Sustainable Supply
Raising standards and building capacity

Our supply chain encompasses more than 1 million people, employed through 635 global suppliers, who run more than 1,760 production units, across four entirely different sourcing regions and many different cultures. Even though these numbers appear very large, our part of the supply chain represents only a very small part of the entire apparel and textile industry. On the one hand, this represents a real opportunity to help normalise sustainable behaviour amongst diverse populations. On the other, it requires vigilance and dedication to better practices. We must identify issues and build capacity for change, working in close partnership with our suppliers and stakeholders.

C&A’s priority is to invest in long-term relationships with strategic suppliers who live our values, which is why we develop long-term relationships with our supply chain. In this light, we have maintained our relationships with many of our suppliers for more than 5 years. Working with those suppliers who understand our social and environmental requirements, and who are committed to meeting them, strengthens our supply chain and helps us meet our sustainability goals. Optimising our number of factories and suppliers also supports our commitments towards safe and fair labour practices and a clean environment throughout our supply chain.

We have taken concrete measures to support our suppliers, in which we place great importance. We have established a close and strong relationship with them over many years. Our objective was to not abandon any of our suppliers during this global crisis.

During the spring of 2020, while its 1,400 stores in Europe were closed at the height of the health crisis, C&A had suspended its orders as a precautionary measure. Few months later, we gladly were able to ensure all the payment for all pre-Covid orders which were being shipped, already produced, or in the process of production, at their original price and according to the agreed payment terms. Additionally, suppliers which had not yet started production of products, were compensated either financially or by, “placing new orders using the raw materials already purchased. It important to underline as well that a number of C&A’s manufacturers have also been able to benefit from C&A’s financing scheme run in partnership with our banks.
We start with our supplier relationships because we understand that we can, collectively, create positive impact. We always look for ways to collaborate and improve standards further, driving sector-wide change on important issues, together with like-minded industry partners. We focus on two main areas: ensuring that the people who make our clothes are safe and treated fairly, and that we foster and support a clean environment for the benefit of healthy communities in our sourcing countries and for the planet more broadly.

The majority of our production is concentrated in ten sourcing countries.

**Garment sourcing countries by % share of volume of product**

![Bar chart showing garment sourcing countries by % share of volume of product.

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**Our ambition**

**A sustainable supply chain from farmer to customer**

For us, sustainability means moving towards a circular model where clothing is designed with its next use in mind – clothing that is also made with fewer, safer chemicals, renewable energy, and clean water, and in safe and dignified working conditions. To normalise sustainable behaviour among suppliers, we believe in building capacity across our supply chain, from the farmer’s field to the factory floor. We see compliance as the starting point, but not the ultimate goal: we must collaborate with our suppliers and their factories to create change.

We’re also making steps towards our goal of circular fashion and focusing on how to incorporate sustainability considerations from the start. This means revolutionising how we design products with their next use in mind. It means carefully selecting materials and chemicals that are safer from the beginning and working with our suppliers’ factories to ensure that working conditions are safe and fair. And it means expanding the ‘end of use’
Our 2020 goals for sustainable supply

Safe and fair labour
100% of our products will be from top-performing, A-and B-rated suppliers.
We will build capacity and supplier ownership within our supply chain.

Clean environment
Zero Discharge of Hazardous Chemicals.
20% reduction of carbon footprint in C&A stores, distribution centres, and head offices (from 2012 baseline).
30% reduction of water in raw materials stage (from 2016 baseline).*
10% reduction of water in C&A stores, distribution centres, and head offices (from 2012 baseline).*
Zero waste to landfill.*

*2025 goal
Auditing and transparency

Making transparency the norm

The apparel industry supply chain is notoriously complex. This creates challenges, but also a huge scope for impact and creating change. By re-evaluating our own standards and influencing the development of shared ones, we’re taking the industry with us, embedding good practice as we go.

Being transparent is one part of the solution. We need to create traceability and accountability across the apparel industry’s supply chains. That way, we can collaborate with stakeholders including other brands, to understand shared challenges, offer the right kind of support, reward good behaviour, and drive the change we want to see in the industry. We continually increase the scope of our supply chain transparency and publish a list of our tier-1 and tier-2 supplier factories at least once a year.

Our overall approach

An important first step to achieving greater transparency in our supply chains is to make sure we are gathering accurate data about our suppliers’ performance – for everything from chemical, energy, and water use, to issues in relation to wages or safety in the workplace – and assessing their ongoing actions and results. The more comprehensive and accurate the information is, the more targeted and effective support we can offer.

Different monitoring and assessment tools are currently being used by different businesses and organisations in the apparel industry. However, we believe – as do many of our stakeholders – that we must create convergence and use standardised tools to increase the quality of our data, the efficiency of our actions and therefore, the rate of change.

The Sustainable Apparel Coalition (SAC) Higg Index provides that centralised standard of assessment. Already used by many major brands, including C&A, the index is growing in its scale and effectiveness. In 2018, C&A piloted the Higg 3.0 Facility Environment Module (FEM), which serves as a full environmental assessment tool for the entire apparel supply chain. We have adopted it for use in our supply chain as of 2019. We are also part of the social and labour convergence project (SLCP) that aims to develop an assessment tool for human and labour rights. In fact, C&A has been elected by SLCP members to represent the brands in their Steering Committee.

