

# Corporate Sustainability & Social Responsibility Report

*Sustainable in everything we do!*



## Our sustainable strategy

Sarco has linked its CSR policy to the **United Nations' universal Sustainability Goals (SDG's – Sustainable Development Goals)**. We want to make a significant contribution to these global goals:

- \***People:** good working conditions, decent wages and satisfied employees.
- \***Planet:** sustainable production, procurement and logistics as well as sustainable use, recycling and a solution for end-of-life-clothing.
- \***Profit:** Sarco wants to produce goods and services with added value as a measure of their social value. We want to grow and take account of people and environment.

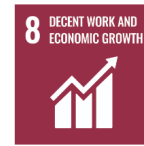


In order to produce sustainable clothing, we look at the **total picture of durability**:

- We use **high quality** fabric, sewing threads and accessories
- **Maximum longevity** thanks to high quality raw materials and confection methods.
- We promote the use of **sustainable materials** such as recycled polyester and Tencel/ Lyocell.
- We map the CO2 emissions of our production process and try to **reduce** these emissions with targeted actions.
- We produce our clothing in a **socially responsible manner**. (We are a member of **amfori BSCI** since 2023 and will be conducting an audit in our production site - planned June 2024).



## Social responsibility

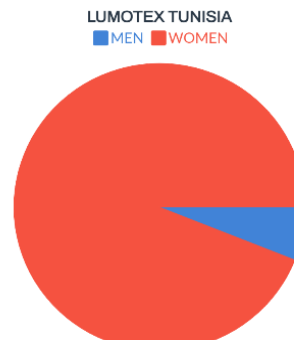
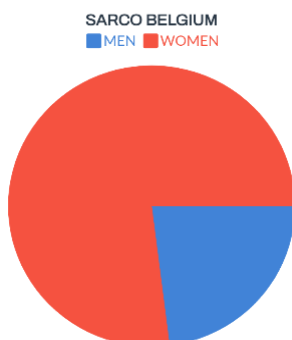
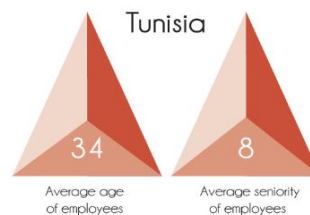
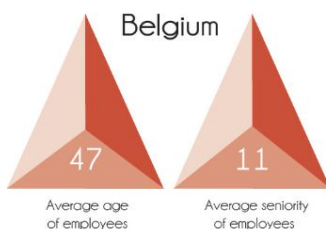


### How does Sarco guarantee satisfied employees?

- Actions for the **well-being and satisfaction of our employees** (F.e. fruit@work, teambuilding days, summer event, New Year's reception,...)
- An **annual performance review** with a survey on the well-being of employees.
- We strive for a **good work-life balance**, so for some time now we have encouraged working from home whenever possible. Since 2023, we also have a bike lease plan and allowance.
- Each employee has an **individualized office spot**, with an **ergonomic** office chair adjusted for each person by a **physiotherapist** for optimal comfort and minimal physical strain.

### Sarco offers dignified work:

- Sarco participates in the **Amfori BSCI** (Business Social Compliance Initiative) with our site in Tunisia because we want to make a positive contribution to global social responsibility. Amfori BSCI is an association of over 1400 European companies that adhere to a common set of ethical rules to ensure good working conditions throughout the entire supply chain.
- **Labor rights** are respected and Sarco pays **decent wages** (in accordance with the national collective bargaining agreement for the garment and clothing industry). Sarco guarantees that all employees in the supply chain work in good conditions and to this end we work closely with local trade unions in both Belgium and Tunisia, so we can continuously improve working conditions and **psychological and physical well-being** at work.
- If an employee wants to take a **training course**, Sarco is happy to encourage it. For the past 2 years, several training courses have been attended: German, First Aid, BA4,... If this can benefit the employees' job content and thus performance, Sarco finances this training.
- **Child labor is excluded.** Sarco keeps all personnel data from its own production workshop in Tunisia. Age can therefore be verified at any time. A permanent employee from Temse regularly visits our production workshop to check that everything is running smoothly. The average age at our Temse facility is 47, in Tunisia it is 34.



### Absenteeism

**Employees are an essential part** of Sarco’s organisation: they do the work and ensure that Sarco achieves its objectives. Hence, it is critical that our employees feel comfortable and safe in their work environment and have every opportunity to perform at their best. Happy employees, who feel comfortable are more motivated and thus more productive. Actions at work to **improve employee satisfaction** are high on the list of Sarco’s priorities (see point 1).

