



# BETTER EVERYDAY REPORT 2024



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# KEY GOALS AND PROGRESS

FOCUS AREAS		GOALS 2024	PROGRESS 2024
PEOPLE	WORKING CONDITIONS	60% (brands) and 45% (private label) of the final product factories (Tier 1) we work with have BSCI rating A and B.	33.3% (brands) and 45.8% (private label) of the final product factories (Tier 1) we work with have BSCI rating A and B.
	TRANSPARENCY	90% of Tier 1 and 2 are known for our main customers.	100% of Tier 1 and 93% of Tier 2 (fabric factories) are known for all our customers.
	CULTURE	No goals set.	Our Culture Scan shows a score of 3,7 out of 5 for the core value sustainability.
	EDUCATION	80% of our colleagues have followed the education program.	85% of our colleagues have followed the education program.
PLANET	ECODESIGN	We know which ecodesign strategies we can use for our customers.	We organized ecodesign webinars, workshops and created a toolkit to determine which ecodesign strategies to use.
	REDUCE IMPACT	Baseline impact measurements for 10 products has been completed.	In January 2025, we completed the baseline impact measurement for 10 products utilizing bAwear's Life Cycle Assessment (LCA) tool.
	PACKAGING	Legislation and more sustainable options have been investigated.	We conducted research into various methods to reduce packaging waste and increase the use of recycled materials.
PROFIT	PRODUCTS AND MATERIALS	Baseline measurement has been done per material to give precise insight in amount of (certified) materials used.	Baseline measurement has been completed.
	HVEG LAB	Concrete input for a more Sustainable Business Model and concept has been collected.	We have concrete input for a more Sustainable Business Model and we have developed 1 concept.

# MESSAGE FROM THE CEO

I am pleased to present our Better Everyday Report 2024, reflecting our strong commitment to more responsible business practices. As the European landscape continues to evolve with (new) regulations and challenges, HVEG Fashion Group proactively embraces its role in shaping a better future.

**Sustainability in fashion will no longer be optional. The European Green Deal and Textile Strategy are driving major changes, introducing (new) regulations such as the Corporate Sustainability Reporting Directive (CSRD), Extended Producer Responsibility (EPR), and ecodesign regulations for more sustainable products. The Digital Product Passport (DPP) is also on the horizon, providing greater transparency about product origins, materials and impact of the product.**

**While working on this Better Everyday Report, news emerged from the Omnibus proposal that the CSRD will be delayed and maybe adjusted. However, HVEG remains committed to its course. The groundwork has been laid, and regardless of regulatory shifts, we will continue moving forward with determination, keeping our focus on a more sustainable future.**

## Achievements in 2024

Factory Audits: In addition to amfori BSCI audits, our internal reviews and audits have helped factories improve working conditions and foster open dialogue with our vendors. We have also mapped nearly all of our Tier 2 suppliers, enhancing supply chain transparency.

Environmental Baselines: We have started measuring CO2 emissions, energy and water usage, and the use of certified materials. This lays the foundation for setting measurable reduction targets in the years ahead.

Ecodesign: We identified opportunities to integrate sustainability in product design, setting the stage for inclusion across various collections.



HVEG lab: We developed an inspiring product line using leftover leather from our Belt Factory in Eindhoven and successfully introduced these circular products to our customers.

HVEG Sustainability Service: We launched the HVEG Sustainability Service to offer direct support to our customers on sustainability and compliance. This includes insights into the use of certified materials and the CO2 impact of their products.

## Focus Areas for 2025

Data collection: By gathering and analyzing data, we will set concrete goals for key focus areas, such as reducing environmental impact.

Regulatory Compliance: Staying up-to-date with evolving laws and regulations, ensuring thorough preparation, and overseeing smooth implementation.

Strategic Growth: Driving new product developments across the Group while also exploring strategic acquisitions that align with sustainable innovation. We aim to develop more sustainable products to reduce our environmental impact.

Collaboration: Strengthening partnerships with both suppliers and customers to advance sustainability throughout the value chain.

***"To all our HVEG teams, partners, and stakeholders: your dedication, perseverance, and collaboration drive our progress. Sustainability is not just an obligation—it is our shared opportunity and responsibility to shape a better future. Together, we stay committed to being Better Everyday for our planet, people, communities, and families."***

**Mike van Sneek**  
CEO



# HVEG IN NUMBERS



86%  
SALES BY PRIVATE LABEL

302  
EMPLOYEES

Headcount

more than  
2000  
CUSTOMERS  
Approximately

14%  
SALES BY BRANDS

170  
SUPPLIERS

Tier 1

134.2  
REVENUE IN MLN €

27.000  
ORDERS

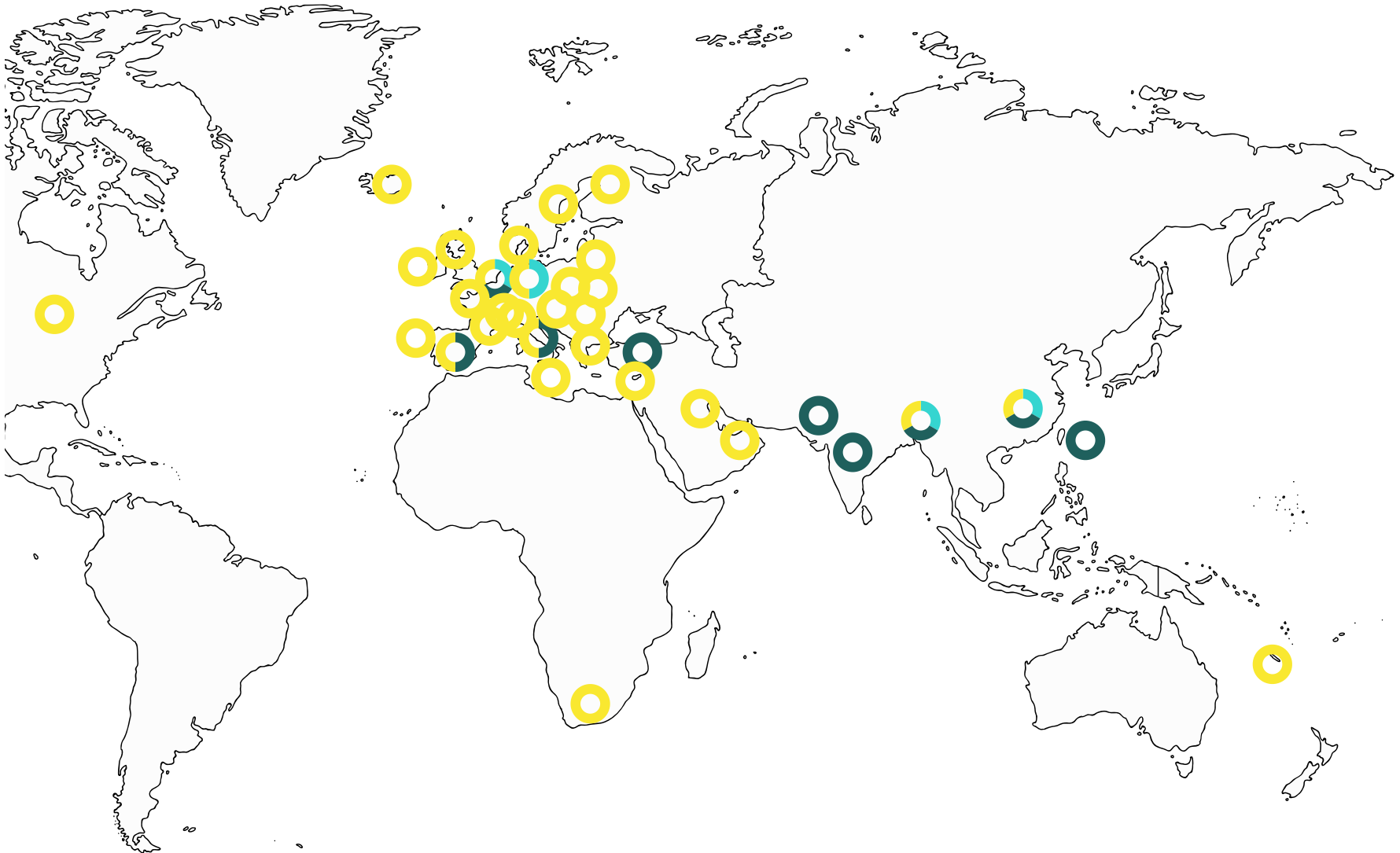
Approximately and excluding webshop orders

9  
OFFICES

Numbers are from financial year 2024 (excluding the during 2024 acquired companies RNF/Mexx, W Fashion and Sassa Mode).

