakeholders

Stakeholder feedback helps prioritise the ESG topics most relevant to our operations and supply chain. The following stakeholders were included in the Double Materiality Assessment:

- External stakeholders and industry initiatives: Relevant NGOs, multi-stakeholder initiatives, sector frameworks and textile industry standards were reviewed and consulted to identify emerging risks, stakeholder expectations and evolving industry practices.
- Workers in Supply Chain: Input on workplace conditions, training needs and organisational culture.
- Own Workforce: Input on workplace conditions, training needs and organisational culture.
- Suppliers: Supplier interactions provided insights into social compliance challenges, material sourcing and supply chain transparency.
- Customers: Retail partners provided insight into sustainability expectations, regulatory requirements and product transparency.

DOUBLE MATERIALITY

This is our materiality matrix.

ESRS	Material topic	Sub-topics	HVEG Group Focus Areas
E1	Climate Change	Climate change (CO2), Energy use	Reduce Impact
E2	Pollution	Water pollution, Microplastics, Substances of very high concern	Reduce Impact/Ecodesign
E3	Water	Water use	Reduce Impact
E5	Circular Economy	Resource use (inflows & outflows), Waste	Products and Materials
S1	Own Workforce	Adequate wages, Work-life balance, Training and Personal development	Own Workforce / Culture / Education
S2	Workers in supply chain	Health and safety, Working hours, Adequate wages, Forced labour and Child labour	Working Conditions in supply chain
S4	Consumers and end-users	Quality of information for consumers	Transparency
G1	Supply chain governance	Purchasing practices with suppliers	Business Conduct
G1	Corporate Governance	Corporate culture	Corporate culture

DOUBLE MATERIALITY

Some topics were assessed but not selected as standalone material topics.

- Biodiversity – we address this under focus area Products and Materials

The material topic of Biodiversity primarily relates to the source of raw materials. At this stage, it is difficult to assess the extent of the impact. Some customers and the industry association prioritised the topic as material, but some other customers and the NGOs did not. However, we have included regenerative materials in our material matrix, as these may help reduce biodiversity-related impacts when supported by credible measurement and verification.

- Animal Welfare

Animal welfare has been identified as a relevant topic but is not reported as a separate material topic, as it is fully embedded within HVEG Group's existing policies and due diligence framework. Strict requirements and prohibitions regarding animal-based materials are defined in our Supplier Code of Conduct and Zero-Tolerance Policy, with violations leading to immediate action. Additional standards on traceability and responsible sourcing are covered in our Animal Welfare Policy.

- Water pollution

Water pollution is not reported as a separate material topic, as its impacts are primarily embedded within upstream production processes and are already addressed through our broader environmental approach under the "Reduce Impact" focus area. Relevant risks and impacts are managed through existing policies and supplier requirements related to wastewater and chemical management, in line with ESRS E2 (Pollution).

- Hazardous substances

Hazardous substances and microplastics are not disclosed as a standalone material topic, as they are inherently integrated into product design and material choices. For HVEG's own reporting structure i.e. this report, related disclosures are presented under the "Ecodesign" focus area, reflecting the strong link with material choices, chemical use and product development considerations.

- Working hours

Working hours are not reported as a separate material topic, as they form an integral part of broader labour conditions within the supply chain. The topic is fully embedded in our due diligence processes and policies on working conditions, including compliance with international labour standards, in line with ESRS S2 (Workers in the Value Chain).



BETTER EVERYDAY

People talk a lot about sustainability. Often without saying much.

Too many words are used to sound responsible without proving anything. “Eco-friendly.” “Green.” “Natural.” “Rooted in sustainability.” These words aren’t harmless. They shape how people understand sustainability. And when everything sounds sustainable, it gets harder to spot what’s real.

So when we talk about sustainability, we mean something concrete.

For us, it is not a tagline or a marketing claim. It is the daily work of making better choices for people, planet and the business (ESG). Not perfectly, and not all at once, but step by step, with clear actions, data and accountability.

Our mission is to unburden our customers by delivering more responsible and affordable products. And when we say “more responsible,” we mean backed by data, not buzzwords. We help customers meet sustainability and compliance requirements with better products, better information and fewer empty claims.

Our vision is simple: Corporate Responsibility is everyone’s responsibility at HVEG Group.

That is why we embed it across the business. In material choices. In supplier decisions. In design, planning, sourcing, sales and communication. Change does not happen in separate projects. It happens in daily decisions.

In practice, this means buyers addressing risks in factories, stylists applying better design choices, merchandisers capturing product and material data, sales teams building ‘better product’ baskets, and marketing communicating clearly and within greenwashing rules.

For customers and suppliers, this creates one consistent way of working: clearer expectations, better data, smoother compliance and less risk — built on trust and proof.

Which step will you take today?
Better Everyday

FOCUS AREAS

Our strategy is structured around three pillars. These pillars translate into concrete ESG focus areas, integrated with the material topics from our Double Materiality Assessment.

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Reduce Impact (E1-3) <i>Climate change</i> <i>Energy</i> <i>Water use</i> <i>(Water Pollution)</i>	Working Conditions in supply chain (S2) <i>Health and safety</i> <i>Adequate wages</i> <i>Forced labour/ Child labour</i> <i>(Working hours)</i>	<i>Business Conduct (G1)</i> <i>Corporate culture</i> <i>Purchasing Practices</i>
Ecodesign for Circularity (E5) <i>(Microplastics)</i> <i>(Hazardous substances)</i>	Own Workforce (S1) <i>Adequate wages</i> <i>Work-life balance</i>	Transparency <i>Quality of information for consumers (S4)</i>
Products and Materials (E5) <i>Resource use</i> <i>Waste</i>	Education (S1) <i>Training and Personal development</i>	HVEG Lab
Packaging (E5)		
PARTNERSHIPS		

Material topics from the Double Materiality Assessment are shown in italics. Based on the DMA, one additional focus area has been added: Own Workforce.

CORPORATE RESPONSIBILITY TARGETS

The table below sets out HVEG Group's Corporate Responsibility targets by focus area.

	2026	2027
Working Conditions	70% of the final-product factories (Tier 1) we work with have an A or B BSCI rating measured by FOB value. The HVEG Group vendor rating system is implemented. Performance Area (PA) results are analysed and an improvement strategy will be defined.	80% of the final-product factories (Tier 1) we work with have BSCI rating A or B (FOB value) and set concrete targets for the HVEG Group vendor ratings. We will have improved 10 of the most common issues within the PAs.
Basic knowledge/ Education	Roll out a role-specific education plan with three mandatory Corporate Responsibility trainings.	Advanced function-specific modules are rolled-out; completion 75%.
Culture	We have achieved a score of 4.2 on sustainability in the Culture Scan.	We have achieved a score of 4.5 on sustainability in the Culture Scan.
Transparency	On order level 100% of Tier 1, 70% of Tier 2 and 50% of Tier 3 (all BUs) are known. 100% of must-have Digital Product Passport (DPP) data is available in Carbonfact.	On order level 100% of Tier 1, 90% of Tier 2, 60% of Tier 3 and 25% Tier 4 (all BUs) are known. DPP compliant on minimum requirements.
Ecodesign	We have aligned our Ecodesign Standard and Toolkit with applicable ESPR requirements and translated these into concrete design principles and targets.	x% of our products are designed by ESPR law. (The percentage will be defined end-year 2026).
Packaging	Complete baseline measurement of packaging materials.	80% certified packaging for brands and 50% for private label. x% reduction and recyclability. (The percentage will be defined following the baseline measurement.).
Reduce impact	Implementing reduction plan and monitor progress. BEPI assessments completed for Jomo Fashion, Fashion Linq, Low Land Fashion, and Brands Group in Bangladesh. China to be determined based on a risk assessment. Near-term targets on Scope 1, 2, 3 are under SBTi validation.	BEPI Assessments completed at all our Tier 1 factories. 1 reduction project finalised.
HVEG Lab	Completed 1 pilot project.	Completed 2 pilot projects.
Products and materials	Implementing material plan and monitor targets on certified materials. Insight into internal waste streams.	Monitoring material targets. 1 material project finalized. Strategy and policy on internal waste developed.



INTERNAL GOVERNANCE

Strong governance is essential to ensure that Corporate Responsibility commitments translate into concrete actions and measurable outcomes. At HVEG Group, Corporate Responsibility governance is embedded across the organisation and integrated into decision-making, risk management and reporting processes. Our governance framework ensures that environmental, social and governance (ESG) risks and opportunities are monitored, managed and reported transparently. It also clarifies responsibilities at different levels of the organisation and supports the reliability of Corporate Responsibility data reported under the Corporate Sustainability Reporting Directive (CSRD).

Corporate Responsibility Governance

The Group CR team has ultimate oversight of HVEG Group's Corporate Responsibility, including strategy, performance and risks and regulatory developments.

Corporate Responsibility topics are periodically discussed at board level as part of the broader strategic and risk management discussions. The board reviews progress on Corporate Responsibility targets, monitors emerging regulatory developments and oversees the integration of Corporate Responsibility into the company's long-term strategy.

The implementation of the Corporate Responsibility strategy lies with the BU CR officer and the executive management team of each BU, supported by the Group CR team.

This governance structure helps embed Corporate Responsibility into daily business decisions, from product design and sourcing to supply chain management and customer engagement. In this way, CR is not treated as a separate workstream, but as a shared responsibility across the business.



ROLES AND RESPONSIBILITIES

The Board

The Board oversees HVEG Group's Corporate Responsibility direction and monitors whether key CR risks, opportunities and regulatory developments are sufficiently addressed in strategic decision-making. The Board receives periodic updates on strategic progress, material risks and compliance-related developments.

Group Corporate Responsibility team

The Group CR team provides central direction, expertise and coordination across HVEG Group. It develops the group-wide CR strategy, policies, reporting approach, standards and training, monitors legal and regulatory developments, coordinates the CSRD reporting process, drives cross-business-unit projects and monitors progress at group level. In this role, the Group CR team acts as the central expert function and supports the Business Units in implementation. A separate CR Core Team acts as a sounding board for the group strategy and helps keep execution on track.

Business Unit Management

Business Unit Management is accountable for embedding Corporate Responsibility into daily operations and business processes within the Business Unit. This includes aligning the BU with group direction, allocating resources, enabling execution and ensuring that BU sub-targets are achieved. Management remains accountable for CR performance and compliance at BU level.

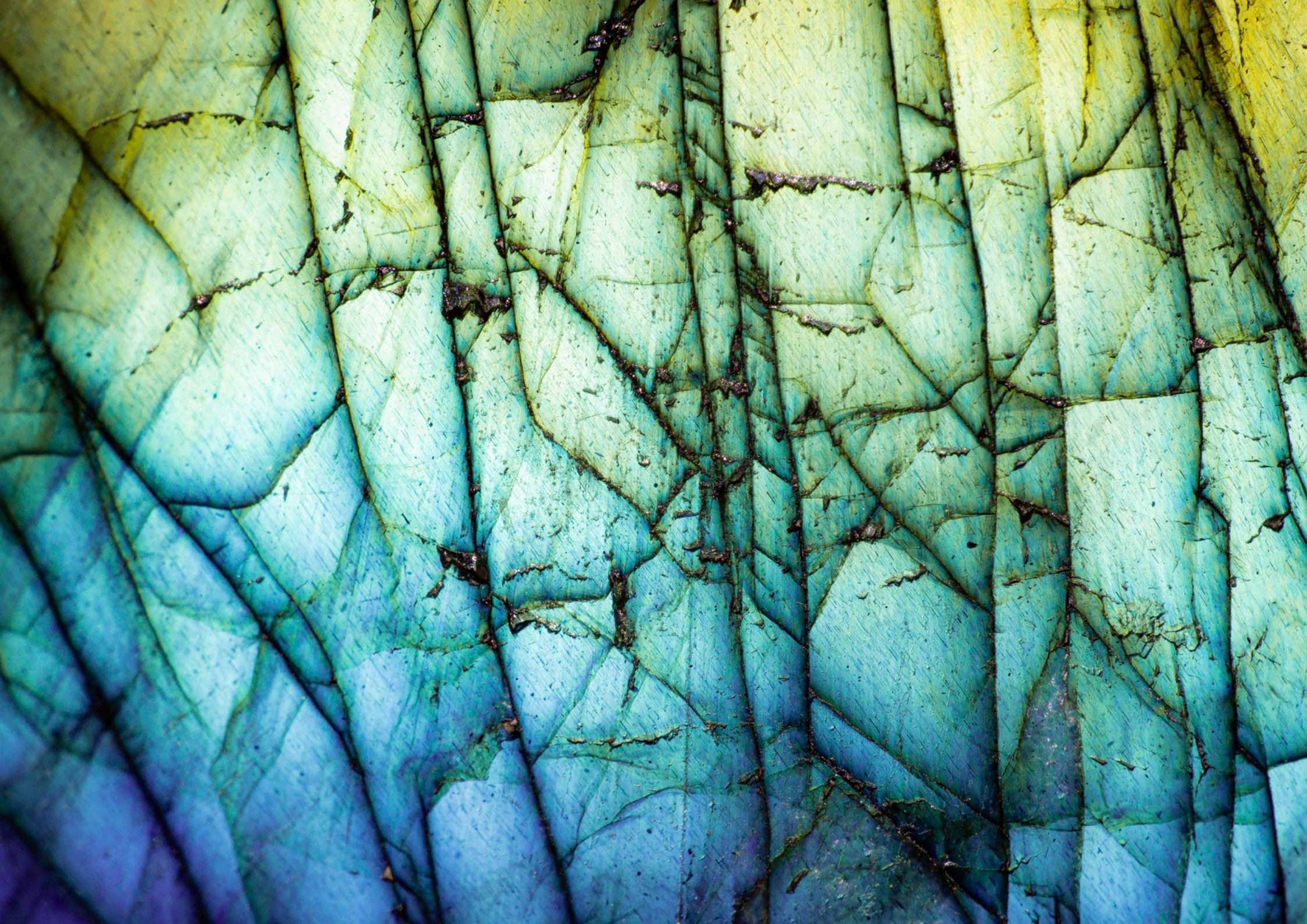
Business Unit CR officers

Within each Business Unit, the BU CR manager and/or CR officer(s) are responsible for Corporate Responsibility. They are the local experts and responsible for translating Group strategy, customer requirements and relevant laws and regulations into local priorities, actions and sub-targets. They advise colleagues, coordinate projects, monitor progress, oversee CR topics across departments, provide management with the insights needed to steer performance and drive improvement, and report to the Group CR team. The CR manager and/or CR officer(s) work closely with BU Management, while BU Management remains accountable.