In the meantime, we are using a combination of our own auditing and assessment tools, existing Higg modules, and the Zero Discharge of Hazardous Chemicals (ZDHC) audit protocol. We will continue to use and/or supplement these tools as long as necessary, and to avoid any gaps in coverage, we will drive towards one solution endorsed by all brands in a multi-stakeholder consultation process.
Transparency Pledge

In 2016, the NGO Human Rights Watch approached 72 global apparel brands, including C&A, to commit to the newly created Transparency Pledge. The pledge is part of an initiative to encourage brands to adopt a consistent approach towards transparency in their supply chains. The pledge helps the apparel industry reach a common minimum standard for supply chain disclosures, requiring them to publish standardised information on all factories in the manufacturing phase of their supply chains. We committed to the Pledge in February 2017, and have since aligned with the requirements and provided this information in a consistent manner.

Read more about the Transparency Pledge

Our Supplier Code of Conduct

What we expect of suppliers is clearly laid out and communicated through our Supplier Code of Conduct and checked using regular audits by our Sustainable Supply Chain (SSC) team, which comprises nearly 100 people worldwide. We update the standards expected within the Supplier Code of Conduct as appropriate, such as we did in 2017, when we made our standards on fire safety, environment, and working hours more stringent.

Since 2019, we decided that we are only going to carry out unannounced social and environmental audits throughout our supply chain. In the past some of our audits were still semi-announced but last year we changed the protocol to ensure that all of our audits are performed unannounced.

The scope of our social and environmental audits does not stop at the first tier. Since 2015 we have progressively incorporated in our audit portfolio all laundries, dying houses, and a very significant number of textile mills that support our first tier suppliers to produce our garments.

As part of our social and environmental methodology back in 2015 we incorporated the possibility to carry out offsite interviews during our audits. In some occasions, offsite interviews are a very useful tool to better understand the dynamics that might occur within a factory. Our upmost interest is to preserve worker information anonymous and in some cases we prefer to meet them in public spaces outside of the factory premises.
When there are breaches of our Supplier Code of Conduct, we invite suppliers, C&A employees, and workers in our supplier’ factories to let us know through our Fairness Channels, where breaches can be escalated to management anonymously. All our suppliers are required to sign our Code of Conduct as part of our contractual relationship and purchasing agreements.

How we rate suppliers

When it comes to rating our suppliers on sustainability, our first guiding principle is transparency, supported by our commitment to capacity building. This is reflected in our ratings. Sustainability criteria make up 20% of our overall supplier ‘scorecard’ rating and have the same weight as price, quality, delivery, and product execution. Each production unit is rated from A to E, with A being the highest rating, based on a set of assessment criteria for the elements of our Supplier Code of Conduct.

Production units rated A and B are those that have no serious violations as evaluated against weightings that correspond to each element of our Supplier Code of Conduct. As an example, the discovery of a serious issue like insufficient firefighting equipment or repeatedly missing fire drills will result in a D rating, while the discovery of any zero-tolerance issue will result in an E rating.

A supplier’s overall rating is calculated as the average of the total number of production units used for C&A production. However, if a supplier has one E-rated production unit, the overall supplier rating will become E. It is our policy not to place production orders with E-rated suppliers – although we work closely with them to address these issues and improve their rating over time, so they are able receive new orders in the future. New suppliers and production units must be able to demonstrate that they meet our sustainability criteria, and if needed, make improvements before they can start working with us.

Relationship termination

In cases where suppliers and the factories are non-compliant with our Code of Conduct, we seek to work with the supplier, factory management, and our internal teams to improve. Unless the non-compliances are serious and of a zero-tolerance nature, we maintain our business relationship to avoid unintended consequences to workers.

If a supplier maintains a non-compliant factory (E-rated) for longer than 6 months, the relationship with the supplier and associated factories is suspended. Because every situation is unique, potential exit strategies must be tailored to each situation. In all cases, we ensure that the workers are not adversely affected by a potential termination of our business relationship – at a minimum, by following the local laws.

Our zero-tolerance criteria

To continually improve our auditing process and drive the right behaviour, we update our audit protocols every year to raise the bar on our standards over time. For example, C&A’s code for underage workers is set at the International Labour Organization (ILO) standard (16 years of age) that can be above national regulations (14 years of age). In 2018, we worked with a new set of zero-tolerance issues to keep improving working conditions in our supply chain.
<table>
<thead>
<tr>
<th><strong>Zero-tolerance issues and their rationale</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>Issue category</strong></td>
<td><strong>Description of issue</strong></td>
</tr>
<tr>
<td><strong>General Zero-Tolerance Violations</strong></td>
<td></td>
</tr>
<tr>
<td>Forced, bonded, indentured or prison labour</td>
<td>Forced work – by actual or perceived threat</td>
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<tr>
<td>Serious forms of child labour</td>
<td>A worker under 16 years old who is subject to slavery, forced or compulsory labour, prostitution, pornography, drug trafficking, or other work likely to harm the worker’s health, safety, or morals</td>
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<tr>
<td>Child labour/underage workers</td>
<td>Workers who are below 16 years old</td>
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<tr>
<td>Abuse</td>
<td>Any evidence of physical, sexual, verbal or mental abuse</td>
</tr>
<tr>
<td>Failure to pay minimum wages</td>
<td>If more than 50% of sampled workers do not receive the legal minimum wage</td>
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<tr>
<td>Failure to pay probationary wages</td>
<td>If more than 50% of sampled workers do not receive the legal probationary wage</td>
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<tr>
<td>Foreign or migrant workers without legal work permits</td>
<td>Workers do not have the right to work or have a valid work permit</td>
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<tr>
<td>Unauthorised working at home</td>
<td>Production placed in an unauthorised home production unit</td>
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<tr>
<td>Denied audit</td>
<td>Not granting unrestricted access to workers, records, all areas of the production unit and dormitories, without unreasonable delay for a second time</td>
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<tr>
<td>Bribery and corruption</td>
<td>Any case of giving or receiving an unearned reward to influence behaviours in C&amp;A’s value chain, including kickbacks and facilitation payments. Any unlawful or improper behaviour that seeks to gain an advantage through illegitimate means.</td>
</tr>
<tr>
<td><strong>Working Hours</strong></td>
<td></td>
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<tr>
<td>Paid overtime</td>
<td>Any case where more than 50% of sampled workers are not paid for their overtime hours and the gap between the amount they get and legally required is more than 50%</td>
</tr>
<tr>
<td><strong>Workplace Health &amp; Safety</strong></td>
<td></td>
</tr>
<tr>
<td>Sandblasting</td>
<td>The use of manufacturing practices that propel very fine bits of material at high velocity to clean or etch a surface. This process often uses sand with crystalline silica that could lead to silicosis</td>
</tr>
<tr>
<td><strong>Building Safety</strong></td>
<td></td>
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</table>
| Production unit located in a multi-tenant building where four minimum criteria are not met | Minimum criteria:  
1. The entire building has a valid fire licence.  
2. The entire building has a valid building certificate.  
3. A common fire drill has been conducted for the entire building.  
4. A centralised fire alarm system is installed and operational for the entire building. |
| No legal building certificate or permit | A building certificate/permit or application for the permit allowing legal use and occupancy is not available, is not valid, or does not cover the entire building, and/or the building does not have approval for industrial use |
### Zero-tolerance issues and their rationale