Table 1 shows the absenteeism 2021 and 2022 per location:

Location	Absenteeism	
	2022	2023
Sarco Belgium	2,60%	3,40%
Lumotex Tunisia	7,8%	7,9%

### Reduce work accidents

Social responsibility is also ensuring that all employees have a **safe and healthy working environment**. No serious occupational accidents have occurred within Sarco. Our prevention advisor records and investigates all accidents to find out the cause or causes, and this also makes it possible to take measures to **prevent such accidents**.

Table 2 shows the number of work related accident in 2021 and 2022 per location:

Location	Work accidents	
	2022	2023
Sarco Belgium	0	0
Lumotex Tunisia	13	16*

(\*higher rate due to the increase in the number of employees in 2023)

### Amfori BSCI screening

International trade is important for human prosperity and social economic growth. Sarco ensures that we **comply with labor rights, human rights and anti-corruption laws**. We want to make a positive contribution to our global social responsibility, which is why our goal is for our production site to receive a BSCI audit. **The audit is planned June 2024 and will be executed by SGS Tunisia.**

### Social auditing and Code of Conduct

Sarco considers it important that **suppliers** also assume their social responsibility. All our suppliers can present an **Oekotex** certificate and possibly an Oekotex STeP by certificate.

With our Code of Conduct, we ask our suppliers to agree to our requirements, which are similar to those of Amfori BSCI, so that we can **guarantee good social conditions throughout our value chain**. All our suppliers have signed this Code of Conduct. In addition to the Code of Conduct, we also actively collect certificates or documents from our suppliers on social audits.



Anti-corruption

Sarco has a clear **0-tolerance policy** on corruption, bribery and money laundering. Because Sarco is convinced that bribery, corruption and money laundering impede the development of prosperity and we want to further increase our ethical responsibility, Sarco has appointed a confidential advisor/reporting point within its organization. Also, all our suppliers have signed our code of conduct/ethics in which they clearly state that human rights are respected, there is no discrimination or child labor and they do not participate in fraudulent agreements, corruption, bribery or money laundering.

## Planet: Sustainable purchasing, production, and logistics



### Procurement : Sustainable fabrics

Sarco is a pioneer in the use of **eco-fabrics**. Back in 2012, we launched a 'cradle to cradle' project together with Lauffenmühle. In the coming years, Sarco will continue to focus on designing circular and sustainable collections. We choose more sustainable raw materials such as recycled synthetic fibres, Tencel or other fibres of renewable origin. We use them only after analyzing their ecological and water footprint during the production phase.

We are constantly looking for other sustainable products.

The minimum requirements for sustainable fabrics are:

- Good quality
- Long and durable lifespan
- Sustainably produced

Sarco offers the following sustainable fabrics:

- **Ecogreen** fabric is made out of 35% bio-cellulose fibres from FSC-wood and out of 65% recycled polyester from PET bottles. By 2023, we have already used more than 150.000 metres of Ecogreen fabric in our clothing. **This means a saving of almost 1.600.000 m<sup>3</sup> of water!** 10 % of the fabrics we buy have the Ecogreen label and in 2024, we will have increased this by another 5%. The use of bio-cellulose fibres **eliminates all the negative aspects of cotton production**, such as depletion of water resources and massive use of pesticides and insecticides.

Due to the high content of bio-cellulose, these Ecogreen fabrics have **unparalleled softness and feel**. This fabric also has excellent **moisture management properties**. The fabric is **strong**, has excellent mechanical properties and good **colour fastness**, even after repeated industrial washing. When we chart the Total Cost of Durability (TCD), we are convinced that Ecogreen is one of the better choices if you are looking for an **ecological solution**.





\*Based on Environmental Product Declaration (EPD®) data.

## CASE STUDY

Project UZ Gent will dress 5000 professionals in Tecawork® Ecogreen fabric instead of a traditional polyester/cotton fabric.

**TECAWORK®**  
Ecogreen

65% recycled polyester - 35% TENCEL™ Lyocell

Tecawork® Ecogreen is manufactured from 100% TENCEL™ Lyocell fibers from sustainable sourced wood and 100% mechanically recycled polyester from PET bottles. The use of this sustainable fabric results in a huge reduction of water consumption and CO2 emissions.