Employees across the business

Corporate Responsibility is part of day-to-day work across functions. Employees are expected to carry out CR-related tasks that fit their role, stay informed on relevant developments and contribute through the decisions and activities that are already part of their work. This is how HVEG Group turns Corporate Responsibility into a shared responsibility across the organisation.





ENVIRONMENTAL

ENVIRONMENTAL	TARGET 2025	PROGRESS 2025	TARGETS 2026	COMPLIANCE
Reduce Impact (E1-3) Climate change Energy Water use (Water Pollution)	Develop a reduction plan with targets for the identified hotspots.	A reduction plan has been developed, and water and energy targets have been set and communicated.	Implement the reduction plan and monitor progress. BEPI assessments completed for Jomo Fashion, Low Land Fashion, Fashion Linq, Brands Group in Bangladesh. China to be determined based on a risk assessment. Near-term targets on Scope 1, 2, 3 are under SBTi validation.	CSRD, DPP, French Eco-score, ESPR
Ecodesign for Circularity (E5) (Microplastics) (Hazardous substances)	We have set our own standard in the Ecodesign toolkit.	Our standards are set and communicated.	We have aligned our Ecodesign Standard and Toolkit with applicable ESPR requirements and translated these into concrete design principles and targets.	ESPR, DPP
Products and Materials (E5) Resource use Waste	Targets are set for certified materials in a material plan.	Baseline material measurement is completed and targets on certified material are set in the reduction plan.	Implementing the material plan and monitor targets on certified materials. Insight into internal waste streams.	CSRD, DPP, French Eco-score, ESPR
Packaging (E5)	Packaging policy on sustainability completed.	Policy is finished and communicated.	Complete baseline measurement of packaging materials.	PPWR

ENVIRONMENTAL

Impact

We make products. That means we use materials, energy and water, create emissions and waste, and place packaging on the market. A large part of the impact happens before a product is sold: in the design choices we make at the start, in raw materials, fabric production, dyeing, finishing, manufacturing. What we choose to make, what we choose to make it from, and how we ask our suppliers to produce it all shape the footprint that follows. This includes climate impact, water use and pollution, chemical and microplastic risks, resource use, waste, and what happens to a product or its packaging at the end of life.

Risks

If we do not understand and reduce these impacts, the risks are both practical and environmental. Regulation on product design, chemicals, packaging, waste and transparency is increasing. At the same time, energy, materials and waste treatment may become more costly when resources are used inefficiently. Poor data, limited traceability or product choices that are difficult to reuse or recycle can make it harder to comply, improve and support our claims. It may also affect trust when customers, regulators or consumers ask for proof and we cannot provide it.

Opportunities

The good news is that many of these impacts can be reduced from the start. Better design can lower resource use, extend product life, improve repairability and recyclability, and reduce waste. Better material choices can lower impact and support more credible product claims. Better supplier data can help us focus on real hotspots in emissions, energy use, wet processing and wastewater. Better packaging design can reduce materials, waste and costs at the same time. This is the opportunity in front of us: less guesswork, more proof, because when we know more, we can design better, source better and reduce better — building products that are more responsible by design, not by marketing.

Target 2025

Develop a reduction plan with targets for the identified hotspots.

Progress 2025

In 2025, we measured the impact of 81% of our sales portfolio. This gave us a baseline measurement of emissions, energy, water and land use in our production in 2025. Moreover, it gave us deeper insight into the hotspots in our supply chain. Hotspots draw attention to the areas of the product life cycle that have the greatest impact. We used these insights to develop our reduction plan.

Short summary reduction plan*

Impact pillar	Group total	Primary hotspot	Targets 2030
Global Warming Potential in kgCO ₂ eq	108,904,667	Dyeing and finishing	<ul style="list-style-type: none"> The targets on scope 1, 2 and 3 will be set in line with SBTi in 2026.
Energy Use in MJ	1,119,712,615	Dyeing and finishing	<ul style="list-style-type: none"> 10% energy use reduction 10% renewable energy use in our Tier 1 factories.
Water Use in L	3,136,555,586	Dyeing and finishing Fibre choice	<ul style="list-style-type: none"> 10% water use reduction All our Tier 2 factories have a fully operational ETP in place and also Tier 1 if applicable.
Land Use in m ²	12,893,856	Fibre choice	<ul style="list-style-type: none"> No separate target on land use, because it is not a material topic.

**To identify where the biggest environmental reduction opportunities sit in our product portfolio, we used a standard portfolio LCA approach. We simplified the portfolio by grouping products into categories per Business Unit and, where product data was missing or incomplete, selected representative products from 131 LCAs run in bAwear. This delivered 81% coverage of 2025 sales, with each representative product reflecting a typical item in its group. All results are comparable because they follow a standardised LCA methodology, ReCiPe 2016, aligned with recognised GHG accounting rules. We used as much primary data from our supply chain as possible. In cases where primary data was not available, secondary data was used. The secondary data was extracted from publicly available sources. RNF & Mexx Group and Wfashion were not included in this measurement.*

Progress 2025

In addition to measuring our impact through LCAs, we also started measuring our Scope 1, 2 and 3 emissions. We do this to gain deeper insight into our Greenhouse Gas (GHG) emissions, to align with laws and regulations, and because we aim to validate our measurement and targets through the Science Based Targets initiative.

What are the scopes?

- Scope 1 – Direct emissions

These emissions are the immediate result of day-to-day operations. Scope 1 covers direct GHG emissions from our company-owned facilities and fuels used in company-owned vehicles.

- Scope 2 – Energy emissions

These include emissions from the energy required to run our business. Our Scope 2 emissions mainly come from powering and heating our offices.

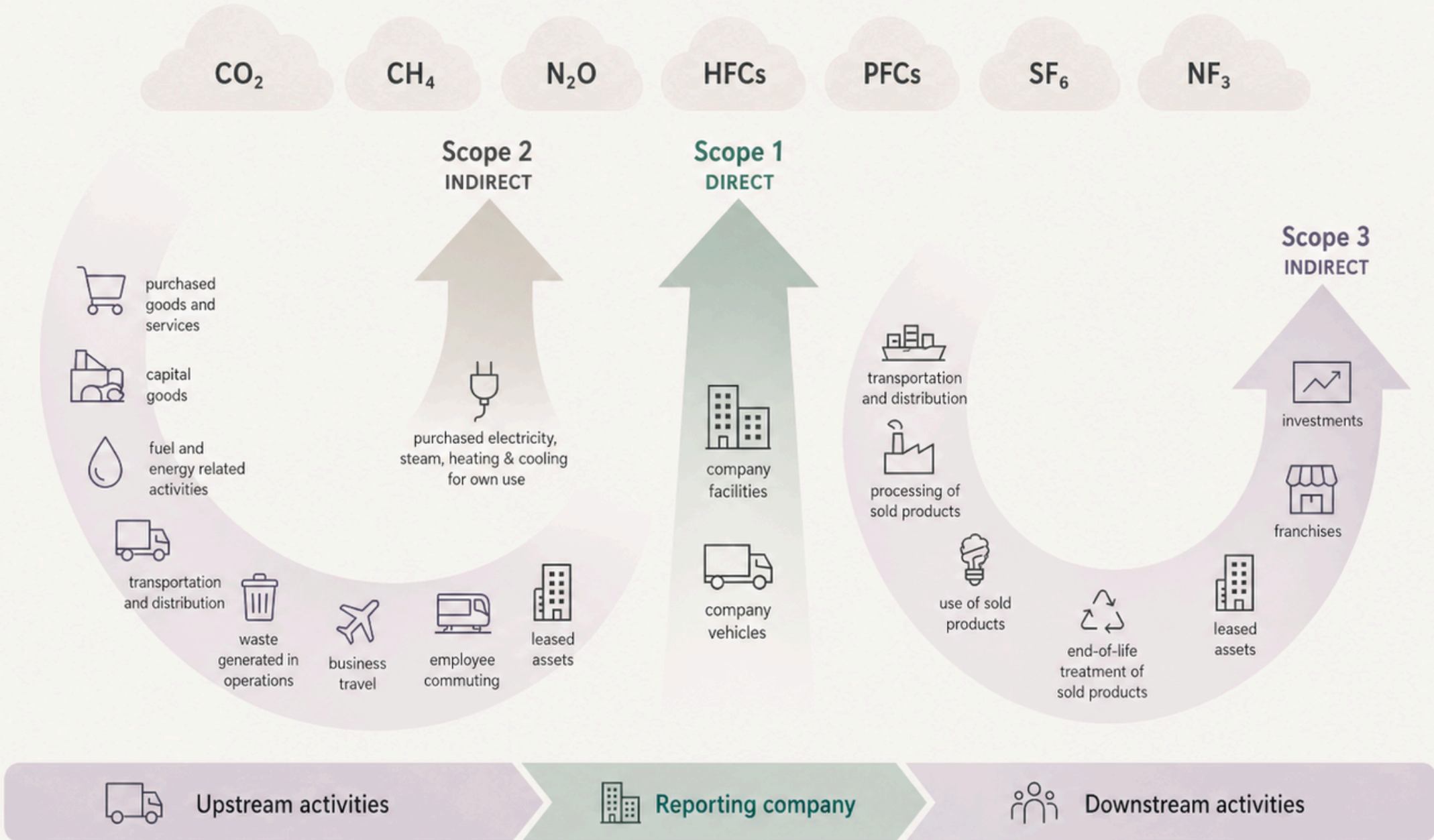
- Scope 3 – Supply chain emissions

Scope 3 includes all other indirect emissions across our value chain and represents the largest part of our footprint. It includes upstream activities such as purchased goods, transport, waste, travel and commuting, as well as downstream impacts such as product use, leasing and end-of-life treatment.

The vast majority of our carbon footprint comes from Scope 3 emissions.

Greenhouse Gas Emissions Across the Value Chain

Overview of Scope 1, Scope 2 and Scope 3 emissions



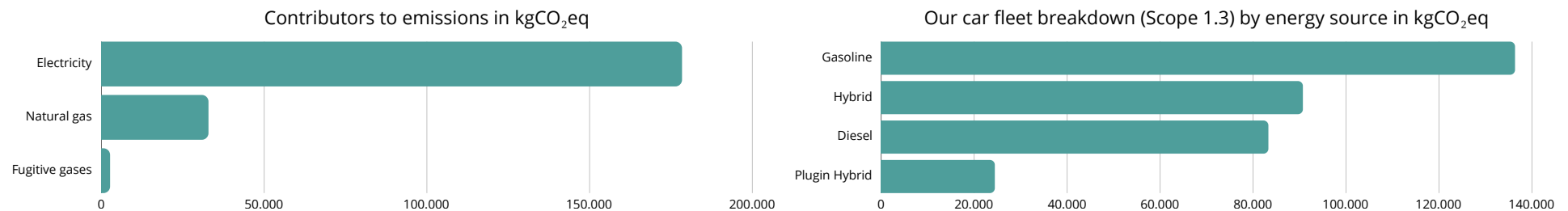
REDUCE IMPACT

In 2025, HVEG Group has a total footprint in Scope 1 and 2 of 553,000 kgCO₂eq. The baseline measurement of Scope 3 is ready in Q2 of 2026.