<table>
<thead>
<tr>
<th>Issue category</th>
<th>Description of issue</th>
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<tbody>
<tr>
<td>Structure and use of the building and use of the building are not aligned with the legally approved building plan leading to a high risk for workers, and the application for building inspection is not available</td>
<td>For example, items such as incorrect or addition of floors, incorrect number of buildings included in the legal approval, and the roof of the building not constructed or used in accordance with the legally approved building plan</td>
</tr>
<tr>
<td>Business licence not valid</td>
<td>The production unit address does not match the address on the business licence</td>
</tr>
<tr>
<td><strong>Fire safety</strong></td>
<td></td>
</tr>
<tr>
<td>No fire licence</td>
<td>Fire licence is not available, is not legally valid, or does not cover the whole building, and/or the company is not able to provide an official application of the fire licence</td>
</tr>
<tr>
<td>Separate living area for workers</td>
<td>Dormitory or living area is not clearly separated from the production area and/or warehouse</td>
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<tr>
<td>Separation of generators and/or boilers</td>
<td>Industrial generators and/or boilers are not isolated from the production area</td>
</tr>
<tr>
<td><strong>Environment</strong></td>
<td></td>
</tr>
<tr>
<td>Wastewater Treatment Plant</td>
<td>Offsite or onsite wastewater treatment is legally required, but is not present</td>
</tr>
<tr>
<td>Wastewater discharge</td>
<td>Wastewater discharge does not meet legal requirements</td>
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</table>

Our Supplier Code of Conduct describes in more detail what C&A expects from our suppliers regarding legal compliance, labour practices, environmental performance, and anti-corruption. The provisions in the Code constitute the minimum, never the maximum standards. These are different to the zero-tolerance issues outlined above. For instance, the Supplier Code of Conduct outlines our expectations for working hours, which means our suppliers must meet the following minimum standards:

- Suppliers must define standard working hours by contract, at a number that is in line with national law or collective agreements, with a maximum of 48 hours per week, plus 12 hours maximum of overtime.
- Suppliers must make use of overtime work responsibly, not request overtime work on a regular basis, and accept that overtime is voluntary, and therefore not coerce workers to work overtime.
- Working hours must not exceed 60 hours in any seven-day period, except in truly exceptional, unforeseeable circumstances, and only if all the following conditions are met: 1) allowed by national law, 2) allowed by collective agreement, and 3) safeguards are taken to protect workers’ health and safety.
- Suppliers must allow workers to take breaks, to have a least on day off in every seven-day period, and to take statutory holidays.

Read more about our Supplier Code of Conduct

Read more about the guidelines for implementation of our Supplier Code of Conduct
Our 2019 performance

Taking a new approach

Over the past 5 years we have rated our suppliers against our Code of Conduct, while driving towards our aspirational goal of sourcing 100% of our product volume from A/B-rated suppliers. Throughout this journey, our programme has matured and we have continually modified our approach to drive the best outcomes. As we have examined our aspirational goal, we have realised that the most important outcome of our work is in supporting our suppliers to shift towards new mindsets. In this light, we have accepted that our 100% goal will not drive this outcome and changed our approach in the following areas:

1. Re-evaluating our ratings: In several cases, we have re-evaluated and changed our ratings, leading to a generally lower score, but one that represents our performance accurately and drives the right behaviours, both internally and externally.

2. Optimising our auditing approach: We have reaffirmed our commitment to the Social and Labour Convergence Project (SLCP) and have committed to one audit across the industry. We aim to follow this approach to eliminate audit fatigue, increase the opportunity for greater comparability of social and labour data, and deploy resources for capacity building together with our suppliers.

3. Improving purchasing practices: In 2019, we evaluated our purchasing practices and found ways to optimise them to avoid unintended consequences. In 2020, we will build capacity among our own staff and deploy new ways of working with our suppliers.

In 2019, 52% of our products were sourced from A/B-rated suppliers. We are developing new goals for Safe and Fair Labour throughout 2020 and in 2021, will launch a new set of KPIs that reflect desired outcomes.