# HVEG WORLD

Production country  
Office  
Sales country



# MARKET UPDATE

In 2024, the Dutch economy experienced modest growth, with Gross Domestic Product (GDP) increasing by 0.9%, an improvement from 0.3% in 2023. This growth was primarily driven by higher domestic demand, particularly in the second half of the year, as rising household incomes boosted private spending.

Retail sales in the Netherlands grew by 2.1% compared to 2023, mainly due to inflation-driven price increases, while sales volume rose by 1.4%. The non-food sector saw a 3.9% increase in sales, whereas the food sector faced a slight decline of approximately 1% in turnover.

In the fashion retail market, spending increased by 2.6% in 2024. The first half of the year saw strong volume growth (+4.2%) driven by lower prices. However, in the second half, growth was mainly due to price increases, with sales volume rising 2.3% and total sales increasing by 3.2%. Online retail performed particularly well, growing by 5.8% in 2024. Online fashion sales surged, showing a 9% increase in December 2024 compared to the same period in 2023.

Consumer confidence improved at the start of the year, stabilized mid-year, and rose further in the third quarter. However, it decreased again in the fourth quarter. While overall confidence remained negative, it was at a higher level than in 2023.

The German economy faced a slight Gross Domestic Product (GDP) decrease of 0.2% in 2024. Despite this, retail companies in Germany reported a 1.1% increase in turnover compared to last year. Within the fashion retail sector turnover saw a 0.8% decrease, with volume decreasing by 3.2%.

The German consumer climate showed mixed trends throughout the year. Confidence improved in early 2024, reaching its highest level in two years—though still negative. In the summer the confidence dropped, because of concerns about employment and buying power. In the last quarter, there was a slight improvement again. Despite this positive development, consumer sentiment remained negative, influenced by high prices for food and energy, as well as concerns about job security.

**Sustainability continued to shape consumer behavior in 2024, influencing purchasing decisions and retail strategies. Retailers increasingly prioritized eco-friendly initiatives, such as reducing plastic packaging, introducing sustainable product lines and implementing recycling programs. Brands that positioned sustainability as a core value earned greater consumer trust and loyalty.**

However, balancing sustainability with affordability remained a challenge. While consumers showed a desire for more eco-friendly choices, price continued to be a key factor in their decision-making. This created difficulties for sustainable and innovative start-ups striving to compete in the market.

Despite economic challenges, both the Dutch and German economies demonstrated resilience in 2024, with modest growth and an increasing focus on sustainability in the retail sector. As sustainability continues to gain importance, businesses must navigate the delicate balance between affordability and responsible practices to meet evolving consumer expectations.

# GOVERNANCE

Until December 12, 2024, HVEG Group B.V., a company organized under Dutch law, served as the parent company of HVEG Fashion Group. On this date, Novelia B.V., a newly established holding company with a similar ownership structure, acquired the shares of HVEG Group B.V.

The Group operates under a one-tier board governance structure, consisting of a CEO and CFO responsible for the day-to-day management of the Group. To safeguard the long-term interests of all stakeholders, the Board receives assistance and support from the Management Teams of the Business Units and Group-wide functions, including Corporate Responsibility, Group Control, ICT, Business Applications, HR, and Supply Chain.

The majority of HVEG's shares are owned by a group of Dutch informal investors, coordinated by a Family Office, while the remaining shares are held by the Board.

HVEG Fashion Group is a solid and reliable, one-stop-shop outsource partner, offering a business model that integrates all value chain elements to fully unburden its customers. The Group's operations are structured into three key pillars: private label garments, private label accessories and brands. Each pillar encompasses several operating companies with its own products and customers. The company believes in entrepreneurship and therefore has decentralized responsibilities for the commercial activities. Understanding the diverse business models and needs of our customers is key to success. Our organizational structure fosters deep product knowledge and specialization, allowing us to add significant value to customer concepts.

The Group aims to deliver stylish, successful collections, and best-in-class performance across all phases of the production and logistics process. This includes ensuring on-time delivery, maintaining desired quality standards and offering competitive pricing. Our strengths lie in developing commercially strong collections, supply chain expertise, flexibility, efficient sourcing, and a healthy price-quality ratio, along with sustainability and compliance advisory. We work with a responsible and accredited supplier network, governed by our Code of Conduct. While most production takes place in Asia, we also operate a Belt Factory in Eindhoven, the Netherlands.

As part of the growth strategy, HVEG continues to expand both organically and through buy and build. In July 2024 the Group acquired 100% of the shares in Sassa Mode Group (Bad Urach, Germany), a lingerie specialist. Next to this in December 2024 the Group acquired 80% of the shares in RNF/Mexx Group (Drunen, Netherlands), active in shoes and fashion for both private label and branded sales. Next to the brand Mexx the company is known for Shabbies, Fred de la Bretoniere and licenses for Umbro and Pantofola d'Oro. In December also the transaction with W Fashion Group has been closed. With this acquisition of 100% of the shares the Group strengthened its position in private label sales of affordable garments within the lower and middle segment of the mass market retail business. The shares of these newly acquired companies are held by Novelia B.V. This year, Sassa Mode Group, RNF/Mexx Group, and W Fashion Group are not included in this report.

**HVEG intends to continue its growth strategy and further expand and diversify its product range and customer portfolio, to strengthen its market position and be resilient to the ongoing changes.**

# BETTER EVERYDAY

Our sustainability means taking care of each other by finding a balance between people, planet and profit. **That's what drives us.** To get better everyday. To prepare us for tomorrow. Step by step, little by little. Consciously doing what we can. **Bringing everyone along.** And inspire all who design, produce, sell or wear our clothes and accessories to move forward into a more and more sustainable life. Taking small steps.

**Which step will you take today?**





# OUR APPROACH TO SUSTAINABILITY

Aligned with our values—and driven by evolving laws and regulations, customer needs, and compliance requirements—we have the ambition to do Better Everyday. We do this for our people, our customers, our suppliers, and our planet, all while maintaining a healthy level of profitability. Becoming more sustainable doesn't happen overnight. It is a journey of many small steps. We encourage ourselves—and those around us—to ask: "Which small step will you take today?" Because in the end, all those small steps lead to a significant long-term impact.

We approach our ambition collaboratively, working together with colleagues and external stakeholders. Through partnerships and collective action, we believe we can truly make a difference. To stay focused and effective, we have defined key focus areas, each with specific goals. These can be found throughout the report.

At HVEG, we have established a dedicated Corporate Responsibility (CR) Team, led by our Group Sustainability Manager. The team includes 20 experts based across all Business Units of HVEG Fashion Group. The CR team works closely with the Management Teams of each unit to help achieve our sustainability goals. They play a central role in embedding sustainability and compliance throughout the organization. Their responsibilities include shaping and implementing the sustainability strategy, identifying social and environmental risks and opportunities, monitoring and implementing laws and regulations, developing policies and training, conducting supplier audits and ensuring compliance with our Code of Conduct. The Group Sustainability Manager regularly reports to the CEO and CFO, ensuring transparency, structure, and accountability in all our sustainability efforts.