Scope	Description	Emissions in kgCO ₂ eq
1.1	Stationary Combustion (gas for heating the offices)	370,000
1.2	Direct fugitive emissions (refrigerants from our air conditioners)	
1.3	Mobile Combustion (our car fleet - the vehicles we manage, that category has the most impact of Scope 1)	
2.1	Electricity	183,000
2.2	Heating	

Our Scope 2 calculations are market-based. This means that these emissions are calculated based on the electricity our company has intentionally chosen, using emission factors from contractual instruments rather than grid averages. By contrast, the location-based method uses the average grid emission factor for the region where the energy is consumed, regardless of what we have contracted.

The biggest contributor to our Scope 1 and Scope 2 emissions is the electricity we use, which accounts for 83.4% of total Scope 1 and Scope 2 emissions. The other contributors are natural gas and fugitive gases, such as R410A and HFC-32. We use natural gas to heat some of our offices, while fugitive gases escape unintentionally from our air-conditioning systems.



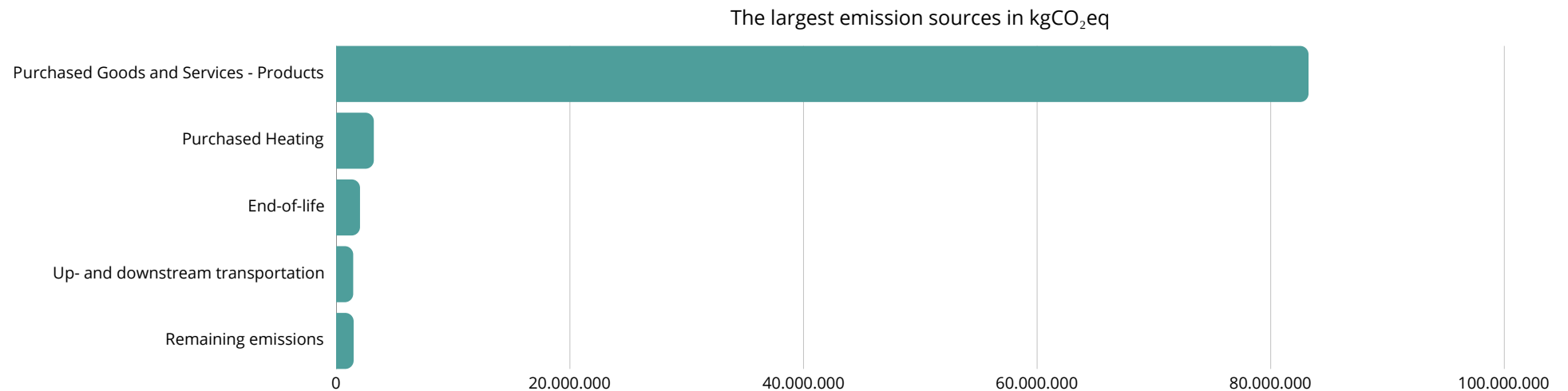
Collaboration between RNF & Mexx Group and ClimatePartner

RNF & Mexx Group has partnered with ClimatePartner since 2023 to calculate its Greenhouse Gas (GHG) emissions. In 2025, RNF & Mexx Group conducted a comprehensive carbon footprint assessment for the 2024 reporting year. This assessment covered all office locations and operational facilities, including the head office in the Netherlands, the distribution centre in Drunen, and international offices in Türkiye, Portugal, Greece and China.

The analysis included Scope 1, Scope 2 and the majority of Scope 3 emissions. The Scope 3 subcategories that are not taken into account are: 3.2 Capital goods, 3.8 Upstream leased assets, 3.10 Processing of sold products, 3.11 Use of sold products, 3.13 Downstream leased assets, 3.14 Franchises and 3.15 Investments. The main purpose of this assessment was to gain a better understanding of carbon accounting and improve data collection and registration.

The total carbon footprint of RNF & Mexx Group for 2024 amounted to 91,410,000 kgCO₂eq. Of this, approximately 96% was attributable to Scope 3 emissions, while Scope 1 and Scope 2 emissions accounted for the remaining 4%.

From 2026 onwards, RNF & Mexx Group, now part of HVEG Group, will collaborate with Carbonfact to calculate the corporate carbon footprint based on 2025 data. This calculation will be used as the formal baseline for climate target-setting.



REDUCE IMPACT

Environmental
Greenhouse Gas emissions
Climate change ESRS E1

Target 2026

- Implement the reduction plan and monitor progress.
- Near-term Scope 1, 2 and 3 targets are under SBTi validation.

Metrics 2026

- Scope 1 emissions (kgCO₂eq)
- Scope 2 emissions (kgCO₂eq)
- Scope 3 emissions (kgCO₂eq)
- Total GHG emissions (kgCO₂eq).

Actions 2026

- Complete Carbonfact rollout for corporate and product data collection, set targets in line with the Science Based Targets initiative and begin the validation process.
- Increase supplier engagement for Scope 3 reduction.
- Set up concrete reduction projects for the hotspots that were found.

REDUCE IMPACT

Target 2025

Develop a reduction plan with targets for the identified hotspots.

Progress 2025

We measured our energy use via bAwear's LCA platform.

Total energy use: 1,119,712,615 MJ. This amount of energy is roughly equal to 311 million kWh — enough to power around 89,000 households in the Netherlands for one year.

Target 2026

Implement the reduction plan and monitor progress.

Target 2030

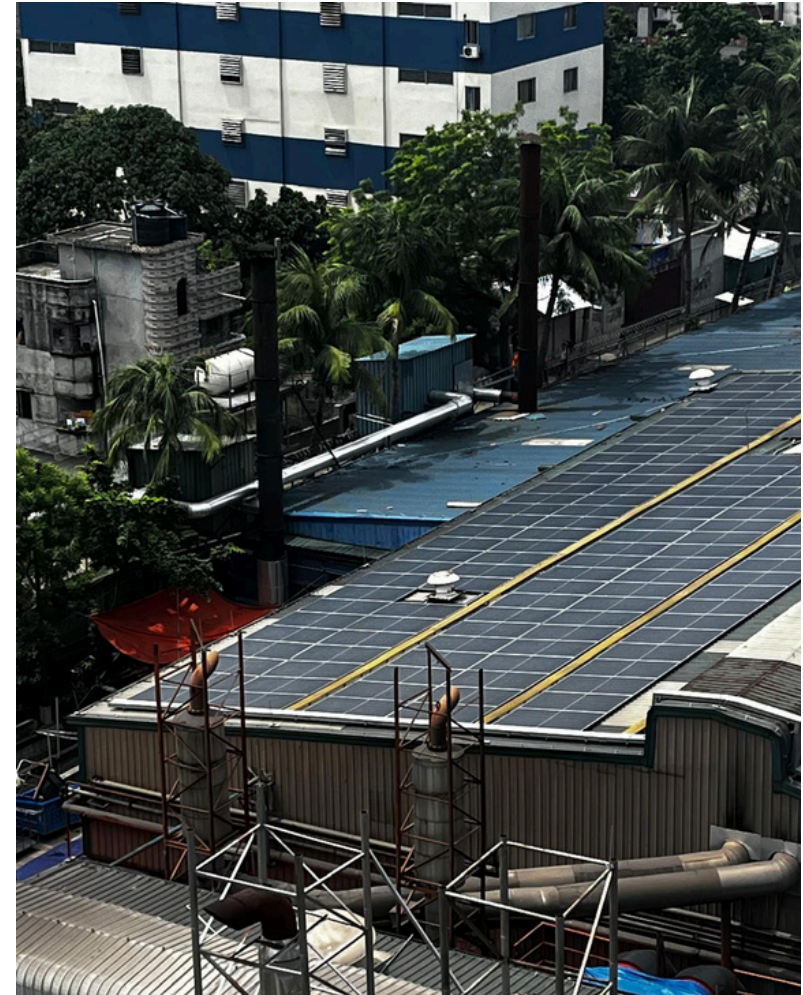
- 10% renewable energy use in our Tier 1 factories, measured through amfori BEPI (see the next page for more information).
- 10% energy use reduction.

Metric 2026

Total energy use (MJ)

Actions 2026

- Complete the Carbonfact rollout for product data collection, including energy-use measurement.
- Increase supplier engagement for Scope 3 reduction.
- Set up concrete reduction projects for the identified hotspots.



Amfori BEPI is an environmental assessment and improvement programme for supply chains. Through a RAQ (Risk Assessment Questionnaire), which is completed by factories on the amfori platform, the potential environmental risks at a facility are identified.

Target 2025

We did not have a specific BEPI target for 2025.

Progress 2025

We checked the number of factories that had completed a BEPI RAQ. The following number of factories completed this in 2025 and/or still had a valid RAQ from 2024:

- Completed RAQs in 2024: 87
- Completed RAQs in 2025: 87
- Renewed RAQs in 2025: 47
- First RAQs in 2025: 34.

Target 2026

BEPI assessments will be completed for Jomo Fashion, Low Land Fashion, Fashion Linq and Brands Group in Bangladesh. China to be determined based on a risk assessment.

Metrics 2026

Number of completed BEPI RAQs in 2024

Number of completed BEPI RAQs in 2025

Number of renewed BEPI RAQs (RAQ already done in 2024 and again in 2025)

Number of new BEPI RAQs (first time in 2025)

Number of factories using renewable energy.

% of renewable energy used compared to non-renewable energy.

Actions 2026

In Bangladesh we will start conducting BEPI RAQs for all factories working with Fashion Linq, Low Land Fashion, Brands Group and Jomo Fashion.

In China we are preparing a priority list of factories to start conducting the BEPI RAQs in 2026.

We will also start analysing the BEPI assessments on renewable energy, so that we can monitor progress and collaborate with our suppliers to increase the use of renewable energy.

REDUCE IMPACT

Target 2025

Develop a reduction plan with targets for the identified hotspots.

Progress 2025

We measured our water use via bAwear's LCA platform. Total water use was measured at 3,136,555,586 litres. To put this into perspective, this is around 3.14 billion litres of water — approximately the volume of a small lake, or roughly two-thirds of Grasmere in England.

Water pollution risk is highest during wet processing in Tier 2 factories. In Bangladesh, out of our total supply chain, four factories currently do not have an Effluent Treatment Plant (ETP). One supplier has installed an ETP, but it is not yet operational. Another supplier has a confirmed plan to install an ETP in the near future. The remaining two factories are involved only in detergent- or silicone-based washing processes, which have a lower wastewater impact.

In China, for garments, the Tier 2 wet-processing factories, such as dyeing and printing mills, are involved. Among our Tier 1 factories, only optics factories are involved. All of our optics factories have ETP systems, but not all dyeing mills do.

Previously, the government required every wet-processing factory to have its own ETP system. However, this is no longer mandatory. Regardless of whether wastewater is treated on-site, all wastewater must now be sent to the government's centralised treatment facility. The government treats and monitors wastewater from every factory, and direct discharge of untreated water is no longer possible.

Target 2026

Implement the reduction plan and monitor progress.

Target 2030

- 10% water use reduction.
- All our Tier 2 factories have a fully operational ETP in place and Tier 1 factories where applicable.

Metrics 2026

- Total water use (L), compared with the 2025 baseline.
- Number and share of wet-processing factories with ETP data available.

Actions 2026

- Complete Carbonfact rollout for product data collection including water-use measurement.
- Increase supplier engagement for Scope 3 reduction.
- We will strengthen our onboarding protocol to ensure that new suppliers with wet-processing operations are not approved without a fully functional ETP in place.
- Roll out reduction pilots focused on wet processing and water efficiency.



ECODESIGN FOR CIRCULARITY

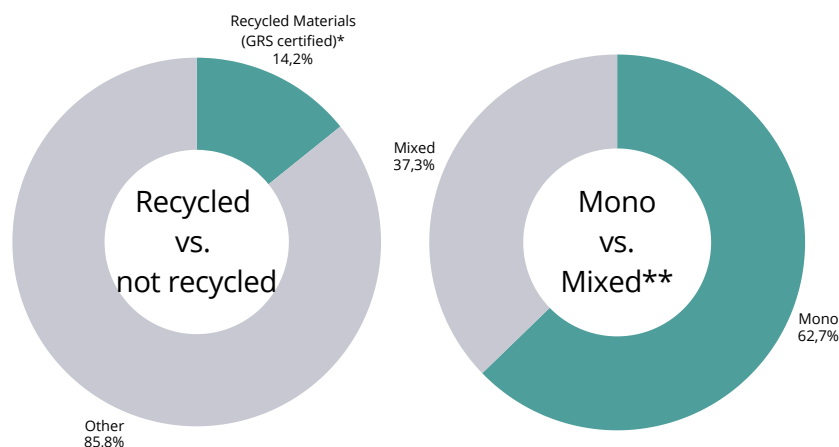
Target 2025

We have set our own standard in the Ecodesign Toolkit.