We acknowledge and accept that we will not achieve our aspirational goal of 100% volume sourced from A/B-rated suppliers, and believe that this new approach will ultimately lead to better supplier relationships and improved wellbeing for workers.

Percentage of products sourced from top-rated suppliers in our retail markets

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<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
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<tbody>
<tr>
<td>Europe</td>
<td>65%</td>
<td>70%</td>
<td>43%</td>
</tr>
<tr>
<td>Brazil</td>
<td>68%</td>
<td>78%</td>
<td>82%</td>
</tr>
<tr>
<td>China</td>
<td>68%</td>
<td>69%</td>
<td>82%</td>
</tr>
<tr>
<td>Mexico</td>
<td>48%</td>
<td>64%</td>
<td>60%</td>
</tr>
<tr>
<td>Global</td>
<td>65%</td>
<td>71%</td>
<td>52%</td>
</tr>
</tbody>
</table>
Validating our programme

Our Sustainable Supply Chain (SSC) team is made up of expert practitioners and located in different sourcing hubs – including Bangladesh, Brazil, Cambodia, China, Hong Kong, India, Myanmar, Mexico, Pakistan, and Turkey. In 2015, C&A set up a third-party relationship with a professional services provider to carry out ongoing human rights due diligence in our supply chain, using the UN Guiding Principles for Business and Human Rights to verify whether the current SSC programme is fit for purpose against the requirements outlined in the C&A Supplier Code of Conduct.

Through the process, extensive testing and analysis was conducted to assess our progress in implementing the SSC strategy, examining how it was rolled out through all our sourcing countries in Asia, Europe, Europe, Middle East and Africa (EMEA), and Latin America. We took a phased approach, beginning in 2016 with C&A Europe and following with C&A Brazil and Mexico in 2017.

This analysis covers the company’s supplier portfolio, audit programme, capacity building programme, and approach to minimising human rights risks. As part of this ongoing due diligence process, shadow and validation audits are conducted in different sourcing countries to assess the accuracy, precision, and repeatability of our audit processes. In addition, desk assessments and interviews are conducted with the Sourcing, Buying, and Sustainability teams.

**Sustainable Supply Chain focus areas**

The due diligence was designed to test our SSC operations against ten strategic focus areas:

1. Programme governance
2. Implementation of our Supplier Code of Conduct
3. Supplier registration and onboarding process
4. Implementation and follow-up of the audit program
5. Supplier rating and performance management
6. Corrective action plan (CAP) implementation and remediation
7. Building capacity in our supply chain
8. System integration, processes, and accuracy
9. Organisational structure and resources
10. Programme impact and reporting

The assessment showed that the SSC programmes have different levels of maturity. Europe and Brazil are the most advanced and their programmes are working effectively within their mandate. The programme in Mexico also made good improvements during 2018 and is now positioned to become even stronger.

The third-party auditor concluded that, to effectively address the human rights risks in our supply chain, C&A should continue moving towards a more strategic and systematic approach. We have taken note of the individual recommendations and have built an integrated, transparent approach through an online real-time project management platform.

Safe and fair labour
Safe and dignified work for all

We believe that safe and fair working conditions should be the norm for all apparel workers, not just the ones that work in our suppliers' factories. That's why we are using our influence to build capacity across our supply chain, striving to normalise good practices and create convergence with other brands and multi stakeholder initiatives. We were one of the first apparel companies to institute a Supplier Code of Conduct in 1995, and have forged long-term relationships with many of our suppliers to build trust.

C&A follows the UN Guiding Principles on Business and Human Rights. We are fully aware
of the roles and responsibilities we have as a company. We have embedded the OECD Due Diligence Guidance for Responsible Supply Chains in the garment and footwear sector to properly identify, prioritise, and manage risk throughout our supply chain. This ongoing exercise aligns with C&A’s work with the German Partnership for Sustainable Textiles, the Dutch Covenant for Sustainable Apparel and Textile, and the industry-wide Action, Collaboration, Transformation (ACT) initiative.

We have defined the top four challenges faced by our suppliers and created long-term engagement strategies for each challenge. We are committed to seeking out solutions to eradicate practices such as excessive overtime and wages, undisclosed subcontracting, fire and building safety, restrictions to freedom of association, and labour rights in our key sourcing countries. We will continue to work in partnership with other leading organisations and civil society to drive change across the industry.

Our top four labour issues

Over the past several years we have identified four priority challenges that significantly affect the working conditions in our supply chain. These issues are complex and usually interconnected in the unique contexts of the various countries we source our products from. Because of this, it takes time, collective action, influence, and partnerships to deliver sustainable change.

We are focused on building capacity, tackling those issues where our business decisions have the greatest impact, and identifying areas of convergence with other industry partners. In addition, we thoroughly analysed our purchasing practices and identified the areas where we can perform better towards our suppliers. The key challenges below are not in any specific order of importance.

Challenge 1 - Compensation and working hours
Challenge 2 - Building and fire safety
Challenge 3 - Freedom of association
Challenge 4 - Undisclosed production
Challenge 1 - Compensation and working hours

Working to live

For garment workers in markets such as Bangladesh, a long working week can be normal. We acknowledge the various factors that can cause this to happen and are working to change practices to ensure that workers are compensated fairly and no worker works more than a maximum of 48 hours per week, plus 12 hours maximum of overtime. In fact, our Supplier Code of Conduct stipulates that working hours may not exceed a 48-hour week plus a maximum of 12 hours overtime, or 60 total hours in any seven-day period, except in truly exceptional and unforeseeable circumstances. In addition, workers need to be fairly compensated for their hard work.