## Focus Areas

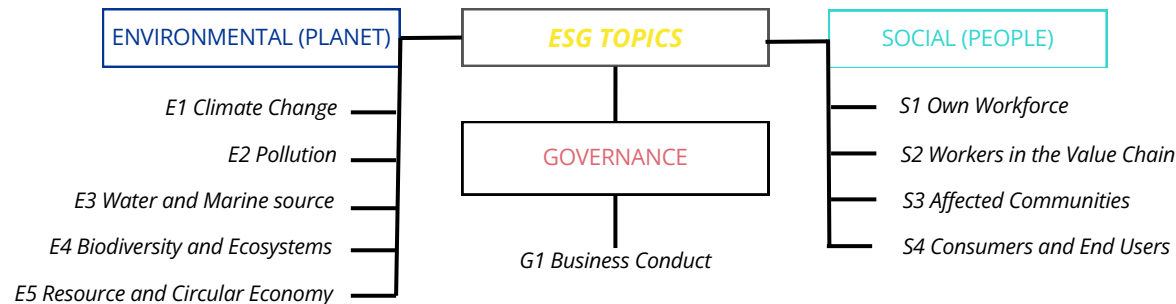
PEOPLE			PLANET			PROFIT		
Improving <b>working conditions</b>			Implementing <b>ecodesign</b> for circularity			Offering more sustainable <b>products and materials</b>		
Being <b>transparent</b>			<b>Reducing impact</b> production and HVEG internally			Creating more sustainable business models in the <b>HVEG lab</b>		
Embedding sustainability in our <b>culture</b>			Increasing more sustainable <b>packaging</b>					
<b>Education</b> on sustainability								
PARTNERSHIPS								

# PREPARING FOR THE CSRD

The European sustainability legislation landscape is undergoing a significant transformation, driven by the European Green Deal and the European Textile Strategy. These initiatives are shaping a wave of new regulations that will redefine corporate reporting and sustainability practices. The Corporate Sustainability Reporting Directive (CSRD) plays a key role in this shift, alongside a broader framework that includes the European Sustainability Reporting Standards (ESRS), the European Taxonomy, the Corporate Sustainability Due Diligence Directive (CSDDD), the European Deforestation Regulation (EUDR), and the Ecodesign for Sustainable Products Regulation (ESPR), and many more.

Recent developments, such as the Omnibus proposal, suggest that timelines and criteria may still change, introducing a degree of uncertainty. However, at HVEG, we remain steadfast in our approach. The CSRD, which requires us to align our reporting with its Environmental, Social and Governance (ESG) standards, continues to be our focus. Regardless of potential delays or adjustments, we are preparing ourselves thoroughly to meet these evolving requirements—ensuring our sustainability approach remains strong, transparent, and future-proof.

We have integrated most of the Environmental, Social, and Governance (ESG) topics into our focus areas, aligning with the requirements outlined in European legislation.



At the moment, we have defined clear goals for our Corporate Responsibility (CR) focus areas. In parallel, we are working on establishing specific goals and measurable indicators aligned with the ESG data framework required by the CSRD.

This structured approach not only supports our CSRD compliance, but also strengthens our position for upcoming regulations such as the Ecodesign for Sustainable Products Regulation (ESPR) and the European Deforestation Regulation (EUDR).

This proactive approach strengthens our ability to navigate an increasingly complex regulatory environment—including potential changes and simplifications introduced through proposals like the Omnibus Simplification Package.

## CSRD

The European Commission has adopted the CSRD in line with the commitment made under the European Green Deal.

Under the CSRD, organizations are required to disclose information about their social and environmental impacts, initiatives and stakeholder engagement. It involves transparency, accountability, and the integration of ESG factors into overall business strategy.

It covers a wide range of ESG topics and is supported by global standards and guidelines.

A key element of the directive is the Double Materiality Assessment, which helps organizations prioritize the topics that matter most in terms of both their impact on the world and their financial relevance.

# DOUBLE MATERIALITY MATRIX

The development of a Double Materiality Matrix (DMM) is a crucial step in identifying and evaluating both internal and external sustainability risks and opportunities. It forms a key component of the CSRD and other European sustainability regulations, helping organizations align their reporting and strategic focus with what truly matters.

In 2022, we conducted our first Double Materiality Assessment involving internal stakeholders. In 2023, we retained the same matrix, as the topics remained relevant and material for HVEG Fashion Group. In 2024, driven by updated requirements from the CSRD and European Sustainability Reporting Standards (ESRS), we revised and updated our DMM to ensure full compliance with the latest standards.

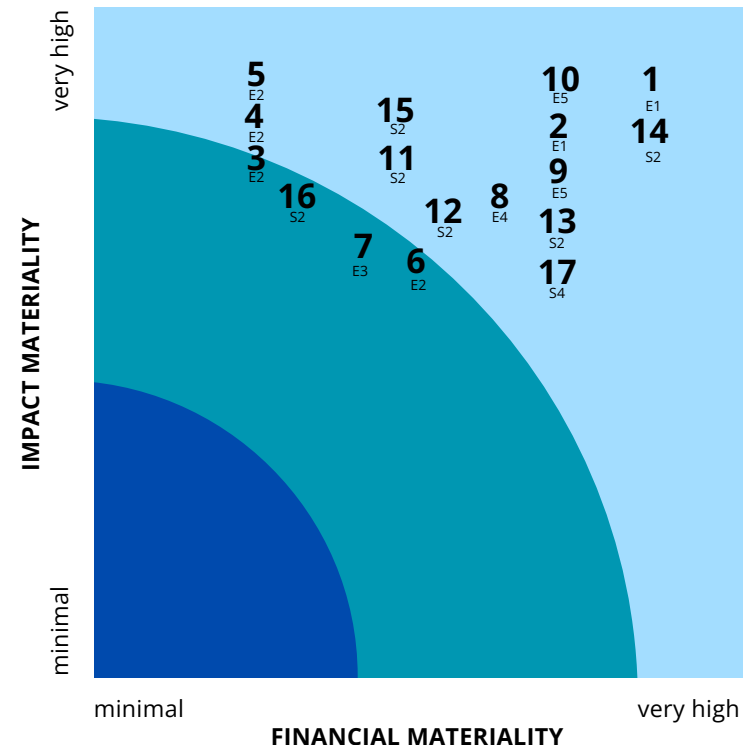
As part of this update, we involved a broader group of colleagues in the assessment process. In 2025, we will also involve external stakeholders, which is a necessary step toward finalizing our DMM. The final selection of material topics, in line with the CSRD, will be determined later in 2025.

The matrix presented below provides a first insight into the most critical ESG topics for HVEG Fashion Group, based on our 2024 Double Materiality Assessment. The positioning within the matrix reflects the level of impact—with topics in the top right corner representing areas of greater impact, both in terms of HVEG's effect on people, planet, and economy, as well as their financial relevance.

While this report is structured around our HVEG focus areas, we will integrate available ESG-related data into these areas wherever relevant—bridging our existing strategy with the CSRD framework.

## Material topics:

1. Climate change (CO2) (ESRS E1)
2. Energy use (ESRS E1)
3. Water pollution (ESRS E2)
4. Soil pollution (ESRS E2)
5. Microplastics (ESRS E2)
6. Substances of (very high) concern (ESRS E2)
7. Water use (ESRS E3)
8. Biodiversity (ESRS E4)
9. Resource use (inflows and outflows) (ESRS E5)
10. Waste (ESRS E5)
11. Health and safety workers in value chain (ESRS S2)
12. Working time workers in value chain (ESRS S2)
13. Adequate wages workers in value chain (ESRS S2)
14. Forced labour in value chain (ESRS S2)
15. Child labour in value chain (ESRS S2)
16. Discrimination, gender and equal treatment in value chain (ESRS S2)
17. Quality of information for consumers (ESRS S4).



# WORKING CONDITIONS

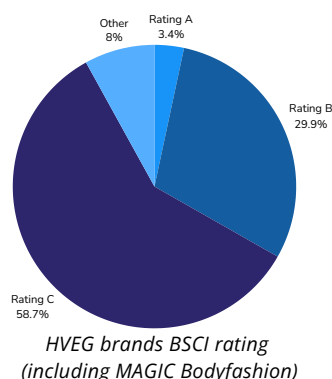
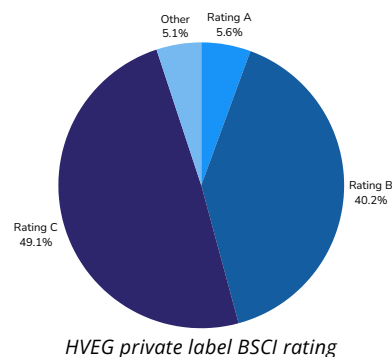
Our first focus area is working conditions in our supply chain. We are committed to ongoing efforts that improve the well-being of workers. This includes conducting regular audits, providing coaching and guidance to suppliers, and participating in industry initiatives that aim to drive positive and lasting change. We carefully choose factories that adhere to our stringent Code of Conduct. These facilities are required to hold relevant certifications, with the amfori Business Social Compliance Initiative (BSCI) being a primary requirement.