- **Altea** is a **lightweight** quality made out of high quality micro polyester (99%). Due to the light weight of the fabric, material consumption is low. **The continuous filaments ensure virtually no contamination by microplastics in the waste water after washing.** The fabric has a **high lifespan** due to its high tensile and tear strength and is abrasion-resistant. Because the fabric has only one main component, it can be more easily recycled, making it much less harmful to the environment. Maintaining these fabrics is also better for the environment: fewer detergents are needed for industrial maintenance and less energy is used for drying.

## Sustainable design

Not only is the use of sustainable fabrics important, but also the design and quality of the clothes produced. In this way, Sarco guarantees a high-quality product:

- **Zero-waste design:** Sarco is committed to maximizing material efficiency with minimal waste during the production phase. This starts, for example, as early as the development of each product and the product drawing, where the goal is always to optimize fabric consumption. The little cutting waste that remains, is recycled.
- **Thermofixation of the seams** at 200° to eliminate the last residual tension from the confection. This results in nicer seams.
- Sophisticated clothing adapted to **industrial maintenance**.
- Possibility of **special size** fabrication according to body dimensions and special lengths.
- In function of durability, frequent use of **bartacks**. These are local reinforcements that prevent the garment from tearing at highly stressed points.
- All **patterns** are **stored electronically** and match those of the fitting models.
- Our production unit in Tunisia can only work on the basis of **approved reference models, patterns** and with **raw materials** and **accessories** that have been **approved**.
- Our employees are **trained according to the quality standards** we have established in Belgium. Belgium and Tunisia work with the **same standards**.
- The **quality control** in Belgium for finished products is a final control. There is only a **0.05%** failure rate.

## Sustainable production

### *Sustainable production process*



We have made our production processes more efficient in terms of energy and water consumption.

What are we already doing?

- The construction of our Temse site took into account the **latest environmental regulations**.
- This kept our **water consumption to a minimum**, as we **recover rainwater** for the sanitary facilities.
- The lighting in all offices is done with **LED lamps** and is based on **motion detectors**, so that it is **automatically switched off** when leaving the offices.
- Our **electrical devices** such as computers, printers and copiers go into **sleep mode**, which also saves us a lot of electricity.



- We have an **awareness program** for our employees. For example, during lunch breaks, we switch off light and radios so that they do not use energy unnecessarily.
- For daily waste, we have provided our employees with the necessary facilities to encourage them to **sort their waste**.
- Sarco invested in **solar panels**, reducing 50% of the electricity grid.
- **Heating is electric** (air conditioning). The installation of solar panels makes this the most ecological solution.
- As of 01/12/2022 we consume **100% green electricity and natural gas**.
- We use **very little plastic** when packing our clothes. About 80% of our **packaging material is also recycled and/or recyclable**.

*Sarco has obtained the CO2 neutral certification since 2022*

*(our label will be renewed in March 2024 - we strive to achieve Silver, or even Gold!)*



**CO2 Neutral label certificate**  
COMPANY LABEL - BRONZE LEVEL



Client reference: N° 22/730  
Certification start date: 03/01/2023  
Certification end date: 03/01/2024

After a thorough calculation of both direct and indirect CO2 emissions from all our processes, we were able to set up the necessary actions to reduce our carbon footprint. We have reduced our CO2 emissions from 164,38 tonnes in 2019 to 147,96 tonnes in 2020 to 132,55 tonnes in 2021. Our goal is to reduce this by another 25 % by 2030. Sarco has a long-term vision that focuses on using sustainable materials and implementing ecological production processes. In addition to all these climate efforts, we also fund 2 separate climate projects: wind power generation and a reforestation project in India.

### Sustainable logistics



Logistics is an important link in our value chain. Raw materials go to the production site in Tunisia, finished products go back to our warehouse in Temse to be delivered to our customers in Belgium, the Netherlands, Germany, Austria and Switzerland.

We want to **continuously reduce our ecological footprint**. We do this by:

- **Lean&Green**: we choose logistics partners with an active CO2 management policy according to the principles of Lean&Green or equivalent.
- **Local suppliers**: we consciously choose local or European suppliers.
- We give our logistics partners the scope to **bundle deliveries optimally**, so that this also **saves costs**.
- We enter into dialogue with our customers in order to **optimize delivery processes** and their **ordering behaviour**.
- Our employees have -where possible- the option of **teleworking**.