Through supplier training and regular auditing, our supplier partners are aware of the requirement to comply with national laws, the ILO Core Conventions, collective bargaining agreements, and the aspects of the ETI Base Code dealing with maximum working hours, overtime pay, and rest days. They are also aware of the need to compensate workers for overtime in a timely manner. To maintain a safe and comfortable workplace, workers must also be allowed to take breaks, have at least one day off in every seven-day period, and be eligible for statutory holidays. To detect and address potential non-conformances with these requirements, our audit teams and Development Officers regularly assess, monitor, and help to mitigate unintended consequences.

Read more on how we rate our suppliers

Challenges

Through our experiences, we recognise that our buying and sourcing practices may affect how our suppliers plan for production and can have significant impacts on wages and working hours. Last-minute changes in design, production, or delivery timings may inadvertently exacerbate this issue. Aside from this, we have also experienced that suppliers may not adequately plan for production, leading, among other things, to challenges in staffing levels to deliver the orders on time. Other factors like workers needing to attain additional compensation to support their families, and situations where factory management may intentionally misrepresent actual working hours to avoid business impacts, make this particular issue very challenging to address. Lastly, there is a general lack of wage law enforcement by local governments, requiring the brands to do most of the checking.

For many years, we have required our suppliers and their factories to compensate workers by paying wages that meet or exceed legal minimum and/or industry benchmark standards, whichever is higher. Even so, it’s still common to find instances of unpaid overtime premium. In some cases, workers are being compensated by productivity (the number of pieces made) instead of hourly at a premium rate.

How we’re responding

Many workers want or need to maximise their pay, so reductions in work hours can only benefit them if wages increase. Therefore, we have embarked on a journey to identify and overcome the barriers to these tensions through a multi-stakeholder approach with other brands, the Action, Collaboration, Transformation (ACT) initiative, C&A Foundation, and our
Accurate tracking and adequate remuneration

Transparency on working practices is of utmost importance in allowing us to monitor performance across our supply chain. Over the past four years, we have emphasised the need for transparency with our suppliers and their production units. For instance, suppliers must use reliable time recording systems, where all regular hours, overtime hours, and breaks are accurately tracked. Our Sustainable Supply Chain (SSC) Development Officers help factory management understand these requirements and work with them to ensure the accuracy of their records.

Ensuring appropriate payment and training

C&A’s Code of Conduct specifies that ‘wages and compensation (for standard working hours, i.e., without overtime) must be paid regularly and on time, and be sufficient to meet basic needs and provide some discretionary income for workers and their families’. This definition is aligned with the one used by the Clean Clothes Campaign and others. In addition, C&A is a founding member of the industry-wide initiative ACT. C&A has highlighted its commitment to work towards living wages in our supply chain in the Memorandum of Understanding signed in 2015 with IndustriALL. Among other commitments, as part of ACT we committed to help establish industry-wide, national collective bargaining agreements in those production countries that do not yet have them. This will allow worker representatives to bargain with the local manufacturers’ associations to secure the wages they need.

Whenever a piece-rate wage is used, suppliers must demonstrate that payments are at least equivalent to the minimum wage or that collective bargaining is in place. This is supported by a written wage and compensation policy communicated to workers through employee handbooks, notice boards, letters, regular meetings, or other means. Factories must also provide training to all workers and subcontractors. These measures increase transparency and empower workers, while helping us identify the issues more easily. In 2019, 99.6% of our production units were in compliance with national wage legislation. All C&A suppliers in China were found to be in compliance with respect to wages. Non-compliances were discovered among a small percentage of suppliers in South Asia, Brazil, and Mexico.

Read more about our Supplier Ownership Programme

Supportive purchasing practices

Our aspiration is to drive an efficient and ethical buying process, taking into consideration the challenging environment in which our suppliers operate. We have undertaken a thorough internal assessment of the way we buy, using the ACT self-assessment tool. C&A actively participated in the creation of this tool and analysed all steps of its buying process thoroughly: from forecasting and product development to production and delivery. We identified eight core areas for improvement within our purchasing practices. These improvement areas have been agreed collectively in the form of ACT purchasing practices commitments by which we abide. In addition, C&A is in the process of implementing the ACT Labour Costing Principles for isolating labour costs in price negotiations with suppliers.
Together with our senior sourcing and buying management, C&A is working on implementing a holistic internal action plan focused on improving our communication with suppliers to create additional trust and training our own employees on responsible buying practices, among many other areas of work. We have been working very hard during the last years in increasing transparency throughout the supply chain. This transparency is also associated with our ability to collaborate with our suppliers in the implementation of the Open Costing Sheets. With this approach, we are able to ensure that all labor costs are ringfenced and secured. This is the first step towards securing better wages for the garment workers. Currently around 70% our volumes are under open costing sheet methodology. In addition, we are committed to developing a monitoring process, together with other ACT brands, suppliers, and trade unions that will make it possible to measure improvements in our purchasing practices and report on progress.

Improving purchasing practices is not a project with a start and end date. We believe it is a continuous journey — one we have just started. If we want to have a long-lasting impact on suppliers and workers, engaging the whole industry on this journey is crucial. That is why we are proactively sharing our knowledge and experience buying responsibly with industry peers and initiatives such as the Dutch Covenant and German Partnership for Sustainable Textiles.

**Case study**

**Towards living wages for workers**

Achieving a living wage is a continuous improvement journey that is sustainable over time only if it takes place through a process owned by both worker and entrepreneur representatives. We aim to make sure there is full freedom of association so that suppliers and workers in our supply chain are knowledgeable and empowered to negotiate, sign, and implement collective agreements. When there is full respect of labour rights, workers feel empowered to negotiate their living wage and participate in ensuring gradual wage increases over time.