Our CR officers play a key role in visiting and onboarding factories, ensuring they understand and align with our standards from the start. In addition to that, we conduct our own HVEG audits, designed not only to assess, but also to support and coach suppliers in their efforts toward continuous improvement. While we have our own internal audit system, we also place great value on independent, semi-announced social audits conducted by amfori BSCI. We use the insights from these audits to strengthen our approach and we rely on the BSCI rating system to help us track progress and set clear goals.

## Progress 2024

In 2024, our target was to achieve BSCI A or B rating for 60% of the final product factories we work with under our brands division and 45% under private label (measured by purchase amount). We successfully reached our goal for private label, with 45.8% of factories receiving an A or B rating, showing a positive increase from 36.3% in 2023. This improvement is partly due to a reduction in the total number of factories and a decline in the number of C rated factories. However, for brands, only 33.3% of factories achieved an A or B rating, showing a marginal increase from 32% in 2023.

One of the key challenges remains in China, where achieving an A or B rating under BSCI is more difficult. The local manufacturing environment, particularly in terms of working hour practices, often does not align with the strict criteria required for higher BSCI ratings, resulting in lower scores. As further outlined on page 14, we are addressing several ongoing challenges in our mission to work with more A and B rated factories.



## Goal 2025

Our goal for 2025 is that 50% of the final product factories (Tier 1) we work with achieve a BSCI rating of A or B, excluding factories located in China (measured by purchase amount).

## Goal 2026

Our goal for 2026 is that 80% of the final product factories (Tier 1) we work with achieve a BSCI rating of A or B, excluding factories located in China (measured by purchase amount).

## AMFORI BSCI

BSCI is an international Social Compliance Initiative of amfori, that is committed to improve working conditions within the supply chain. Social audits like BSCI are based on the guidelines of 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 environment
- PA13 - ethical business behaviour.

# WORKING CONDITIONS

To further understand and address the working condition challenges in our supply chain, we've taken a closer look at the most common issues identified in our biggest production countries: China and Bangladesh.

Below are the amfori BSCI Performance Areas (PAs) ranked from the most common (1) to the least common (5) issues observed in the Chinese factories we work with:

1. PA 6 Decent working hours
2. PA 1 Social Management System
3. PA 5 Fair remuneration
4. PA 7 Occupational Health and Safety
5. PA 2 Workers involvement and protection.

In the Chinese textile industry, many piece-rate workers, often migrant laborers, are driven to work longer hours to increase their income. While Chinese labor law allows up to 36 hours of overtime per month, tight production schedules during peak seasons often lead to extended work hours beyond this legal limit. Adding to the challenge, fewer people in China are willing to work in final product factories, which further increases pressure on the available workforce.

We strive to influence the situation where possible, supporting factories in improving conditions. We also recognize the efforts of the Chinese government, which is working to enhance labor standards. However, given the ongoing structural challenges, we have made the decision to exclude China from our 2025 target. An exception will be made only if a factory receives a D rating specifically for PA 6. In such cases, we acknowledge the broader context while continuing to encourage progress and improvement.

## HVEG AUDITS DONE BY CR TEAM

Bangladesh.....	118
China.....	115
Pakistan.....	12
<b>TOTAL.....</b>	<b>245</b>

Below are the amfori BSCI Performance Areas (PAs) ranked from the most common (1) to the least common (5) issues observed in the Bangladeshi factories we work with:

1. PA 2 Workers involvement and protection
2. PA 7 Occupational Health and Safety
3. PA 4 No discrimination
4. PA 5 Fair remuneration
5. PA 6 Decent working hours.

In Bangladesh's garment industry, the frequent issues related to Workers' involvement and protection are driven by several factors. A significant number of workers lack awareness of their rights under the amfori BSCI Code of Conduct, despite training sessions conducted by factory management. Additionally, a significant number of workers remain uninformed about grievance procedures, wages, and benefits, revealing a clear gap in communication and education on essential workplace matters.

Improving working conditions remains a key priority within our supply chain. In addition to improving conditions, we are also committed to making structural improvements in safety. As part of this commitment, we actively support the Accord remediation efforts in both Bangladesh and Pakistan. We are signatories of the Bangladesh Accord through our entities Low Land Fashion and Y'Organic. Y'Organic is also a signatory of the Pakistan Accord. In 2024, our efforts resulted in an average progress achievement of 94%, meaning that the vast majority of identified issues have already been corrected.

## ACCORD

A legally binding agreement designed to improve workplace safety in clothing factories. The Accord mandates independent safety inspections, public reporting of safety conditions, comprehensive employee training, and the establishment of factory safety committees. Brands and retailers are required to support and finance necessary safety renovations.

In our other production countries, we uphold a similar commitment to monitoring and improving both working and environmental conditions. This is made possible through close collaboration with independent CR officers.



# TRANSPARENCY

At HVEG, we are committed to achieving a 100% transparent supply chain. We continuously update and maintain our supplier data, recognizing that we operate within a dynamic and often complex supply chain. Ongoing monitoring of our factories is essential, especially as we navigate evolving expectations and requirements.

We strongly support the development of laws and regulations—such as the CSRD, the Forced Labour Act, and the German Supply Chain Act—as they help drive transparency and accountability across the industry.

Our Corporate Responsibility (CR) team, together with employees across the organization, is working diligently to ensure full transparency. Our current priority is to gather and verify Tier 2 data through close collaboration with our Tier 1 suppliers.

## Progress 2024

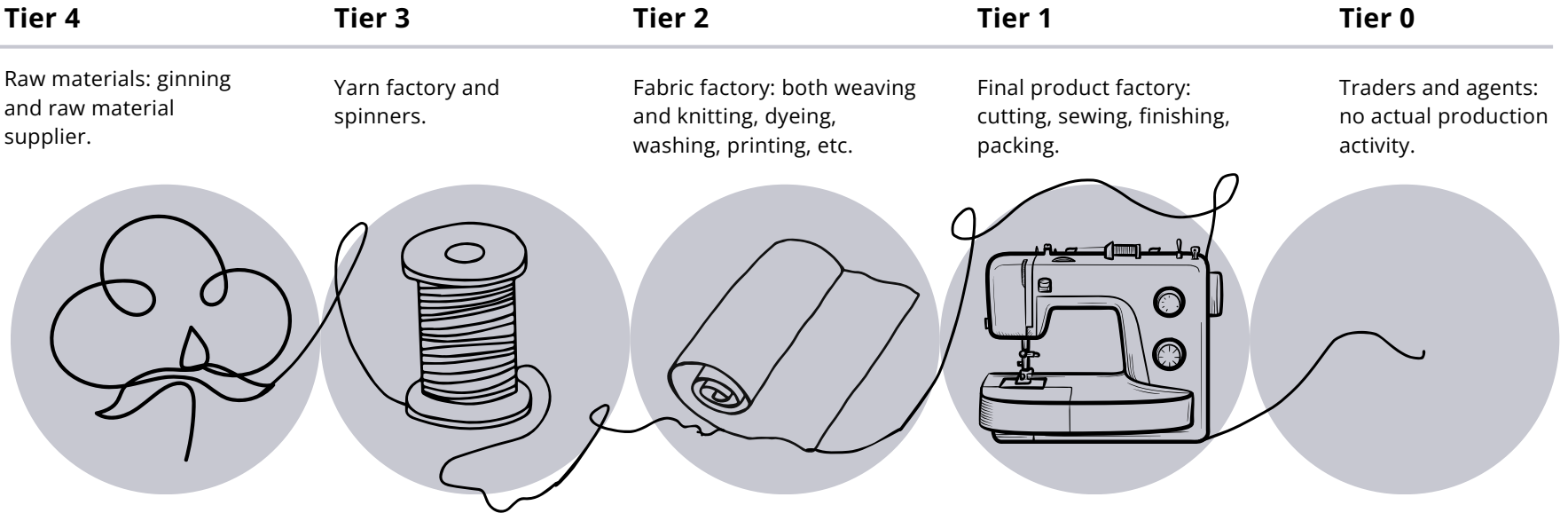
Our goal for 2024 was to identify 90% of our Tier 1 and 2 suppliers of our main customers. We have succeeded to achieve full visibility of our Tier 1 suppliers and 93% of our Tier 2 fabric suppliers for all our customers (excluding factory data from MAGIC Bodyfashion).