### Sustainable chain



Sarco knows the **origin and composition** of every product. We have **insight into every step in the chain**. We purchase our raw materials from **strategic, mainly European suppliers** with whom we have established **long-term relationships**.

The largest purchasing categories are 'cloth' and 'packaging materials'. All of Sarco's cloth is 100% **OEKO-TEX®** certified and contains no harmful substances. The packaging material consists of 80% **renewable fibers from sustainably managed forests**. The vast majority of packaging is **recyclable cardboard**, which is also **reused** in our logistics processes wherever possible.

Sarco's commitment to a sustainable supply chain goes beyond simply providing transparency. Sarco **maps the risks in its supply chain through a third party, ECOVADIS**. This monitoring system analyzes where the biggest risks are and what corrective measures are needed to continuously steer the chain to an even more sustainable situation. Sarco has already achieved the '**silver score**' for the ECOVADIS screening and will be working hard on the sustainability performance of its operations in 2024 so that we can achieve a 'gold score' at the next screening.

So we don't just set the **bar high** for ourselves. All our **strategic suppliers commit** through our **signed Code of Conduct**. In this way, SARCO delivers a sustainable product to the customer and, together with our suppliers and subcontractors, we strive for **international conventions** and are aware of the **impact of their activities on people, the environment and society**.

## End-of-life clothing

To create a sustainable textile industry, we require a **circular solution**. Because the search for these solutions is not easy, Sarco participates in a project which conducts research to turn old clothing back into usable textile fibres.

As this project is still in its infancy, Sarco offers a solution to collect all Sarco clothing at the end of the contract period, to be recycled by our upcycling partners. You can collect our clothing into a single batch. We will come and collect this batch once at no additional cost.

Our partner who recovers used and/or worn clothing will fibre this clothing to use it as raw material for acoustic material, for example, as filling for pillows and mattresses or become insulation material. It goes without saying that unused clothing may be **donated to good causes**. Our partner who recovers used and/or worn clothing will first sort out this clothing:

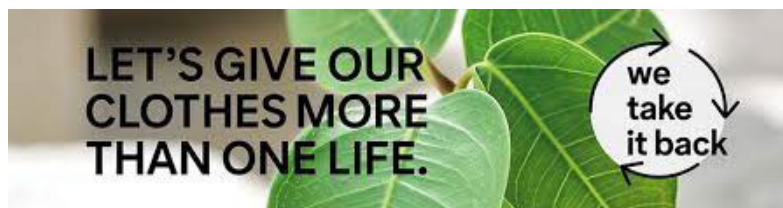
- Un(re)usable clothing is fiberized to be used as raw material for acoustic material, for example as padding for pillows and mattresses or as insulation material.
- Still usable collected clothing is donated to charity and good causes, as well as unused clothing (clothing that for whatever reasons has not been worn by the customer, or surplus stock that can no longer be delivered to our customers).

*Examples of some charities include World Missionary Aid, Helping Net, schools that use our cutting waste for educational means. We also fund local "good cause" initiatives, for example a raffle or sponsorship...*

## Recycling and waste policy

### **Recycling is a priority in our waste policy:**

- Sarco aims to **maximize material efficiency** with minimal waste during the production phase. This begins, for example, as early as the development of each product and the outlining of the pattern, where the goal is always to **optimize fabric consumption**. We donate fabric cutting waste to local mattress producers.
- All of our **waste is recycled** and collected by a licensed **waste management company**. In addition to recycling our waste, we also try to reduce our waste as much as possible. For example, we no longer hand out catalogs to customers, but forward them online. We only buy glass bottles instead of PET beverage bottles and we try to limit paper printing.
- We ask our customers to **bundle their orders** as much as possible to **reduce packaging waste and transportation**.



Our key-actions: how can we improve our sustainable management?

**TOP PRIORITY**

- By 2030, we aim to **reduce our carbon footprint by 50%**.
- **Solar panels** in Tunisia. This year, Sarco chose to invest in an air conditioning system so that our employees can work in a comfortable environment. The next step to install solar panels seems the most logical.

- The **"greening"** of our commercial vehicles has already begun. Currently, **6 hybrid cars** are already in operation and **1 more full electric** has been ordered. Sarco has also provided charging stations at the Sarco site.
- We aim to **collect all Sarco clothing** at the end of a contract period and find a solution for **reuse, recycling** or even **upcycling**.