ACT is made up of 21 international brands and IndustriALL Global Union. Its members are bound by a common objective: to ensure living wages for garment and textile workers by promoting industry-wide collective bargaining agreements in the most important sourcing countries. C&A has been part of ACT, as a founding member, since its inception.

ACT members recognise that no sustainable solution is possible without close collaboration with manufacturers, employers’ organisations, trade unions, and governments in the garment producing countries. In a globalised economy, national solutions cannot be separated from the role of international supply chains. Together, we are focusing on three elements that can have a positive effect on outcomes at the factory level:

- Establishing programmes for industry-wide collective bargaining – which can lead to improved worker participation and voice to influence practices and conditions.
- Developing responsible purchasing practices for the garment and textile industry – which can lead to better planning and anticipation of the issues that may contribute to excessive working hours and unpaid wages.
- Actively engaging the countries’ governments in the conversations – to support advocacy
and national wage review processes.

Our approach

Collective bargaining at the industry level means that workers within a country can negotiate their wages under the same conditions, regardless of the factory where they work in, or the retailers and brands for which they produce. The ACT approach links collective bargaining with brands’ purchasing practices as the mechanism that provides the economic leeway for national bargaining partners to agree on continuous, substantial improvements in working conditions and wages. Therefore, C&A actively promotes the fundamental labour right of workers to bargain and negotiate collectively through their democratically elected labour unions.

We believe collective bargaining is the only viable approach to achieve living wages in the apparel industry in a sustainable manner. Collective agreements at the national level provide a level playing field for all employers and workers to agree on higher wages and better working conditions, instead of competing on those issues.

We are aware that brands’ purchasing practices and capacity planning are key for suppliers to plan their production cycles, avoid excessive working hours, and ensure on-time and accurate payment to workers. As the countries in Asia do not have a long history or experience with collective bargaining, we acknowledge that for a certain period of time, moving towards a living wage agreed through collective bargaining may carry the risk of an international competitive disadvantage. To address this challenge, the approach will be pursued in key sourcing countries simultaneously. Meanwhile, special supportive country commitments by C&A and other ACT brands for the first countries signing a collective bargaining agreement at industry level will mean that higher wages will not lead to international competitive disadvantages. We have a global supply chain and we believe it needs a global approach to transform the industry together with other peers.

Country work

C&A is working in Cambodia, Myanmar, Turkey, and Bangladesh alongside other ACT brands. These initial countries have been selected due to their sizable garment production, the considerable presence of ACT member brands, and the potential for trade unions to engage in collective bargaining at the industry level. Together, these countries make up 51% of our sourcing volume. Successfully working in these countries—along with the others where collective bargaining is already in place—will result in the vast majority of our supply base being covered by collective agreements.

Our progress in 2019 in four of the pilot countries was a stepping stone towards establishing an industry-wide collective bargaining mechanism. In 2019, we were key participants in the four ACT country missions in Cambodia, Myanmar, Turkey, and Bangladesh, where we joined other brands and IndustriALL to meet key local stakeholders (local unions, factory owners, and ministries) and drive positive change in the development of a long-lasting collective bargaining process.

In late November 2019, following eight months of negotiations, factories producing for ACT brands—a group that includes C&A—in Myanmar agreed on a Myanmar Freedom of Association (FoA) Guideline with IndustriALL affiliate Industrial Workers’ Federation of Myanmar. C&A engaged suppliers in this process and has made adherence to the FoA
Guideline one of our zero tolerance criteria for all our suppliers in Myanmar. The FoA guideline covers the process for joint meetings between management and trade unions, dismissal procedure, collective bargaining mechanism and negotiation process, strikes, and other topics, designed to facilitate cooperation and solve workplace issues.

A lot remains to be done in this field. We are committed to engaging with all relevant stakeholders as well as working towards increasing the necessary buying leverage by inviting non-ACT brands to join our collective efforts to achieve our ultimate goal of improving living wages for workers in the apparel industry.

**Challenge 2: Building and fire safety**

**Building capacity on fire, building, and electrical safety**

It is a fundamental right of all workers to have a safe and healthy work environment. However, a lack of fire safety precautions in apparel production units has claimed the lives of thousands of people in Bangladesh.

Our Supplier Code of Conduct includes robust requirements for building construction, fire protection, and emergency preparedness. We have learned a lot from our work with the Bangladesh Accord on Fire and Building Safety, and have maintained leading brand status in remediation of fire and building safety issues in Bangladesh. We have rigorous requirements of all our factories and in all sourcing countries globally, and when appropriate, provide additional resources and training to improve safety.

**Challenges**

*Significant gaps in education and expertise*

Fire and building safety are complex topics, with engineering and technical aspects that are often beyond the internal knowledge of an apparel factory. To assess these issues at the factory level, advanced vocational training and/or engineering degrees are required. In many of the sourcing countries, there is a lack of a competent talent pool to support the identification and remediation plan development, requiring costly consultant support.

In addition, fire and building safety requires robust processes from the local government that ensures adherence to the national building, fire and electrical legislations. Bringing many of our suppliers up to standard has required partnership, leading to significant actions at the factory level such as educating and upskilling the workforce and refitting locations with fire-resistant features. Often, these upgrades are costly or require
significant time and resources to achieve.