Progress 2025

The Ecodesign for Sustainable Products Regulation (ESPR) will require companies to make better-informed design choices and support those choices with stronger product data. Therefore, we established the Ecodesign Standard in our Ecodesign Toolkit and presented it across the organisation (the standards can be found on the next page).

We also measured total material use across the Group and mapped the share of certified materials (excluding RNF & Mexx Group, Sassa Mode, MAGIC Bodyfashion and Wfashion). This gave us a better understanding of our current product composition and helped us prepare for expected ESPR-related requirements, including the use of mono-materials and recycled content.



Target 2026

We have aligned our Ecodesign Standard and Toolkit with applicable ESPR requirements and translated these into concrete design principles and targets.

Metric 2026

The Ecodesign Standard has been updated in line with new legislation and relevant market developments.

Actions 2026

We will continue to monitor developments in ESPR and update our Ecodesign Standard and Toolkit accordingly. As requirements become clearer, we will communicate these standards across the organisation and begin embedding them into the design phase. From there, we will define more specific targets to track progress over time.

*GRS = Global Recycled Standard

**This is calculated through Carbonfact, based on a coverage rate of 77% of the products measured. A mono-material product is made from one material type. For this metric, we assessed only the main product parts, not trims or small components such as zippers, buttons and labels.

ECODESIGN FOR CIRCULARITY

Many environmental impacts are determined at the design stage. We therefore align our product design choices with key regulations such as ESPR, DPP, CSRD, EPR, REACH, AGECE, and the WFD. The overview below shows how our design strategies translate these requirements into practical applications during product development.

Strategy	Legislation	Application
Extend the life of a product	ESPR DPP	Use high-quality fabrics, opt for heavier thread, reinforce stress points, test garments under real-life conditions, use timeless prints and multi-functional design, opt for standard trims.
Repair	CSRD ESPR DPP	Use standard trims and minimal embellishments, avoid glued closures, include repair instructions and spare-parts-kit.
Recyclability	CSRD ESPR EPR AGECE DPP	Opt for mono-materials, minimal embellishments and add recycling information to the DPP.
Substances of concern	REACH	Azo dyes, phthalates in prints and trims, PFAS in water repellents, formaldehyde in finishes, nickel in trims and chromium in leather tanning are prohibited (we monitor via product testing and all suppliers are required to sign the RSL).
Microplastics	AGECE WFD DPP	Opt for natural fibres and more sustainable finishing, prioritise low-UV-reactive dyes, avoid plastic trims and provide clear care-label information (we monitor the amount of synthetic main materials that we buy, in 2026 we will monitor trims as well).
Material content	CSRD ESPR DPP	Opt for certified materials and low-impact dyeing and printing.
Waste	CSRD EPR WFD	Optimise patterns, opt for durable materials, standardise design features and add fewer trims and components.

PRODUCTS AND MATERIALS

Target 2025

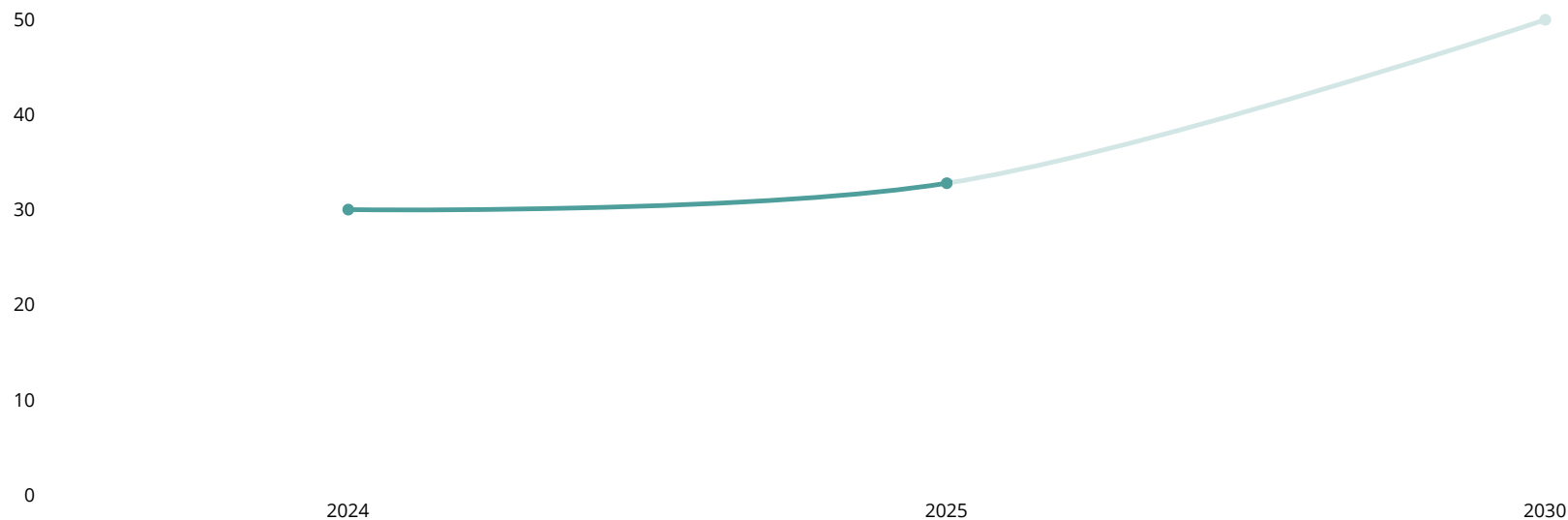
Targets are set for (certified) materials in a material plan.

Progress 2025

In 2025, we set up a material plan with targets on certified materials and developed a material matrix.

Furthermore, we have improved our data collection and Bill of Materials accuracy through clearer guidance, education and more consistent data entry.

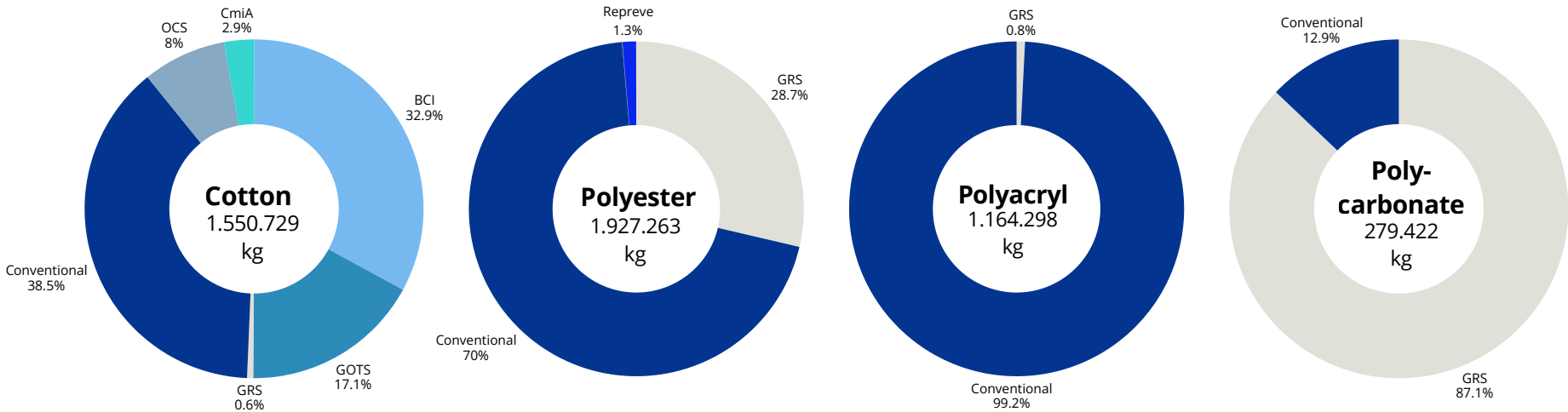
Percentage of certified materials in 2024 and 2025 (including target 2030)*



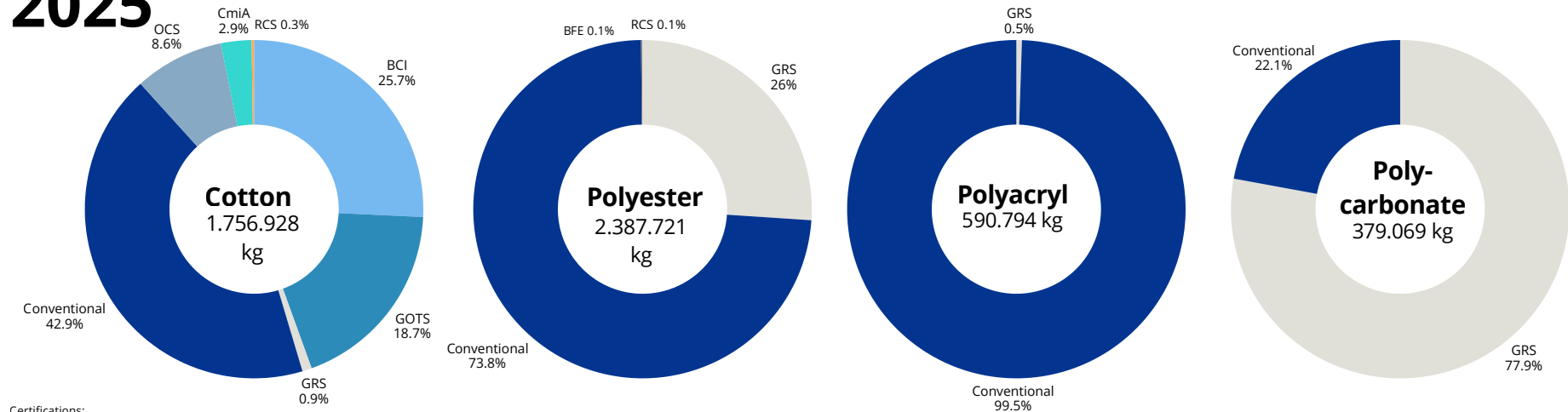
*Disclaimer: The data displayed in the diagrams is based on 84% of articles invoiced in 2024 and 93% of articles invoiced in 2025, measured by sales volume. This coverage is considered representative of total volume. Relevant data was collected for each master article. As not all data has been fully verified, minor deviations from the actual situation may apply. RNF & Mexx Group, Sassa Mode, Wfashion and MAGIC Bodyfashion are not yet included in this measurement.

PRODUCTS AND MATERIALS

2024



2025



Certifications: Better Cotton Initiative (BCI), Global Organic Textile Standard (GOTS) (Including GOTS Made with), Organic Cotton Standard (OCS) (Including 100% and blended), Global Recycled Standard (GRS), Recycled Claim Standard (RCS), Cotton made in Africa (CmiA) and Bionic-Finish Eco (BFE).

PRODUCTS AND MATERIALS

In 2025, we created a material matrix. It includes all materials we use across the Group with information on available certifications and sustainability ratings. Below, you can see the material matrix of the top five most-used materials.

	****	***	**	*	do not use
polyester		recycled polyester (GRS)	Sorona polyester, rPET (GRS)	virgin polyester	
cotton	recycled cotton (RCS, GRS)	regenerative cotton*	cotton in conversion / organic cotton (GOTS and OCS), Traceable Cotton from BCI	conventional cotton, mass balance cotton from BCI or CmiA	cotton from Xinjiang, Turkmenistan and Uzbekistan
polyacryl		recycled acrylic (GRS)		virgin acrylic	
polycarbonate		recycled polycarbonate (GRS)		virgin polycarbonate	
polyurethane		recycled polyurethane (GRS)		virgin polyurethane	

**Regenerative farming is an important factor in improving biodiversity. It typically focuses on outcomes such as soil health, biodiversity, water stewardship, and climate impact. Because of this, it may deliver better environmental results at farm level, but it is also less consistent as a claim unless it is supported by strong measurement.*

Environmental
Resource use
ESRS E5

PRODUCTS AND MATERIALS

Targets 2026

We have implemented the material plan and monitor targets for certified materials.

Target 2030:

50% of the materials we use are certified.

Metric 2026

Percentage of certified materials.

Actions 2026

- Optimise the data entry and accuracy.
- Set up material monitoring via Carbonfact.
- Set up research projects on innovative lower-impact materials.