## Goal 2025

Our goal is to achieve complete visibility into both Tier 1 and Tier 2 suppliers in our supply chain.

## Goal 2026

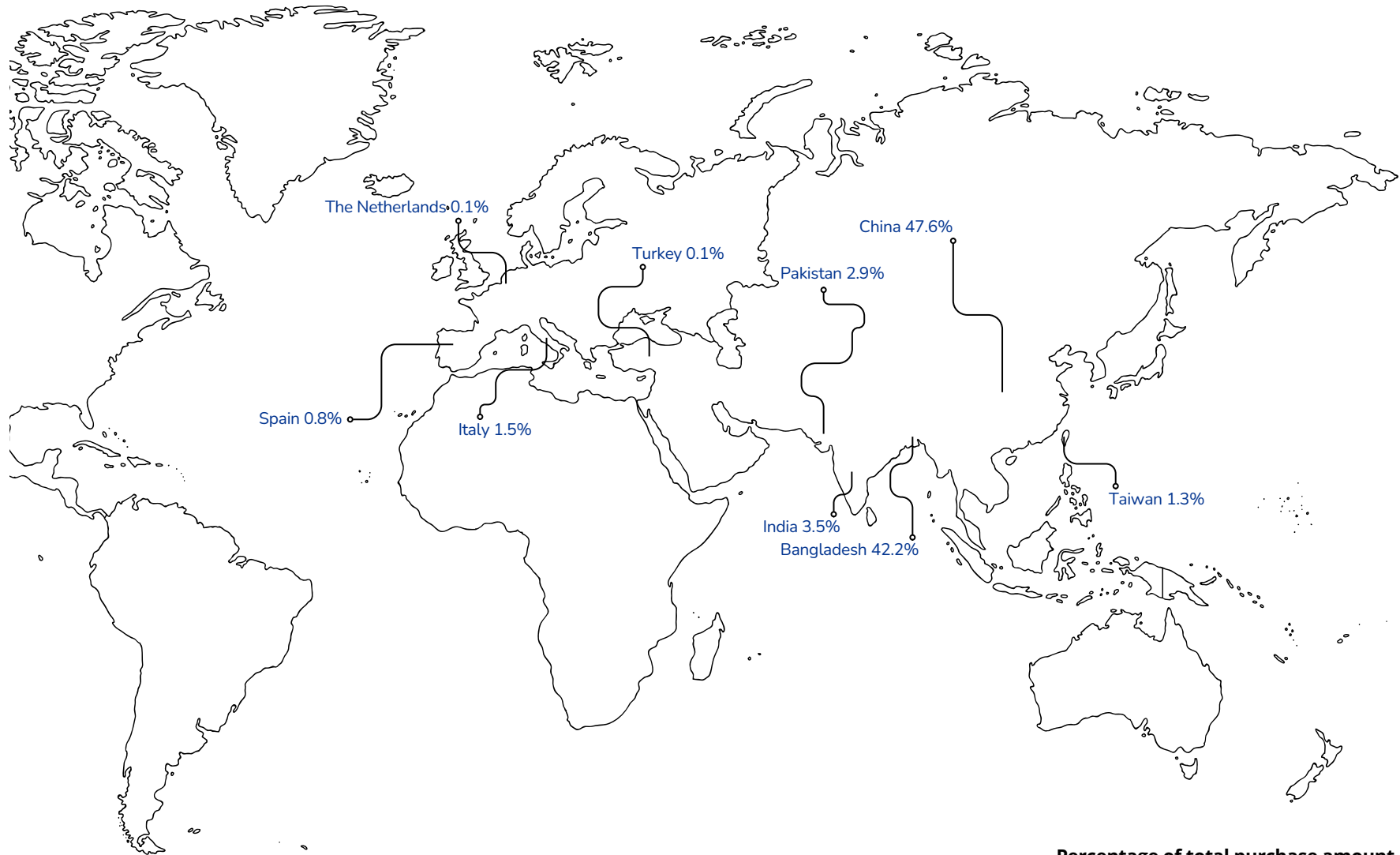
Ensure 100% visibility of Tier 3 and Tier 4 suppliers, moving us closer to a fully transparent and traceable supply chain.



# TRANSPARENCY

Production Countries and regions

PEOPLE  
ESG topic S2



Percentage of total purchase amount.

# CULTURE

At HVEG Fashion Group, we are guided by a set of core values that shape our actions and define our organizational culture. These values include Teamwork, Reliability, Open-minded, Entrepreneurial, Sustainability, and Innovation. To keep our culture strong and evolving, we conduct an annual Culture Scan, inviting colleagues to complete a questionnaire. In 2024, we continued this tradition to gain insights into our colleagues' engagement with HVEG and their alignment with our core values.

## Progress 2024

The Sustainability score stayed the same as in 2023. It was a 3.7 out of 5.

As part of the Culture Scan 2024, we asked our colleagues: "What suggestion do you have to contribute to sustainability at your Business Unit?" The responses provided valuable and practical ideas across several key areas:

### Sustainable Materials and Production

- Develop and promote more sustainable materials and collections.
- Propose alternatives such as recyclable designs and modular products.
- Collaborate with suppliers to reduce environmental impact.

### Employee and Organizational Awareness

- Educate employees on sustainability practices.
- Organize follow-up courses on materials and eco-design.

### Transportation and Logistics

- Encourage the use of more sustainable packaging and reduce polybag usage.
- Optimize transportation to lower the carbon footprint.

### Waste Reduction

- Reuse or donate production waste and old stock materials.

The CR team will collaborate with the Business Units to explore these ideas further and support their implementation where possible.

## Goal 2025

Looking ahead to 2025, our goal is to achieve a Sustainability score of 4.

## Goal 2026:

Looking ahead to 2026, our goal is to achieve a Sustainability score of 4.5.

## HVEG FASHION GROUP CORE VALUES

SUSTAINABILITY	Take care of people, planet and profit. Social and Environmental compliance.
OPEN-MINDED	Not judging, but thinking along. Be open to ideas. Empathize with others.
RELIABILITY	We do what we promise. We are honest and transparent.
TEAMWORK	Working together. Help, respect and support each other.
ENTREPRENEU- RIAL	Take responsibility. Passion and motivation. Be flexible.
INNOVATION	Think out of the box. See possibilities. Think ahead.

# EDUCATION

In 2024, we continued the Sustainable Education Program at HVEG Fashion Group to further strengthen our colleagues' basic knowledge of sustainability and compliance. This year, we launched a new initiative: Sustainability on Tour. The Group Corporate Responsibility (CR) team visited various Business Units, delivering interactive workshops on key topics such as material certifications, working conditions and transparency and ecodesign. We also hosted webinars on ecodesign and Life Cycle Assessments (LCAs). To broaden our reach and impact, we partnered with Circle Economy, who facilitated an ecodesign workshop to further educate and inspire even more of our colleagues. We created a legislation document that gives a short and simple explanation of the laws, including key contact persons and a timeline for each regulation.

The HVEG Culture Scan 2024 also gave us valuable insights into the needs and priorities of our colleagues when it comes to sustainability. It confirmed that continued education—for both colleagues and suppliers—is essential to foster environmental responsibility and to integrate sustainable practices into our daily operations.

Based on the scan, these are the areas our colleagues believe HVEG should prioritize:

- Staying informed about laws and regulations.
- Innovations in sustainable products and materials.
- Transparency in the supply chain.
- More sustainable packaging.
- Reducing product impact on CO2, water, and energy.
- Improving working conditions.
- Ecodesign for circularity.
- Expanding the HVEG Lab and developing new sustainable business models.
- Reducing HVEG's own impact, including facilities, company vehicles, and energy use.