**How we’re responding**

**Supporting our suppliers**

Normalising a high standard of fire safety requires significant effort from us and our suppliers. We work closely with them to understand the implications of new requirements and support them as they implement improvements. With our input, factories can access the necessary skills and tools to implement fire, building and electrical safety programmes and management systems. We also assess their capability to implement the changes from a capital or resource standpoint.

**Auditing**

Our Supplier Code of Conduct was updated in 2015 to include additional extensive requirements for fire and building safety throughout our supply chain. During 2017 and early 2018, we worked with a consultancy to review our fire and building safety requirements again, ensuring compliance with local legislation and industry standards. We inspect all of our factories and require them to have legal documentation in place for each of their buildings, including dormitories, canteens and warehouses. Legal documentation is checked, and buildings undergo regular safety inspections to ensure improvements are implemented according to local legislation. Since this is an ongoing task, we will continue to adjust processes and requirements to ensure all production units are operating as safe working places.

**Legal documentation**

C&A suppliers are required to maintain adequate insurance that covers workers for any injuries, accidents, or death. This applies to all work done on site and should also, when stipulated by law, include contractors and temporary and part-time workers.

**Case study**

**Improving building and fire safety in Bangladesh**

It has been seven years since the Rana Plaza collapse in Bangladesh, in which more than 1,100 garment workers lost their lives.

The Accord on Fire and Building Safety in Bangladesh helps ensure that no worker needs to fear fire, building collapses or other accidents that can be prevented with reasonable health and safety measures.

The Accord is a legally-binding agreement between global brands and retailers and IndustriALL Global Union and UNI Global Union and eight of their Bangladeshi affiliated unions to work towards a safe and healthy garment and textile industry in Bangladesh.

This agreement was signed in the immediate aftermath to the Rana Plaza building collapse on 24 April 2013, which killed 1,133 workers and critically injured thousands more. Over 220 companies signed the five-year Accord, and by May 2018, the work of the Accord had
contributed to significantly safer workplaces for millions of Bangladeshi garment workers. To maintain and expand the progress achieved under the 2013 Accord, over 190 brands and retailers have signed the 2018 Transition Accord with the global unions, a renewed agreement which entered into effect on 1 June 2018. Moving into 2020, the Transition Accord will cease and the responsibility will be transferred to the Bangladesh government for further implementation.

Read more on the Accord website

Read more about the Transition Bangladesh Accord

Read more on the Accord website

Challenge 3: Freedom of association

Enabling worker organisation and collective bargaining

Freedom of association and collective bargaining is fundamental to improving labour conditions across the apparel supply chain and in our sourcing countries. Freedom of association remains an important focus of our strategy to amplify workers’ voices, encourage a dialogue with management, and advance the overall performance of our suppliers' factories.

One of the backbones of our approach is to promote freedom of association and collective bargaining throughout our supply chain. Hence, in all our audits we incorporate an individual interview with the union representative at factory level. Therefore, in case the factory has a freely elected union representative our team will be able to incorporate the view of the union representative in the audit result.

Challenges

Overcoming legal restrictions

Some countries restrict collective bargaining by law. In these cases, we expect our suppliers to help workers establish alternative forms of worker representation and negotiation. We also expect our suppliers to establish, implement and communicate a grievance mechanism that is accessible, predictable, equitable, transparent, rights-compatible, confidential and based on engagement and dialogue to resolve internal disputes and employee complaints. Freedom of association is tested as part of our auditing process and violations are considered a severe non-compliance with our Supplier Code of Conduct. It is also a key aspect of our Fairness Channel and WeChat (in China
only) compliance hotlines, implemented with the support of Ethicspoint incident management software.

**Incidents**

In 2019 we detected 18 cases where freedom of association was not respected in our supply chain. Of these cases, 11 were found in Myanmar, 3 in Turkey, and one each in Cambodia, Bangladesh, Mexico, and Brazil. In all countries where freedom of association cases have been detected, we have staff whose task it is to develop suppliers and production units working for C&A. We have thus been able to address each of the issues individually, working together with suppliers, production units, respective units, and government representatives to resolve the cases. All 18 cases were resolved to the mutual satisfaction of workers, management, and labour unions.

**How we’re responding**

*Fair resolution*

When freedom of association issues are discovered through auditing, union allegations, strikes or via our Fairness Channel compliance hotlines, we take decisive action to work together with the proper groups to resolve the issue, ensure the fair treatment of workers and implement the necessary safeguards to avoid being repeated in the future. Where necessary, we will support the reinstatement of workers dismissed unfairly and ask for compensation or support.

Read more about our values and Fairness Channels

**Case study**

**Combating child labour in embroidered garment supply chains**

Over the past several years, C&A together with C&A Foundation — and now Laudes Foundation — continued our journey to eradicate human and labour rights abuse in the embroidered garment supply chain. Hand-embroidered items are one of India’s main contributions to the global apparel market.

Workers are often in home settings, making it difficult to monitor their working conditions. Home working is allowed in our supply chain only if suppliers follow C&A Guidelines for the Use of Home Workers, which is adapted from the Ethical Trading Initiative (ETI) guidelines.

The non-governmental organisation GoodWeave envisions a world where all children are sent to school and not to work, and in which adults have rights, dignity and opportunities in the workplace. It has been extremely effective: child labour in South Asia’s carpet industry has declined by an estimated 80% since its work in the region began. The effectiveness of this work is based on the successful implementation of a traceability system, monitoring standard and improved social infrastructure in home working communities.

In 2016, C&A Foundation commissioned a two-year pilot project with GoodWeave in Uttar
Pradesh, India. The goal was to find an approach for the apparel industry that will be as successful as the carpet industry model, providing educational support to those too young to be working and ensuring all adults are working in safe and fair conditions. Phase two of this partnership is now reaching 20,000 workers and 6,500 children within and beyond C&A supply chains.