PRODUCTS AND MATERIALS

Target 2025

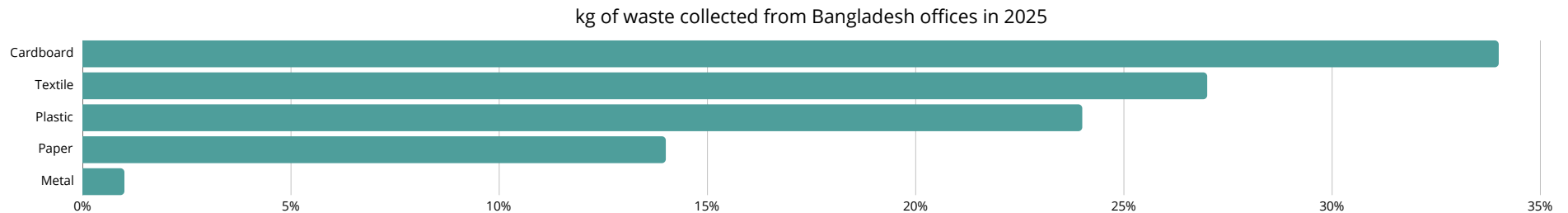
As waste is a new material topic for us, we did not set specific targets for 2025.

Progress 2025

Nevertheless, our office in Bangladesh and our brand Bamboo Basics have already started identifying and collecting data on this topic.

In total, Bamboo Basics donated 125 boxes of clothing - mainly returns and samples - containing 6,774 items with an estimated retail value of €211,000. Our largest partners in this effort were Room for Change and De Regenboog Groep, but we also had the opportunity to donate to Emma Children's Hospital, Life Line Ukraine, Nico Adriaans Foundation, and De Pompestichting.

The Dhaka office in Bangladesh has been tracking waste streams since March 2025. The data is shown in the graph below and provides an initial view of waste types and recycling rates. Of the total waste collected, 72.3% was recycled.



Moreover, as of 1 July 2023, the Netherlands has implemented the Extended Producer Responsibility (EPR) framework. Under EPR, producers and importers are accountable for the entire life cycle of their products, including disposal and recycling. This initiative incentivises companies to increase the percentage of waste that is recycled and reused, effectively transforming it into new raw materials. The government has set ambitious targets, aiming for 50% of products placed on the Dutch market to be recycled or reused by 2025, with a gradual increase to 75% by 2030. To meet these obligations, organisations such as Modint and InRetail have established the Stichting UPV Textiel (EPR). By participating in the Stichting UPV, HVEG Group has taken responsibility for fulfilling its EPR obligations.

PRODUCTS AND MATERIALS

Upcycling and recycling of footwear waste

At the RNF & Mexx Group distribution centre, returned footwear and samples are received and collected. A large part of this can no longer be sold or used. Unlike textile samples, footwear samples are often not suitable for use, as many of them are single shoes or half pairs.

These footwear samples were creating a significant amount of waste, which led RNF & Mexx Group to start partnerships for upcycling and recycling in 2023. Footwear with minor issues, also known as B-quality footwear, is sent to 95Percent, which takes care of cleaning and repairing the shoes. These are then sold as refurbished shoes on the 95Percent website, a circular fashion platform focused on extending the life cycle of footwear and clothing.

In 2025, a total of 791 pairs were sold to 95Percent and thereby saved from becoming waste. This is almost double the 413 pairs sold in 2024. The footwear comes from our brands Mexx, Fred de la Bretonière, Shabbies Amsterdam and Pantofola d'Oro. This collective effort resulted in a total CO₂ reduction of 15,820 kg.

For shoes and bags that cannot be repaired, such as C-quality items and single shoes or half pairs, mostly samples, RNF & Mexx Group works with FastFeetGrinded to recycle these products. Their advanced recycling technology enables them to collect, disassemble and separate discarded shoes — from worn-out pairs to factory waste — into high-quality, reusable materials. FastFeetGrinded is the only company in the world that can recycle shoes in this way and at this scale.

In 2025, RNF & Mexx Group achieved a CO₂ reduction of 5,485 kg by recycling 968 kg of footwear. In 2024, 2,829 kg of footwear was recycled, resulting in a saving of 16,031 kg CO₂. In 2023, 21,933 shoes were recycled, equal to 6,580 kg of materials and a 37,287 kg CO₂ reduction.

This decrease was mainly caused by the efforts made in 2023 and 2024 to sort out old stock of half pairs and damaged footwear. Additionally, there is now more focus on finding alternatives to recycling, as shown by the increase in footwear sent to 95Percent.



PRODUCTS AND MATERIALS

Target 2026

Create a baseline measurement of all internal waste streams across all Business Units' offices and warehouses.

Metrics 2026

- Total waste generated (tonnes or kg)
- For internal waste streams, breakdown by type of waste/material, such as plastics, paper/cardboard, textiles, metals, biomass or other relevant streams.

Actions 2026

- Map all main waste streams by location and waste type.
- Set up a consistent process to collect and validate waste data from internal records and waste partners.
- Consolidate baseline data at Group level and assess data quality and gaps.
- Use the 2026 baseline to identify priority waste streams and set improvement targets from 2027 onwards.

Packaging is subject to fast-changing European regulation. HVEG Group aligns its packaging approach with the Waste Framework Directive (WFD), the EU Packaging and Packaging Waste Regulation (PPWR) and Extended Producer Responsibility (EPR) requirements. These rules apply to all primary, secondary and tertiary packaging placed on the EU market, in both B2B and B2C channels. EU legislation sets clear requirements for packaging placed on the market, including recyclability, recycled plastic content, substance restrictions, limits on empty space in transport packaging, and EPR registration and reporting. Packaging is a material topic due to its environmental impact, regulatory exposure and cost implications.

Target 2025

A policy on more sustainable packaging has been developed.

Progress 2025

- Development and implementation of the HVEG Group Packaging Policy.
- Recyclability assessment of key packaging components within MAGIC Bodyfashion.
- Identification of improvement areas for polybags, colour boxes and hangtags.
- Initial actions to reduce unnecessary packaging and optimise material use.

Target 2026

Complete a packaging baseline measurement by year-end 2026 as the basis for portfolio analysis, target-setting and improvement actions from 2027 onwards.

Metric 2026

Percentage of packaging data fields completed in internal systems.

Actions 2026

- Define packaging data requirements and embed data collection into existing systems and workflows.
- Implement the Packaging Policy, including minimum internal requirements for data, design and compliance.
- Engage key packaging suppliers to collect data on materials, specifications, recycled content and substance compliance.
- Build technical documentation for priority packaging formats in preparation for future PPWR requirements.
- Conduct internal packaging audits to improve data quality, ownership and compliance readiness.
- Map current packaging components and identify opportunities for simplification, weight reduction and improved recyclability.
- Monitor regulatory developments, including PPWR, harmonised EU labelling and Digital Product Passport requirements.



SOCIAL

SOCIAL	TARGET 2025	PROGRESS	TARGET 2026	COMPLIANCE
<p>Working Conditions in supply chain (ESRS S2) Health and safety Adequate wages Forced labour/ Child labour (Working hours)</p>	<p>50% of the final-product factories (Tier 1) we work with have an A or B BSCI rating (excluding China) (on purchase amount). For China, a C rating is accepted only when PA 6, Decent Working Hours, has a D rating.</p>	<p>Target achieved. 54.9% A or B BSCI rating.</p>	<ul style="list-style-type: none"> 70% of the final-product factories (Tier 1) we work with have an A or B BSCI rating measured by FOB value. The HVEG Group vendor rating system is implemented. Performance Area (PA) results are analysed and an improvement strategy will be defined. 	<p>FLB, CSRD</p>
<p>Own Workforce (ESRS S1) Adequate wages Work-life balance</p>	<p>No 2025 target was set, as this focus area was newly identified through the DMA.</p>	<p>Not applicable.</p>	<ul style="list-style-type: none"> Salary House is implemented across all Dutch Business Units. 60% of Dutch employees carry forward no more than four vacation days into the next year 	<p>Pay Transparency Directive</p>
<p>Education (ESRS S1) Training and Personal development</p>	<p>HR and CR have set up a Group education plan with CR integrated.</p>	<p>Target achieved.</p>	<ul style="list-style-type: none"> Roll out a role-specific education plan with three mandatory Corporate Responsibility trainings. 	<p>CSRD and mandated by certifications such as GOTS and GRS</p>

WORKING CONDITIONS

Impact

Working conditions in apparel supply chains can directly affect workers' health, safety and dignity. Unsafe workplaces, wages below living wage levels, excessive working hours and failures to prevent forced labour or child labour can cause serious harm. At HVEG Group, the most material impacts in this area relate to occupational health and safety, adequate wages, working time, and the prevention of forced labour and child labour. We monitor these topics mainly through amfori Business Social Compliance Initiative (BSCI) audits, HVEG factory visits and, where relevant, participation in the International Accord.

Risks

The same conditions that create negative impacts for workers can also create business risks for HVEG Group. Health and safety risks may arise in regions where labour law enforcement is limited or factory infrastructure is weak. Wage-related risks remain significant where legal minimum wages do not meet living wage benchmarks. Working hours remain a structural challenge in some sourcing countries, particularly where low base wages, piece-rate systems, labour shortages and tight production timelines drive reliance on overtime.

Opportunities

Consistent use of BSCI audits, HVEG Group factory audits and supplier follow-up gives HVEG Group a clearer understanding of where risks are concentrated, where progress is being made and where further action is required. This supports better sourcing decisions, gives social performance greater weight in supplier management and improves transparency across the supply chain.

WORKING CONDITIONS

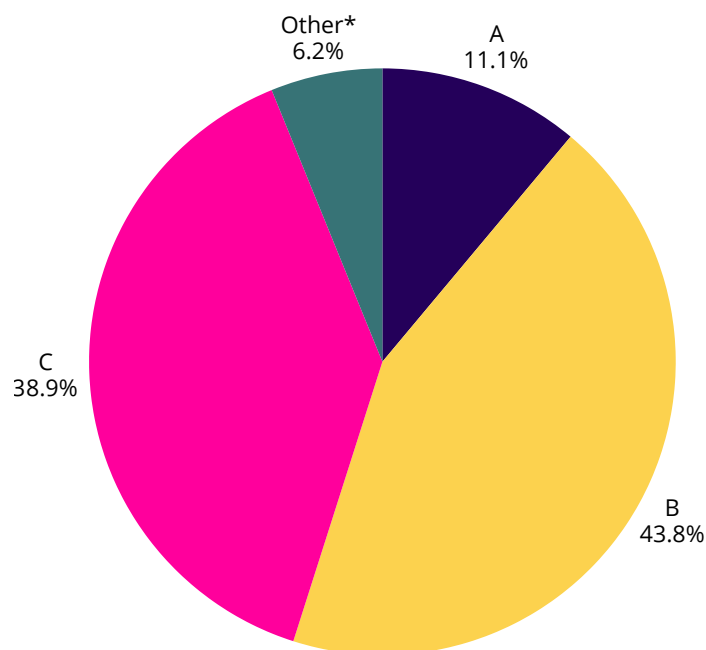
Target 2025

50% of the final-product factories (Tier 1) we work with have an A or B BSCI rating (excluding China) (on purchase amount). For China, a C rating is accepted only when PA 6, Decent Working Hours, has a D rating.

Progress 2025

We exceeded our 2025 target, with 54.9% of Tier 1 factories achieving an A or B rating.

BSCI rating overview



*other social audit than BSCI (e.g. SMETA, ICS, WRAP, Better Work) or in transition.

Target 2026

In 2026, 70% of the final-product factories we work with in Tier 1 should have an A or B BSCI rating, measured by FOB value. In addition, the HVEG Group vendor rating system will be implemented, Performance Area results will be analysed and an improvement strategy will be defined.

Metric 2026

The BSCI measurement is based on factory-level data from orders placed between 1 January and 31 December of the reporting year, measured by FOB value.

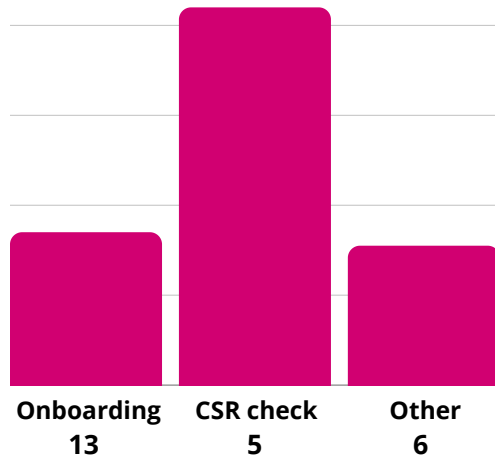
Actions 2026

We will continue to monitor the BSCI ratings of Tier 1 factories across the Group and strengthen follow-up where improvement is needed.

WORKING CONDITIONS

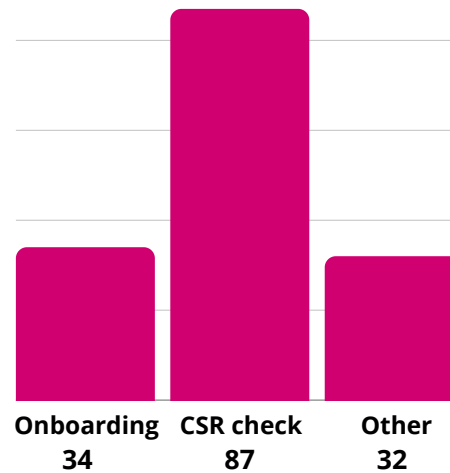
In addition to BSCI audits, our CR departments conduct HVEG Group factory audits. These audits help us identify challenges more directly and support suppliers with practical guidance and improvement actions. They provide insight into working conditions within our supply chain and are directly linked to our material topics: health and safety, forced and child labour, adequate wages and working hours.