Taking this valuable input into account, we have planned new webinars covering important topics such as the CSRD, ESPR, and other relevant laws and regulations. This is part of an expanded Sustainable Education Program for 2025, with much more to come to support and empower our colleagues in making sustainability a part of everyday work.

## Progress 2024

We are pleased to report that in 2024, approximately 85% of our colleagues participated in the Sustainable Education Program, the goal was 80%.

## Goal 2025

Our aim is to integrate education on Corporate Responsibility into the Group-wide education program, in close collaboration with our HR department. This helps ensure that sustainability knowledge becomes a standard part of personal and professional development at HVEG.

## Goal 2026

By 2026, the CR team provides input for the HVEG education plan, while HR will take ownership of the overall education program.

## THE SUSTAINABLE EDUCATION PROGRAM TIMELINE FOR 2025

Q1	Q2	Q3	Q4
<ul style="list-style-type: none"><li>• Webinar CSRD.</li><li>• Update on laws and regulations.</li></ul>	<ul style="list-style-type: none"><li>• Webinar ecodesign for circularity (ESPR).</li><li>• Update on laws and regulations.</li></ul>	<ul style="list-style-type: none"><li>• Article about more sustainable products and materials.</li><li>• Update on laws and regulations.</li></ul>	<ul style="list-style-type: none"><li>• Workshop ecodesign for Circularity.</li><li>• Update on laws and regulations.</li></ul>

# EDUCATION

PEOPLE  
ESG topic S1

**30**

**INTRANET POSTS**

**10**

**WORKSHOPS**

**7**

**WEBINARS**

**9**

**PROJECTS**



In 2024, our CR team organized a variety of educational initiatives to increase awareness, engagement, and knowledge across the organization. We organized 9 educational projects, including a visit to a felt recycling factory, interactive battles, films and snacks sessions and regular updates on materials and innovations. To reach a broader audience, we also held 7 webinars, covering topics such as an introduction to Life Cycle Assessment (LCA) in collaboration with bAwear and ecodesign strategies. In addition, we conducted 10 workshops on themes including working conditions and transparency, ecodesign and the Circular Design Diagnosis developed by Circle Economy. We also published over 30 educational posts throughout the year, sharing insights on laws and regulations, impact reduction, industry developments and other relevant topics.



# ECODESIGN FOR CIRCULARITY

To help accelerate progress toward a Circular Economy by 2050 in the Netherlands, the European Textile Strategy has introduced the Ecodesign for Sustainable Products Regulation (ESPR). This regulation aims to set ecodesign requirements for specific product groups, with a strong focus on improving circularity, durability, reuse, recycled content, and energy efficiency. The goal is to ensure that products are designed with sustainability in mind from the start—making it easier to reduce environmental impact throughout their lifecycle.

In addition, as of July 1st, 2023, the Netherlands has implemented the Extended Producer Responsibility (EPR) framework. Under the EPR, producers and importers are held accountable for the entire lifecycle of their products—including the disposal and recycling phases. This initiative encourages companies to increase the percentage of waste that is recycled and reused, effectively transforming it into new raw materials. The Dutch 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 support companies in meeting these requirements, organizations like Modint and InRetail have established the Stichting UPV (Foundation EPR). By actively participating in Stichting UPV, HVEG Fashion Group has taken responsibility for meeting its EPR obligations.

## Progress 2024

In 2024, our goal was to know which ecodesign strategies, such as durability, reparability, recyclability strategies, we can use for our customers. So, we focused on educating our colleagues and stakeholders about the importance of ecodesign strategies. To build awareness and knowledge, we thoroughly studied the latest ecodesign legislation and organized a series of educational workshops and webinars. As a practical outcome of these efforts, we also developed an ecodesign toolkit—a hands-on resource to support teams in integrating sustainable design principles into product development. This toolkit helps translate theory into practice, equipping our teams with the tools they need to apply ecodesign in their daily work.

## Goal 2025

Our goal for 2025 is to implement the requirements of the Ecodesign for Sustainable Products Regulation (ESPR). To support this, we have set up ecodesign teams within each Business Unit and equipped them with a range of tools and guidelines from our ecodesign toolkit. We will evaluate the implementation and use the results to set goals for **2026**.



Guided by relevant laws and regulations, we have developed a comprehensive ecodesign toolkit to support our colleagues in advancing ecodesign initiatives and ensuring HVEG's compliance with evolving legislation. The toolkit is a practical resource that provides structured guidance and actionable insights for teams across the organization. It covers a range of important topics, including:

- An overview of applicable ecodesign laws and regulations.
- A collection of best practices, useful reminders, and ready-to-use templates.

To further support implementation, the Corporate Responsibility (CR) team has created a Material Matrix and an Action Plan Template, helping teams to translate their sustainability ideas into concrete, measurable actions. Additionally, the toolkit includes essential background information on the materials most commonly used within HVEG—cotton and polyester—alongside an in-depth article on recycling, offering valuable insights into circular design opportunities.

# REDUCE IMPACT

The focus area reduce impact aims to minimize environmental impact both in the production processes and within HVEG internally. Our primary focus is on reducing greenhouse gas emissions (Scope 1 – direct, Scope 2, and Scope 3 – indirect), water usage, energy consumption and land use. This chapter provides an overview of our progress in production and within HVEG.

## Our production

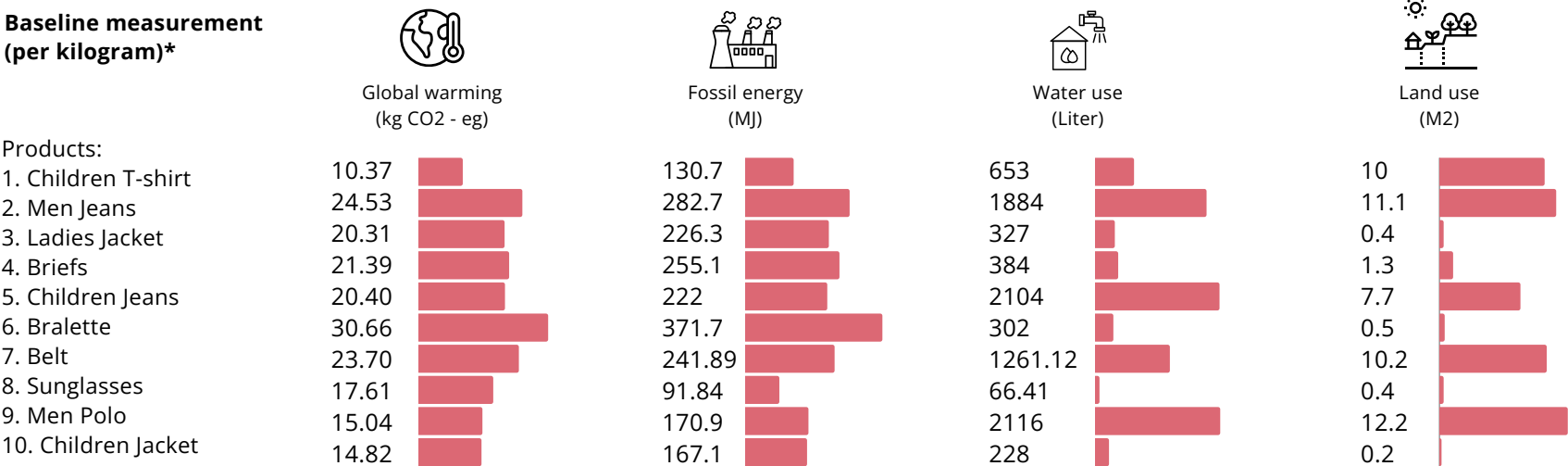
### Progress 2024

In 2024, we initiated a collaboration with the Life Cycle Assessment (LCA) platform bAwear. After an onboarding period that included training on LCA methodology and learning to navigate the platform, we began data collection for 10 products. To conduct accurate product LCAs, we needed detailed data from across our supply chain. This required collaboration between Corporate Responsibility (CR), buying, merchandise, and suppliers. We gathered as much primary data as possible and for any missing data, we relied on secondary data from the bAwear platform, using a worst-case scenario approach. Using this data, we conducted LCA calculations for our baseline measurement of these 10 products, achieving our goal for 2024.