All factory visits Pakistan in 2025



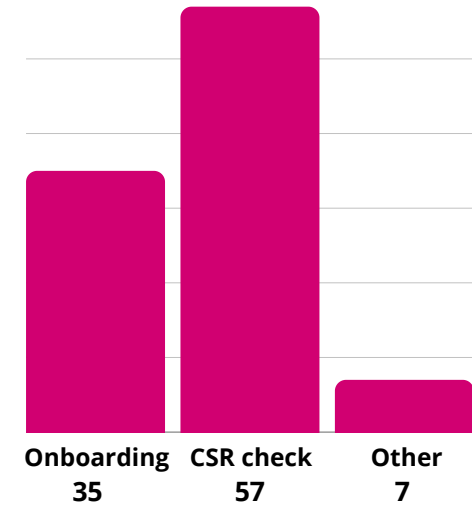
Brams Workwear factory visits:	2
Fashion Linq factory visits:	4
Jomo Fashion factory visits:	3
Wfashion factory visits:	15

All factory visits Bangladesh in 2025



HAG factory visits:	3
RNF & Mexx factory visit:	1
Fashion Linq factory visits:	68
Jomo Fashion factory visits:	50
Wfashion factory visits:	31

All factory visits China in 2025.



HAG factory visits:	41
RNF & Mexx factory visit:	1
Fashion Linq factory visits:	29
Jomo Fashion visits:	22
MAGIC Bodyfashion factory visits:	6

"Other" refers to Tier 2 factory visits, unannounced visits or investigation visits.

WORKING CONDITIONS

The following pages elaborate on the material topics linked to working conditions in the supply chain, starting with health and safety.

Impact, risks and opportunities

Safe working conditions in garment production are essential to protect workers from accidents, injuries and long-term health risks. Where health and safety standards are insufficient, workers may be exposed to serious harm.

This may also create operational, reputational and compliance risks for HVEG Group. These risks are often higher in regions where labour law enforcement is limited or factory infrastructure is weak.

HVEG Group monitors health and safety conditions in its supply chain through amfori BSCI social audits, its own HVEG audits and participation in the International Accord for Health and Safety in the Textile and Garment Industry. These mechanisms help identify risks, support corrective actions and improve workplace safety over time.

Stronger health and safety performance reduces the likelihood of accidents and long-term health issues, supports worker wellbeing.

It also helps HVEG Group meet increasing legal requirements on health and safety and stay aligned with due diligence expectations.

Target 2026

Issues per Performance Area (PA) are analysed and an improvement strategy is defined.

Metric 2026

Within the BSCI framework, health and safety performance is measured through Performance Area 7: Occupational Health and Safety.

Actions 2026

- Continue participation in the International Accord, which provides independent factory inspections, worker safety training, remediation programmes and public reporting on safety issues.
- Closely monitor BSCI audit results and take follow-up action where needed.
- Continue conducting HVEG Group audits to gain deeper insight into factory performance and improvement needs.

WORKING CONDITIONS

This page elaborates on the material topic Adequate Wages, which is linked to working conditions in the supply chain.

Impact, risks and opportunities

Within the material topic of adequate wages across our supply chain, living wages are a key focus. A living wage is the level of pay required for a worker to meet basic needs such as food, housing, healthcare, education, clothing, water and transport within a normal working week.

Where wages are too low, workers may struggle to meet these basic needs, affecting their wellbeing, financial stability and overall quality of life. It may also increase workers' vulnerability and dependence on excessive working hours.

For HVEG Group, inadequate wages in the supply chain can create social risks for workers and increasing regulatory, compliance and reputational risks for the business.

Progress on adequate wages can support worker wellbeing, reduce financial stress and contribute to more stable and responsible supply chains. It also helps HVEG Group stay aligned with growing expectations around fair wages and human rights due diligence.

Target and progress 2025

No formal target was set for 2025. However, we conducted a baseline measurement, which indicates that 62.63% of assessed wages fall below the living wage benchmark across tiers covered by BSCI audits.

Target 2026

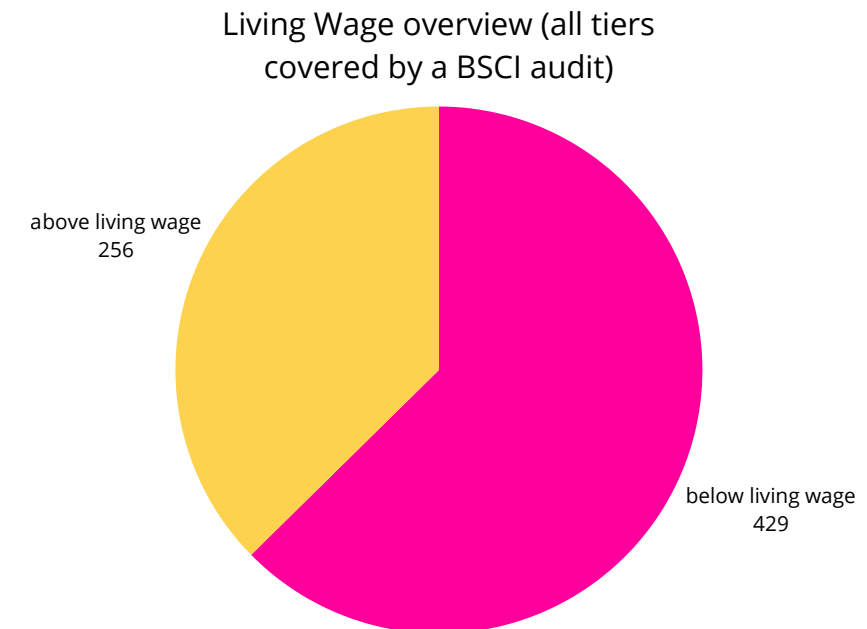
Our target is to map the wage gap by country.

Metric 2026

Wage data will be based on BSCI audit data from the amfori BSCI platform.

Actions 2026

We will continue to monitor wage levels in Tier 1 factories against reliable living wage benchmarks and report the wage gap by country.



WORKING CONDITIONS

This page elaborates on the material topics forced labour and child labour, which are linked to working conditions in the supply chain.

Impact and risks

Forced labour and child labour are severe violations of human rights and are strictly prohibited within HVEG Group's supply chain, as set out in the HVEG Group Supplier Code of Conduct.

These topics are monitored through social audits and supplier compliance requirements, including the amfori BSCI Code of Conduct.

There is a risk that forced labour or child labour may occur in parts of the supply chain, particularly in higher-risk regions or lower tiers of production. These issues can be difficult to detect and may remain hidden without active monitoring, worker voice mechanisms and supplier due diligence.

Target and progress 2025

No formal target was set for 2025. HVEG Group continued to monitor these topics through grievance channels, BSCI audits and internal HVEG Group audits.

Target 2026

We continue to monitor compliance through our own audits, BSCI audits and grievance channels, and follow up on any findings where needed. HVEG Group applies a zero-tolerance approach to forced labour and child labour. These practices are not permitted in our supply chain.

Metrics 2026

Within the BSCI audit framework, these issues are measured through several Performance Areas, including:

- PA8 — No Child Labour
- PA11 — No Bonded Labour.

Actions 2026

Suppliers are required to comply with the HVEG Group Supplier Code of Conduct, undergo social audits where applicable, and cooperate with remediation processes if issues are identified. If these requirements are not met, a responsible exit plan is initiated. Additional monitoring and support take place through factory visits by HVEG Group Corporate Responsibility teams.



WORKING CONDITIONS

Impact

Grievance mechanisms are an important tool for identifying potential human rights and working condition issues in our supply chain. During 2025, a limited number of cases were reported. While this may indicate limited reported issues, it does not necessarily reflect the actual situation, as workers may face barriers to raising concerns. Effective grievance mechanisms are therefore essential to identify, address and remediate potential impacts on workers.

Risks

The low number of grievances received through channels associated with HVEG Group should not be interpreted as an absence of risks. We recognise that the effectiveness of grievance mechanisms depends on workers' awareness of, access to, and trust in these channels. HVEG Group therefore continues to strengthen the visibility and accessibility of grievance mechanisms and collaborates with suppliers and industry partners to support responsible remediation where relevant.

Opportunities

Improving access to and trust in grievance mechanisms helps us better understand working conditions in our supply chain and respond where needed. Through our involvement in the International Accord, we also support factories by contributing to inspections, training and remediation.

Target 2025 and 2026

No targets were set for 2025 or 2026. HVEG Group continues to monitor and address grievances received through available channels.

Metric

Number of grievances raised in 2025 through all grievance channels.

Progress 2025

Below the number of grievances received per grievance channel:

- HVEG Group grievance channel: no cases received.
- amfori Speak for Change: five cases received, of which one has been resolved. In one case, HVEG Group is the lead brand and is currently working on the remediation. For the remaining cases, HVEG Group is not the responsible sourcing partner (RSP), but supports where needed.
- Accord grievances: 18 complaints were raised across the supply chain, including nine Occupational Safety and Health (OSH) complaints and nine non-OSH complaints. All complaints were resolved.

Through our entities Low Land Fashion and Y'Organic, we are signatories to the Accord and support remediation efforts in Bangladesh and Pakistan. The Accord is a legally binding agreement that improves garment factory safety through independent inspections, public reporting, worker training, and safety committees, with brands supporting necessary safety improvements.

Number of active factories covered under the International Accord:

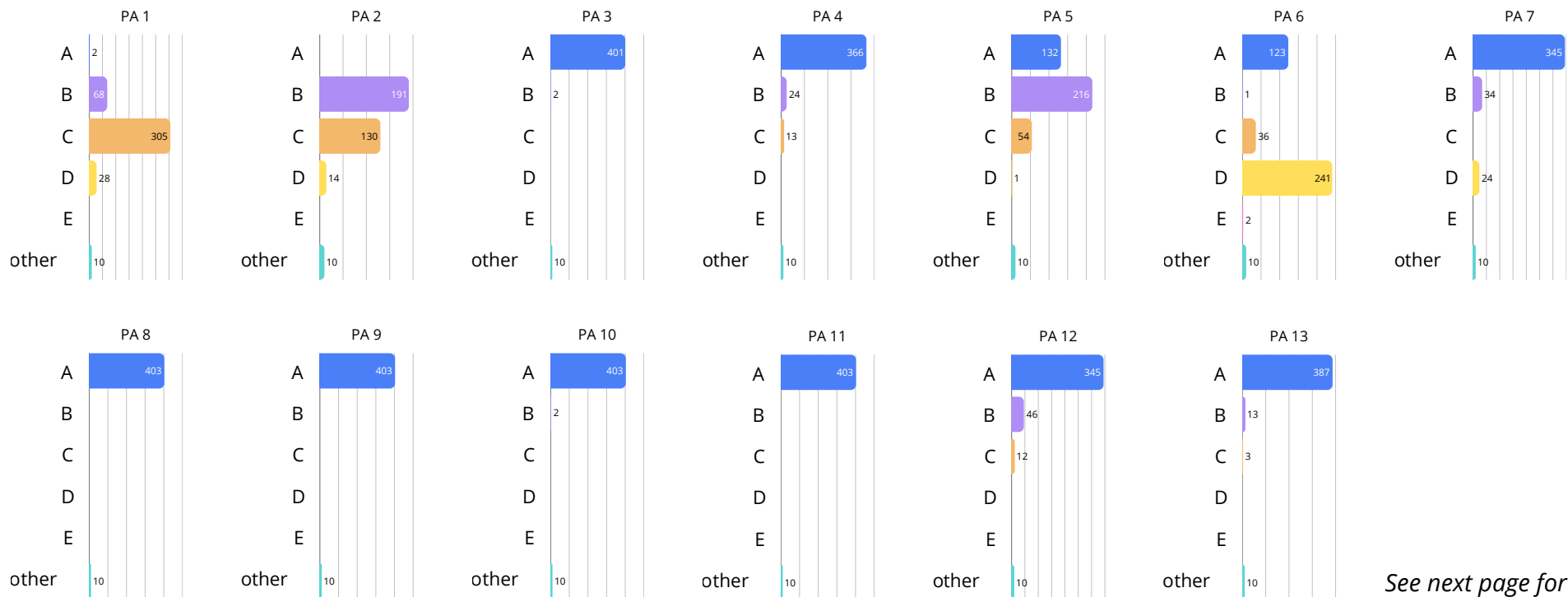
- Low Land Fashion: 6 Accord factories
- Y'Organic: 13 Accord factories.