### Goal 2025

In 2025, we will analyse the baseline measurement and include more products in our assessment. This will serve as input for developing a comprehensive reduction plan with clear targets to lower our environmental footprint. In **2026** we will implement and monitor this plan.

### Baseline measurement (per kilogram)\*



\*Disclaimer: The calculation of the bAwear score is based on the proprietary bAwear textile model and SimaPro software, as well as the input (primary data) provided by the supply chain. In cases where primary data are not available, secondary data is utilized. The secondary data are extracted from publicly available sources. When worst-case chosen secondary data is used, either in part or exclusively, the resulting calculations serve as indicators rather than precise figures. Using secondary data may also result in differences between the products we measured. Data security is ensured by our partner, PRé Consultants, who have implemented ISO 27001:2013 standards. You cannot derive any rights from the calculation results.

# REDUCE IMPACT

In addition to conducting Life Cycle Assessment (LCA) calculations for individual products, we actively monitor environmental issues at the factories we collaborate with. Our own HVEG audits identified 68 environmental issues in 2023, of which we successfully remediated 28 through a proactive and solution-oriented approach. In 2024, we identified 45 environmental issues and have resolved 17, addressing key areas such as waste management, water usage and chemical management.

Furthermore, HVEG participates in the amfori Business Environmental Performance Initiative (BEPI) program. Through this initiative, our producers gain access to the BEPI platform, a global framework designed to assess and enhance environmental performance. By aligning with BEPI, we ensure that our producers have access to valuable tools and resources to identify, measure, and mitigate their environmental impacts effectively. In addition to the BEPI program, we are also engaged in initiatives, such as the Zero Discharge of Hazardous Chemicals (ZDHC)/Detox and Worldly (the Higg Index).

## HVEG Internally

### Company vehicles

Our new CO<sub>2</sub> and Go Green policy has been implemented in 2023, which mandates that employees can only lease plug-in hybrid or electric vehicles. This policy supports achieving our goals.

### Progress 2024

Our target for 2024 was to achieve a CO<sub>2</sub> emissions (Scope 1) of 80 grams per kilometer. We exceeded this goal by successfully reducing emissions to 74 grams per kilometer.

### Goal 2025

Our goal for 2025 is to further reduce CO<sub>2</sub> emissions to 70 grams per kilometer. Goals for **2026** have not yet been set.

### Company building

The majority of HVEG's rental properties are equipped with energy-efficient LED lighting, contributing to reduced energy consumption. Additionally, our headquarters in Leusden has implemented a rainwater harvesting system, utilizing stored rainfall for flushing toilets throughout the building. Moving forward, we continue to explore improvements across our properties (Scope 1 and 2).

## Focus area: more sustainable packaging

Using more sustainable packaging is one of our nine key focus areas. For many customers, we already use recycled and biodegradable polybags, recycled hangers, FSC-certified paper packaging, hangtags and recycled carton packaging.

We continue to conduct extensive research into innovative ways to reduce packaging and increase the use of recycled materials. One of the challenges we face is the lower transparency of recycled polybags, which affects product presentation. Despite this, we remain committed to finding solutions that balance sustainability and functionality.

Given the significant environmental impact of packaging and the increasing regulatory requirements, we will introduce a sustainable packaging policy to guide our efforts and support our customers in transitioning to more sustainable packaging solutions.

### Goal 2025

This year we will develop a policy focused on more sustainable packaging. Goals for **2026** have not yet been set.

# REDUCE IMPACT

PLANET  
ESG topics E1,E4

**24**  
TREES

**11**  
FACTORIES

**3**  
TREE SPECIES

**600**<sup>kg</sup>  
CO2 ABSORPTION  
Approximately after 1 year



## Tree Planting Initiative Bangladesh

We launched a tree planting initiative across various factories in Bangladesh. During the onboarding process, new colleagues were gifted a tree as a symbolic gesture of awareness. The trees planted included sapodilla, neem, and mango trees, chosen for their environmental and ecological benefits.

# PRODUCTS AND MATERIALS

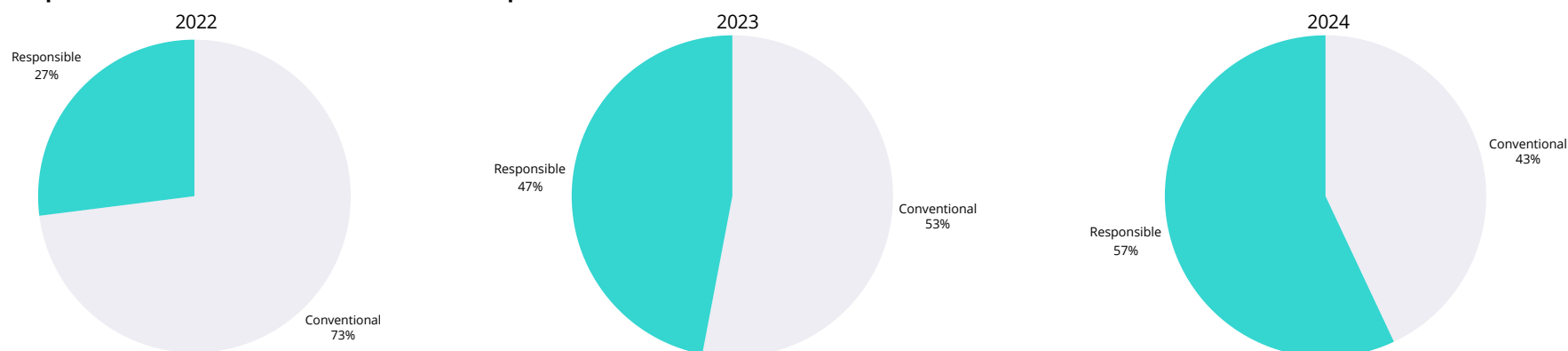
HVEG Fashion Group is dedicated to continuously producing products with a lower environmental impact. We achieve this by implementing ecodesign strategies in line with the Ecodesign for Sustainable Products Regulation (ESPR) and by selecting less harmful materials.

## Progress 2024

Building on our commitment from 2023, we have further increased the use of responsible fibers in our products. These responsible fibers include organic cotton, recycled materials, Better Cotton Initiative, and leather certified by the Leather Working Group (LWG).

In 2024, the share of responsible materials in our products rose from 47% in 2023 to 57% in 2024. The most significant progress was made in the use of organic cotton, which increased from 16.6% to 19.2%, and recycled materials, which grew from 19.6% to 25.2%.

## Responsible versus conventional materials on product level



In addition, we have implemented a more precise method for tracking (certified) materials at the component level within each product. Our baseline measurement using this new method, which was a key goal for 2024, can be found on page 25. More details on material certification are available on page 26.

## Goal 2025

For 2025, our goal is to establish concrete targets for the use of certified materials.