WORKING CONDITIONS

Now that overall BSCI ratings are available, we can analyse results by BSCI Performance Area. This helps us understand where specific risks may exist in our supply chain. As shown in the overview below, our material topics — Health and Safety, Adequate Wages, and Forced Labour and Child Labour — generally show higher ratings. This indicates that, while these topics remain highly material, current performance is relatively solid.

At the same time, we continue to monitor these areas closely and work with suppliers to maintain and improve standards where needed. In October 2025, we conducted a baseline assessment of amfori BSCI Performance Area results across our factories. In 2026, we will conduct a new assessment and define an improvement strategy.

Baseline assessment PAs 2025



See next page for
PA explanation

The 2025 Performance Area analysis shows that working hours remain a major challenge, particularly in China. Long working hours in Chinese factories are driven by structural factors such as piece-rate wage systems, low base wages, tight production timelines and low profit margins. For example, the minimum wage in Ningbo is RMB 2,660 per month (≈15.29 RMB per hour), which may encourage workers to rely on overtime to reach a living wage. Chinese labour law requires overtime compensation of 150% on workdays, 200% on weekends and 300% on public holidays, although compliance is not always fully achieved.

Additional challenges include labour shortages, low levels of automation and limited awareness of labour rights among both management and workers. Addressing excessive working hours requires collaboration between buyers, suppliers and regulators to improve pricing structures, operational efficiency and labour compliance.

In Bangladesh, social management systems receive lower Performance Area ratings. Factories often have limited structured compliance management, management involvement, training, documentation and supply chain monitoring.

WORKING CONDITIONS

AMFORI BSCI

amfori BSCI is an international social compliance initiative that aims to improve working conditions in supply chains. BSCI audits are based on the amfori BSCI Code of Conduct and focus on the following Performance Areas:

- PA1 — Social Management System
- PA2 — Worker Involvement and Protection
- PA3 — Freedom of Association and Collective Bargaining
- PA4 — No Discrimination
- PA5 — Fair Remuneration
- PA6 — Decent Working Hours
- PA7 — Occupational Health and Safety
- PA8 — No Child Labour
- PA9 — Special Protection for Young Workers
- PA10 — No Precarious Employment
- PA11 — No Bonded Labour
- PA12 — Protection of the Environment
- PA13 — Ethical Business Behaviour.

Impact

For employees, inadequate wages can lead to financial stress, reduced wellbeing, and lower job satisfaction. For the company, this may result in decreased productivity, and challenges in attracting and retaining talent. Conversely, adequate wages improve employees' financial security and wellbeing, while supporting workforce stability, engagement, and long-term organisational performance.

Risks

Key risks include difficulty attracting and retaining talent if wages are not competitive, reduced employee engagement and productivity, and potential reputational and legal risks related to compliance with labour standards.

Opportunities

Providing adequate wages can enhance employee satisfaction and loyalty, improve talent attraction and retention, and strengthen HVEG Group's reputation and long-term workforce.

Target and progress 2025

This is HVEG Group's first reporting year for adequate wages under CSRD, serving as the starting point for monitoring and future target-setting. In 2025, HVEG Group developed a function and salary framework to support more structured and transparent remuneration practices.

Targets 2026

- Implement Salary House across all Business Units in the Netherlands. The target is achieved when 100% of in-scope employees have been informed and assigned to the appropriate salary scale.
- 65% of in-scope employees should be positioned within the salary band applicable to their role.

**RNF & Mexx Group is following a separate but aligned Salary House trajectory.*

Metrics 2026

- Percentage of employees informed and assigned to a salary scale.
- Percentage of employees in the Netherlands whose salary falls within the relevant salary band.

Actions 2026

- Conduct a baseline measurement of the distribution of employees across salary bands: below range, within range and above range.
- Inform management teams and employees about Salary House.
- Create a dashboard for Dutch Business Units based on Salary House, in preparation for upcoming wage transparency legislation expected in January 2027.

Impact

Work-life balance is material to HVEG Group, because it affects employee wellbeing, engagement and long-term employability. It refers to employees' ability to combine work with personal life, including sufficient time for rest, recovery and non-work activities. Poor work-life balance may lead to fatigue, stress and lower wellbeing, which can also affect productivity, absenteeism and retention. A healthy work-life balance, in contrast, supports job satisfaction, sustainable employability and consistent engagement over time.

Risks

Key risks include higher absenteeism, reduced productivity and employee engagement, higher employee turnover and associated recruitment and onboarding costs, and potential reputational risks related to working conditions.

Opportunities

A stronger focus on work-life balance can improve employee wellbeing and job satisfaction, increase productivity and engagement, support employee retention and strengthen HVEG Group's attractiveness as an employer.

Target 2025

This is HVEG Group's first reporting year for work-life balance under CSRD, serving as the starting point for monitoring and future target-setting.

Progress 2025

We monitor work-life balance via the Culture Scan, and when needed, improvement plans are developed. We also provide access to OpenUp. This is an employee support platform, offering help with work-life balance challenges.

Targets 2026

- 60% of employees in the Netherlands carry forward no more than four vacation days into the next year, per Business Unit.
- Establish a clear overview of overtime hours worked within HVEG Group Netherlands.

Metrics 2026

- Overtime hours.
- Outstanding vacation balance per employee.
- Employee survey results related to workload and work-life balance.

Actions 2026

- Monitor working hours and overtime levels to identify potential workload imbalances.
- Periodically review outstanding vacation balances and encourage employees to take their accrued leave.
- Promote planning and workload management to avoid structural overtime.
- Discuss workload and working hours during regular employee-manager check-ins or performance discussions.
- Use employee surveys to gather feedback on workload and work-life balance and identify areas for improvement.



Employee survey 2024 and 2025

HVEG Group uses insights from the group-wide Culture Scan, particularly indicators related to happiness at work and workload experience, as the starting point for this material topic.

These results provide an initial baseline for understanding employees' perceived workload and work-life balance. For monitoring purposes, the Netherlands will serve as the initial focus area, as it represents approximately 70% of the Group's workforce. Targets for 2026 are therefore aligned with the Dutch context.

During 2026, HVEG Group aims to develop a clearer overview and action plan for the Netherlands before considering a broader international rollout.

The Happiness at Work Index from the Employee Engagement Survey remained stable at 7.6 in 2025 compared with 2024. The survey also indicated a slight increase in workload concerns: in 2024, 12% of employees raised concerns about workload, compared with 13% in 2025.

Impact, risks and opportunities

Corporate Responsibility is moving fast. New rules, expectations and insights continue to shape the way we work. Not everyone needs to be a CR specialist, but we all come across choices in our daily work where this knowledge can help. By making CR knowledge practical, accessible and up to date, we support colleagues in understanding what is changing and what it means for their role. This helps us make better decisions together and integrate Corporate Responsibility step by step into the way we work.

Target 2025

HR and CR have set up a Group education plan with CR integrated.

Progress 2025

- We combined three documents: function family task descriptions, the integration of CR tasks per department and the HR Group Education Plan. This resulted in the CR Education Plan, which provides an overview of educational needs by department.
- HR has developed a plan for education through HVEG Academy with CR integrated.
- A CR Education Engagement Survey was conducted among 98 employees. Of these respondents, 90% had completed CR training, 54% had taken their own initiative to educate themselves, 51% considered CR relevant to their daily work, and 51% felt they had partially sufficient knowledge to integrate CR into their daily work.
- We also organised monthly Knowledge Sharing sessions and hosted our first Corporate Responsibility Summit, including updates on sustainable development in China and Bangladesh. We introduced a quarterly Material Update, highlighting HVEG Group's materials and certifications. We shared insights internally on topics such as innovation and automation in China, cotton farming in Türkiye, the Sustainable Retail Event, the amfori Sustainability Summit, and relevant legislation.

Target 2026

Roll out a function-specific education plan with three mandatory Corporate Responsibility trainings.

Metric 2026

Percentage of in-scope employees who completed all three mandatory function-specific CR trainings by year-end 2026.

Actions 2026

- Develop three mandatory function-specific CR trainings.
- Roll out CR education via the HVEG Group Academy.
- Enable participation through local management and internal train-the-trainer support.
- Monitor training completion and update the 2027 programme based on the 2026 rollout and year-end evaluation.

Impact, risks and opportunities

Personal development matters because it helps colleagues grow, build skills and stay prepared for current and future role requirements. It supports confidence, employability and long-term growth across the organisation. If development is not supported in a clear and practical way, growth opportunities may become uneven across teams and Business Units. This can make it harder for employees to build skills, identify opportunities and prepare for future roles. A more structured learning approach can make development easier to access and easier to apply in daily work. Through the HVEG Group Academy and clearer Performance Notebooks, HVEG Group can support continuous learning, clearer growth paths and stronger development conversations.

Target and progress 2025

No formal target was set for 2025. However, HVEG Group continued to focus on personal development. In recent years, we have provided leadership programmes, personal coaching, tailor-made courses and internal knowledge-sharing sessions. In addition, employees have a Performance Notebook containing their individual development targets.

Targets 2026

- Base learning lines in the HVEG Group Academy are accessible in the Netherlands.
- The Performance Notebook is updated to make it more user-friendly and clearer.

Metrics 2026:

- Percentage of employees in the Netherlands with access to the relevant base learning track in the HVEG Group Academy.
- Completion of the updated Performance Notebook for employees in the Netherlands.

Actions 2026

For 2026, the initial target is to provide all employees in the Netherlands with access to the base of the learning tracks within the HVEG Group Academy that correspond to their job family. This approach currently focuses on the Netherlands because the job framework has not yet been implemented across all international entities and the Academy is not yet accessible group-wide. RNF & Mexx Group is also temporarily excluded from this target, as the implementation of the job framework within this entity is still ongoing.

In addition, HVEG Group plans to further develop the Performance Notebooks currently used in the Netherlands. By the end of 2026, these tools will be updated to make them more user-friendly and to provide clearer guidance for setting concrete results, personal development and professional targets. Through these improvements, HVEG Group aims to strengthen employee development and emphasise the importance of continuous learning across the organisation.



GOVERNANCE

GOVERNANCE	TARGET 2025	PROGRESS	TARGETS 2026	COMPLIANCE
Business conduct (G1) Corporate culture Purchasing Practices (as part of Business Conduct)	We have achieved a score of 4 on sustainability in the Culture Scan.	We have achieved a score of 3.6	<ul style="list-style-type: none"> We have achieved a score of 4.2 on sustainability in the Culture Scan. ESG criteria are consistently applied in supplier selection, onboarding and ongoing supplier monitoring for all BUs. 	CSRD, FLB
Transparency Quality of information for consumers (S4)	100% of Tier 1 and 2 are known for all customers.	100% of Tier 1 and 2 are known*.	<ul style="list-style-type: none"> On order level 100% of Tier 1, 70% of Tier 2 and 50% of Tier 3 (all BUs) are known. 100% of must-have Digital Product Passport data is available in Carbonfact. 	ESPR, DPP
HVEG Lab	We developed 1 successful sustainable business model or concept.	Target not achieved.	1 pilot project has been completed.	ESPR

*Excluding RNF & Mexx Group and Wfashion, for which Tier 2 visibility has not yet been measured. Sassa Mode currently has 75% Tier 2 visibility.

Impact, risks and opportunities

Sustainability does not become real when it appears in a policy or presentation. It becomes real when people want to see it as part of the job. A strong corporate culture helps make that shift by turning expectations into daily decisions, shared ownership and consistent action across the business. The main risk is not a lack of commitment, but uneven integration across the organisation. If sustainability is not translated clearly enough into roles, ownership and daily practice, progress may remain dependent on individual effort rather than being embedded structurally across teams and Business Units. We have the opportunity to build on existing engagement across the business. By strengthening role clarity, ownership, leadership follow-through and performance management, sustainability can become more consistently embedded in day-to-day work and decision-making. HVEG Group supports this through internal role descriptions, application profiles and performance management processes.

Target 2025

Sustainability culture score: 4.0

Metric

HVEG Group uses the annual Culture Scan to monitor how sustainability is experienced and embedded across the organisation.

Progress and actions 2025

In 2025, HVEG Group achieved a sustainability culture score of 3.6 out of 5.0. The annual Culture Scan had a response rate of 88%, providing a strong basis for understanding how sustainability is experienced across the business. The results show clear engagement and many examples of sustainability already being applied in practice, but also confirm that integration is not yet consistent across the full organisation. During the year, HVEG Group further translated CR responsibilities into functions across the business, with role-specific expectations for teams, like finance, buying, sales, design, merchandising, logistics and marketing. This created a stronger foundation for embedding sustainability in daily operations and recognising the contribution of colleagues who already integrate CR topics within their role.

Target 2026

Sustainability culture score: 4.2

Metric 2026

We use the same metric as 2025.

Actions 2026

In 2026, HVEG Group will build on this foundation by further strengthening ownership, leadership follow-through and integration into performance management. The focus is to make sustainability easier to recognise in daily work, easier to act on and more consistently embedded across teams and Business Units.

Impact, risks and opportunities

Purchasing decisions directly influence working conditions, supplier relationships and the ability of factories to meet social, environmental and human rights expectations across our value chain. Responsible purchasing is therefore an integral part of how we operate.

HVEG Group embeds responsible purchasing in supplier management and sourcing processes through contractual requirements, the Supplier Code of Conduct, and onboarding and approval procedures for new factories.

Before production starts, key compliance requirements must be in place, including the signing of the Supplier Code of Conduct and the mandatory review of social and environmental documentation.

While these processes provide a foundation, they do not automatically ensure that purchasing practices are fair, stable or effective. The key risk is that commercial decisions (e.g. planning, pricing and lead times) may undermine responsible sourcing outcomes. At the same time, there is an opportunity to strengthen impact by embedding ESG considerations more consistently into supplier selection, planning, negotiations and internal decision-making.

In 2025, HVEG continued to operationalise responsible purchasing through existing policies and procedures, supplier agreements and internal controls. The next step is to move from process-based controls towards stronger integration in purchasing strategy and governance.

Target 2026

By 2026, HVEG aims to further embed responsible purchasing practices into sourcing and supplier management processes, ensuring that ESG criteria are consistently applied in supplier selection, onboarding and ongoing supplier monitoring for all BUs.

Metrics 2026

To monitor implementation and support continuous improvement, HVEG Group tracks the following indicators:

- Percentage of active suppliers that have signed the Supplier Code of Conduct
- Percentage of production volume sourced from suppliers that have completed social compliance audits
- Percentage of new suppliers approved through onboarding procedures before first order placement
- Average payment terms to suppliers (days)
- Number of governance or sourcing review meetings in which ESG considerations are explicitly included.

Actions 2026:

To support the further embedding of responsible purchasing practices, HVEG Group will focus on the following action in 2026:

- Introduce a factory auditing tool to improve the collection, validation and monitoring of social compliance data across the supplier base.



Impact, risks and opportunities

Supply chain transparency helps HVEG Group understand where products and materials come from, identify where risks may occur and improve traceability across the value chain. Where transparency is limited, this can reduce HVEG Group’s ability to verify origin, assess supplier risks, substantiate claims and respond to stakeholder or regulatory requirements. Greater visibility across supply chain tiers strengthens risk management, supports better decision-making and helps HVEG Group prepare for increasing expectations on traceability and accountability.

Target 2025

100% of Tier 1 and 2 are known for all customers.

Progress 2025

Business Unit*	Tier 1	Tier 2
Fashion Connections	100%	100%
Fashion Linq	100%	100%
HVEG Accessories Group	100%	100%
HVEG Brands Group	100%	100%
Jomo Fashion	100%	100%
Low Land Fashion	100%	100%
MAGIC Bodyfashion	100%	100%
RNF & Mexx Group	99%	Not known yet
Sassa Mode	100%	75%
Wfashion	100%	Not known yet

*RNF & Mexx Group and Wfashion have not yet measured Tier 2 visibility.

Target 2026

In 2026, we aim to have order-level visibility of 100% of Tier 1, 70% of Tier 2 and 50% of Tier 3 suppliers across all Business Units.

Metrics 2026

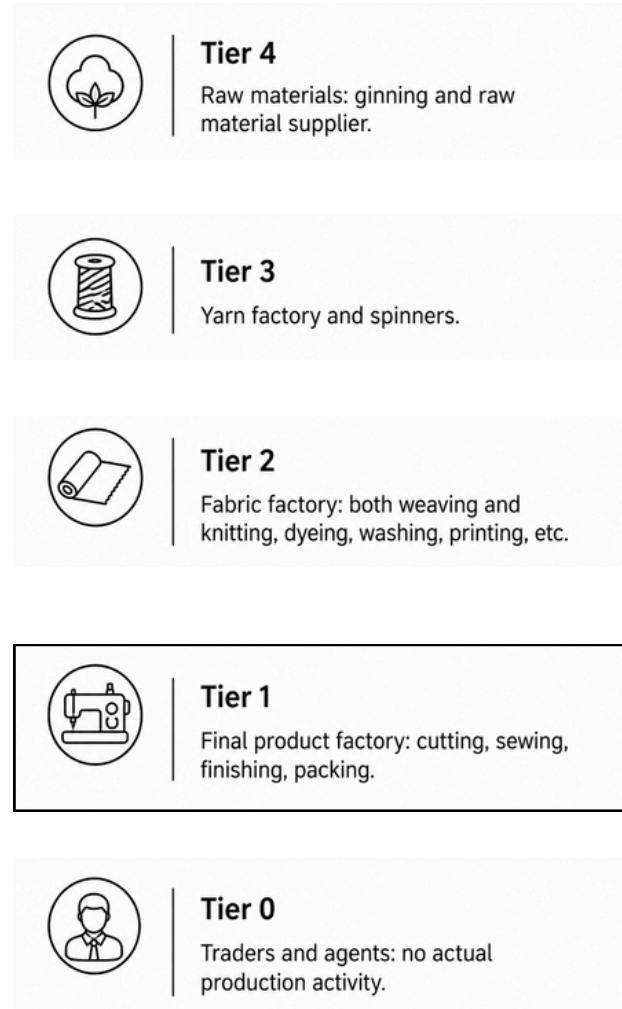
The Tier 1 and 2 factories you see here are factories where we had production in 2025.

Tier 1 is where the final product is assembled. Tier 2 refers to fabric production, such as weaving or knitting, and may involve more than one factory (in 2025 we only collected Tier 2 data on main materials).

Actions 2026

We continuously monitor Tier 1 data. We will start collecting Tier 2 for all our Business Units and not only for main materials. Moreover, we will start collecting Tier 3 data across all our Business Units. We will further extend our supply chain transparency by working more closely with preferred suppliers, building long-term supplier relationships, and supporting supplier base consolidation where possible.

TRANSPARENCY



Impact, risks and opportunities

Clear and reliable product information helps consumers make informed choices. Inaccurate, unclear or misleading information can create confusion about product composition, origin or sustainability characteristics and may undermine trust. For HVEG Group, the main risks relate to compliance, reputation and data quality. As requirements such as EMPCO, ESPR and Digital Product Passports continue to develop, incomplete traceability or unsubstantiated claims may lead to regulatory and reputational risks. Strengthening product data, traceability and internal review processes creates an opportunity to improve transparency and provide customers with more reliable information. This also helps HVEG Group prepare for future regulatory requirements and build trust in the market.

Target and progress 2025

HVEG Group did not yet have a formal target for Digital Product Passport readiness. During the year, the focus was on building the foundation by improving product data collection, supplier information and internal systems. HVEG Group started its collaboration with Carbonfact to strengthen product-level data and prepare for future Digital Product Passport requirements under ESPR. This work focused on improving the availability, structure and reliability of product data.

Target 2026

100% of must-have Digital Product Passport data is available in Carbonfact.

Metric 2026

Percentage of required Digital Product Passport data available through Carbonfact.

Actions 2026

To improve product transparency and consumer information, HVEG Group is implementing several initiatives across the organisation:

- Strengthening product data collection. HVEG Group is improving internal systems to collect and manage product-related information, including material composition and supplier information. This data forms the basis for transparent product communication and future regulatory requirements (see the Products and Materials focus area for more information).
- Responsible sustainability claims. To ensure compliance with the Empowering Consumers for the Green Transition Directive (EMPCO), HVEG Group is reviewing internal communication practices related to sustainability claims. This includes strengthening internal verification processes and ensuring that environmental claims are supported by reliable data.
- Improving supply chain transparency. Improving traceability within the supply chain is an important step towards better product transparency. HVEG Group therefore continues to map supplier relationships and collect supplier information to better understand the origin of products and materials across all tiers (see the Transparency focus area for more information).

HVEG Lab is not a CSRD material topic, but it remains a focus area for HVEG Group because innovation supports our ability to test lower-impact materials, circular concepts and new collaboration models.

Innovation is easy to romanticise. It sounds ambitious before it has done anything useful. We are trying to resist that. HVEG Lab is about testing whether something can genuinely reduce impact, strengthen the product, create value for the customer and hold up in the real world. That means giving ideas room to develop, but not a free pass. Some concepts will prove too complex, too expensive or simply not good enough. Others may show promise, but only after more iteration, better data or the right partner.

Impact

The apparel industry still depends heavily on virgin resources, linear production models and material choices that are often locked in before their full consequences are understood. If we want to build a business that is more resilient and more responsible, we need to test alternatives before they become urgent.

The HVEG Lab exists to do that work upstream. It helps us explore how leftover materials can stay in circulation longer or how alternative fibres perform in practice. It also creates a place for collaboration, because many of the questions around circularity, materials and data are too interconnected to solve alone.

Risks

Innovation is not impact in itself. Early-stage concepts can absorb time, money and attention without leading to a viable outcome. Alternative materials may underperform on comfort, durability or price. Circular ideas may be technically feasible, but difficult to implement at scale. There is also the risk of talking too early and too confidently about benefits that have not yet been validated.

Opportunities

Done well, the HVEG Lab can help us reduce waste, diversify our material base and create products or concepts that are better aligned with future expectations around circularity, traceability and lower-impact design. It can also help us strengthen collaborations by making sustainability more practical and solution-oriented.

2025 target

Develop one sustainable business model or concept.

2025 progress

In 2025, we explored several concepts but did not yet develop a new sustainable business model that improves circularity at scale. We continued to develop the focus area through material exploration, circular concept development and the launch of Spark as a new collaboration platform.

Circular Material Innovation: Leftover Leather Project

In 2025, Belt Fashion began exploring a circular initiative to reuse leftover leather generated during belt production. Instead of treating these offcuts as the end of the story, we started looking at whether they could become the beginning of another one.

Together with Salamander, a specialised bonded leather producer, we explored whether these leather leftovers could be reprocessed into bonded leather sheets and used for accessories such as belts, keychains and cardholders. The resulting material could potentially be certified under the Global Recycled Standard.

The project remains in an exploratory phase. We are assessing technical feasibility, customer interest and financial viability, since the process requires additional investment. That uncertainty is real, but so is the opportunity: if useful material already exists within our system, we should be asking harder questions about how to keep it in play.



Exploring Hemp: From Idea to Pilot

We also started exploring hemp as a potential alternative material. Not because it fits neatly into sustainability language, but because we wanted to understand whether it actually makes sense environmentally and commercially. To keep that work honest, we are conducting Life Cycle Assessments to support data-driven decisions. Together with our hemp team, we identified potential suppliers, reviewed several fabrics and selected a lightweight blend made from 12% hemp, 79% lyocell and 9% spandex. The blend combines hemp's environmental potential with the softness and comfort needed for everyday wear. The first test products are women's spaghetti tops, tank tops and briefs, planned for the SS27 collection for Sassa Mode. It is still early. But this is exactly the kind of step the HVEG Group Lab is meant to support: moving an idea out of abstraction and into a product context where it can be tested properly.

Spark: Meet, Mix, Mobilise

In 2025, we launched Spark, a new HVEG Lab concept built around collaboration. Spark brings sustainability-minded people together, facilitates focused conversations and links them to initiatives that can help participants progress on their own priorities.

Its approach is captured in three words: meet, mix, mobilise. Meet the people facing similar challenges. Mix perspectives, ideas and opportunities. Mobilise around initiatives that matter.



Target 2026

Run at least one pilot project through the HVEG Lab.

Metric 2026

Number of pilot projects launched.

Actions 2026

The priority is to move from exploration to execution by running at least one pilot project. That step matters, because ideas are easiest to believe in before they are tested. A pilot forces more useful questions: does the concept lower impact in a meaningful way, does it work technically, does it create value for the customer, and does it have a credible path beyond the trial phase?

In 2026, we want to make that pathway more explicit. Concepts within the HVEG Lab will be assessed against four practical criteria: impact, performance, relevance and scalability. Impact asks whether the concept can credibly reduce harm or support a more circular model. Performance asks whether it works technically and meets product expectations. Relevance asks whether it solves something meaningful for our customers or partners. Scalability asks whether there is a realistic route from exploration to pilot and, where justified, to wider application.

Spark will have a bigger role in that next phase. It will not only convene sustainability managers and other sustainability-minded people, but also help connect specific innovation topics to relevant partners, shared challenges and potential pilot opportunities. In that sense, Spark is not just a discussion platform. It is part of the mechanism for turning insight into action.

Not every concept will move forward, and not every pilot will scale. However, if HVEG Lab is effective, it will help HVEG Group learn faster, make better-informed choices and invest more confidently in ideas with real potential.



BETTER EVERYDAY
WHICH STEP WILL YOU TAKE TODAY?