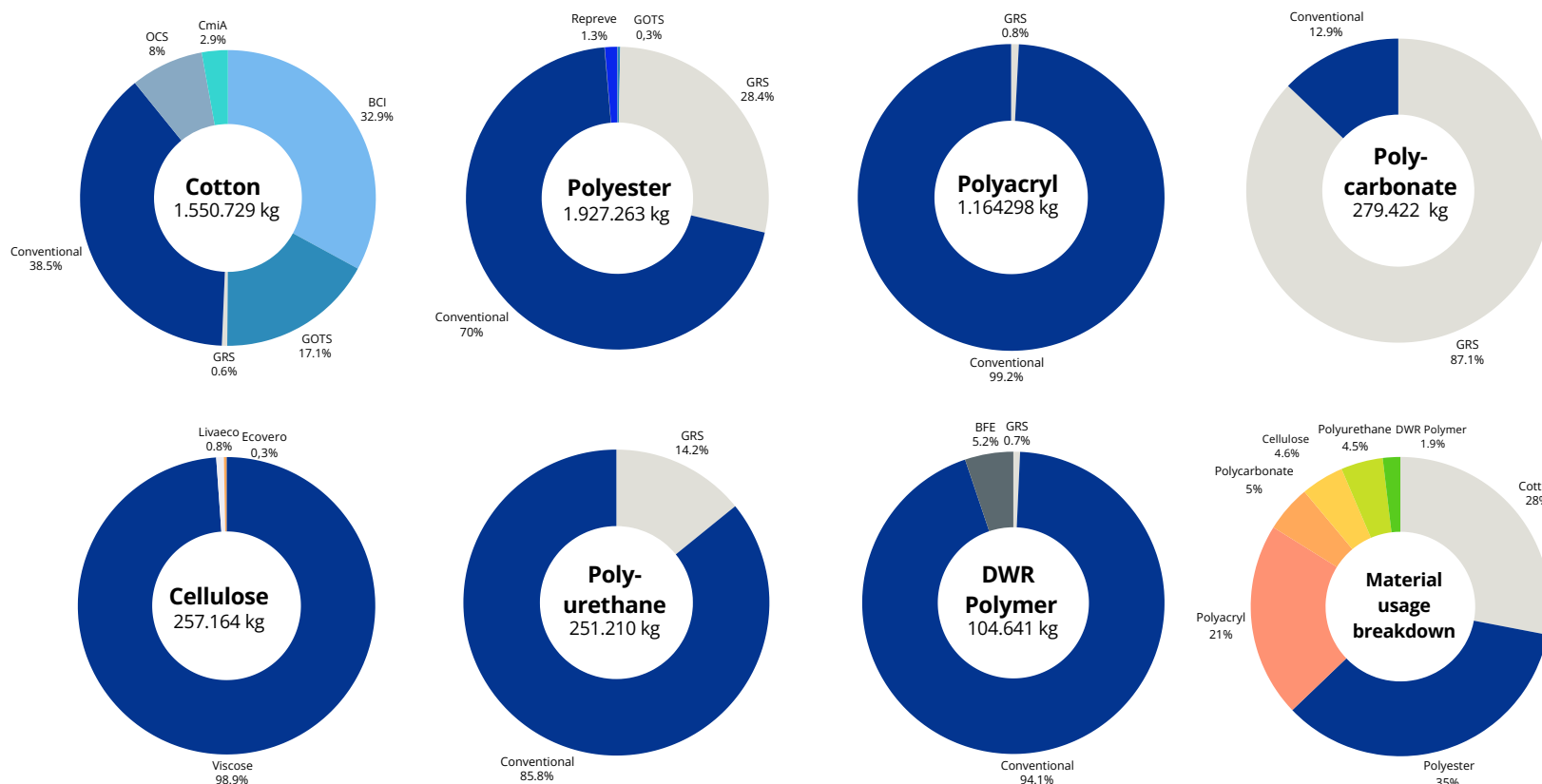
## Goal 2026

By 2026, we aim to review and analyze our progress, using the insights gained to recalibrate our goals.



# PRODUCTS AND MATERIALS

The baseline measurement has been completed per material to give precise insight in amount of (certified) materials used. We use the baseline measurement to determine our goals on (certified\*) material use\*\*. Underneath you find an insight in our most used materials (above 100.000 kg).



## \*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), Cotton made in Africa (CmiA) and Bionic Finish Eco (BFE).

\*\*Disclaimer: The data displayed in the diagrams is based upon 84% of the in 2024 invoiced articles (measured in sales volume), which is deemed to be representative for the total volume. For each article (master) the relevant data have been collected. Since not all data have been fully verified some minor variations from the actual situation may apply. MAGIC Bodyfashion is not included in this measurement.

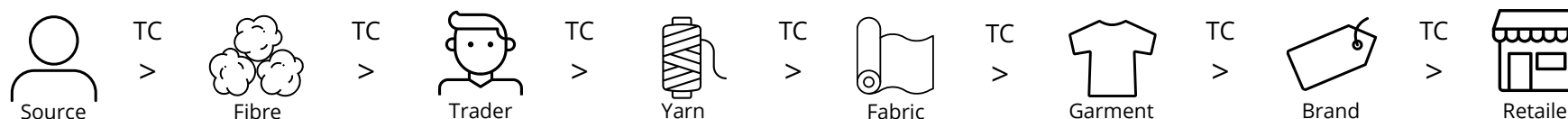
# PRODUCTS AND MATERIALS

## Certification of materials

As part of our commitment to sustainability and transparency, we prioritize the use of certified materials in our products. Certification initiatives play a crucial role in ensuring responsible sourcing by implementing systems that track the movement of materials throughout the supply chain.

Each step in the supply chain generates a Transaction Certificate (TC), which accompanies the materials as they move to the next processor. This process not only guarantees the use of certified materials, but also enhances supply chain visibility. Additionally, suppliers must obtain certification and undergo annual audits to ensure compliance with certification standards. These audits include documentation checks to verify the segregation and monitoring of certified materials, as well as assessments of working conditions and chemical usage.

Given the complexity of the textile supply chain and the numerous processes involved, achieving full visibility of every processor remains of challenge. However, by using certified materials and implementing certification initiatives, we take important steps towards tracing materials from the farmer to the end product.



## Animal Welfare

HVEG Fashion Group is committed to ethical sourcing and animal welfare. As part of this commitment, we strictly prohibit the use of exotic skins, real fur, and raw materials sourced from endangered species, aligning with the International Union for Conservation of Nature (IUCN) list and CITES Conventions. All our suppliers must declare and guarantee that any validated animal fibers used in HVEG Fashion Group product development are sourced from farms that prohibit the following practices during breeding:

- Sheep, lambs, goats, alpaca: No mulesing techniques.
- Rabbit: No coat peeling.
- Goose, duck: No live plucking (raw plumage collection).
- Angora goat: No dehorning.

## Leather Working Group

HVEG Fashion Group claims that all leather produced in the Belt Fashion - production facility in the Netherlands - is sourced from Leather Working Group (LWG) certified tanneries and certificates are to be shared before any orders are placed. Moreover, for all leather products manufactured outside of the Netherlands, HVEG Fashion Group strives to source exclusively from Leather Working Group (LWG) certified tanneries.

# HVEG LAB

PROFIT  
ESG topics E1-E5, S4

The HVEG Lab is one of our nine key focus areas, with the primary goal of developing more sustainable and profitable business models and concepts.

## Progress 2024

In 2024, our goal was to collect and analyze concrete input to shape more sustainable business models (SBM). While some insights showed promising potential, others require further development before practical implementation.

One area we explored was natural dyeing. Unfortunately, the technology is still not mature enough for us to use. Similarly, advancements in elastane are progressing, but they are not yet at a stage where we can use them in our products. We do use post-consumer waste in collections. To explore innovative possibilities, we engaged with innovative initiatives in Bangladesh and China. We connected with Recover and Cyclo to assess recycled textile solutions. In China we visited the factory Jiaren and the Hong Kong Research Institute of Textiles and Apparel (HKRITA). Jiaren claims to produce yarns from post-consumer waste. These efforts are made to explore possible partnerships.

As part of our commitment to industry-wide sustainability, we joined the Innovation Expert Group of Stichting UPV (Foundation EPR). This initiative aims to identify and support innovations that align with the Dutch goals for the Extended Producer Responsibility (EPR) law.

Additionally, we developed a SBM to make use of leftover leather from the Belt Factory. And launched a product line in November.

In 2023, we conducted comprehensive market research to better understand customer needs and interests regarding sustainability, including the environmental and social impact of textile products. Building on these insights, we launched the HVEG Sustainability Service in 2024, designed to support our customers in achieving their sustainability goals.

We can proudly conclude that we attained valuable input enabling us to develop a practical concept; The HVEG Sustainability Service to help unburden our customers. And we have also taken the first steps towards a SBM by selling a product from the leftover leather line.

## Goal 2025

By 2025, we aim to have developed at least one successful sustainable business model or concept.

## Goal 2026

Looking ahead to 2026, our goal is to obtain concrete input for another sustainable business model or concept.



Showroom at HVEG Accessories Group



**BETTER EVERYDAY**

**WHICH STEP WILL YOU TAKE TODAY?**