Child Friendly Community (CFC) programmes, which ensure children are enrolled in schools, are now established in six project communities in India: Tilbegampur, Kanwara, Jaee, Bissa, Salai, and Nangla. Where this is not possible, children are enrolled into informal bridging schools known as Motivation and Learning Centres (MLCs) to help them reach the standard they need to enroll in private or government schools.

The pilot shed light on the economic hardships faced by home workers and how accessibility to our full supply chains remains a key challenge. Suppliers are more engaged and the mapping is more successful when several brands push for participation and transparency together – a similar finding to GoodWeave’s work with the carpet industry. GoodWeave has invited additional apparel producers and NGOs to engage and is currently in discussion with several other brands.

[1] In January 2020, C&A Foundation became part of Laudes Foundation. This work in particular was started by C&A Foundation and continues today under Laudes Foundation.

**Championing worker representation**

Our [Supplier Code of Conduct](#) requires our suppliers to adopt an open and collaborative attitude towards worker representation, allow workers to form or join trade unions of their own choosing, and to bargain collectively.

In addition, we are participating in the ACT Initiative, which plays a key role in assuring living wages in the supplier countries through the creation of national industry-wide collective bargaining processes with freedom of association as a main cornerstone.

[Read more about our involvement in the ACT Initiative](#)

**Empowering workers**

When workers and management communicate well, they are more likely to collectively support a healthy work environment. Workers need to know their rights and responsibilities and have channels through which they can raise concerns. C&A is committed to helping our suppliers provide workers with safe and effective ways to raise concerns and grievances. During the last decade, our compliance hotlines have helped us identify issues that arise in our offices, stores, or supply chain. We aim to support fairness and transparency in how we work with our employees, suppliers, and their workers.

[Read more about how we empower workers](#)

[Learn more about our values](#)

**Supporting freedom of association**

Recent years have seen unrest in the Cambodian garment industry. Protesters have taken
to the streets, clashing with security forces and union leaders have been dismissed as they planned to organise strikes. Unions have repeatedly described repression of workers’ rights by company management and anti-union crackdowns. Engaging with suppliers on freedom of association and collective bargaining is a high priority for us.

Through the Ethical Trade Initiative (ETI), we have engaged with other brands to voice our concerns directly to the Government. Together, we were clear that stability, predictability, and the rule of law are needed for further growth of the garment sector in the region. In particular, we want to see Cambodian laws respecting the ILO Core Conventions.

We continue our active engagement with the Government of Cambodia, suppliers, and key stakeholders to raise our concerns about labour and human rights. To date, we have participated in three consultations with unions, suppliers, and the government in Cambodia.

During the round tables, we emphasised that C&A aims to work only with production units that fully comply with our Supplier Code of Conduct. We encourage suppliers to enable open communication to solve disputes amicably and are willing to support them with technical knowledge if they have difficulties resolving a dispute.

Due to the rigour of these round table discussions, we have already seen changes start to happen in the region, including the following outcomes:

- Improved supplier knowledge of local legislation
- Increased understanding of the role of trade unions
- Improved means to address conflicts between management and worker representatives

**Challenge 4: Undisclosed production**

**Preventing undisclosed production**

Undisclosed production is when a production unit that has not been previously approved for production is discovered. Although it is not often detected, it constitutes a serious violation because we cannot verify that the factory is in alignment with our Supplier Code of Conduct and our environmental and social requirements. We require that each new production unit is audited and meets the requirements of our Supplier Code of Conduct before orders are placed.

**Challenges**

The detection of undisclosed production requires ongoing vigilance due to the complexity
of the global supply chain. It's one of the reasons that we disclose a list of our tier-1 and tier-2 suppliers’ factories every year. By being transparent on where our products are produced, we can create accountability for ourselves and our suppliers when undisclosed production is used.

In 2019, we detected 36 incidents of undisclosed production in our supply chain. We consider these violations to be serious, and three of those cases led to the suspension of C&A’s business relationship with the supplier. In all cases, a thorough investigation was conducted, and corrective action plans put in place with the supplier and our internal teams.

Read more on how we rate our suppliers and our commitment to transparency

See our suppliers’ list

How we’re responding

Clear expectations and serious consequences

If undisclosed production is identified, the Sustainable Supply Chain (SSC) and Sourcing and Quality teams assess the situation and the production unit. Because the circumstances behind the cases are sometimes complex, the teams thoroughly investigate the situation and intentions, and utilise a systematic process to determine the consequences.

Three-strike process

We continue to operate under a three-strike policy to mitigate the risk of undisclosed production units such as home working. Additionally, if a zero-tolerance item is found on inspection, a supplier can be suspended for 12 months or terminated, depending on the results of the investigation. If undisclosed production is detected and the factory meets the other requirements of our Supplier Code of Conduct and quality standards, the supplier will receive a warning on the first instance, leading to suspension for 12 months or termination after the third instance. In all cases, if a zero-tolerance finding is detected at the undisclosed production unit, the supplier will be suspended for 12 months.

To foster accountability and understanding of our requirements around undisclosed subcontracting, we informed our entire supply base and have regular interactions on the subject during our audit process.

Supplier and worker engagement

Working together to build a better supply chain

Although we have a rigorous auditing process and maintain a zero-tolerance approach to serious issues at our suppliers’ production units, more needs to be done to normalise good practice across the entire industry. That's why we are moving beyond auditing and compliance. To achieve our vision of safe and fair workplaces for all, we must employ a
two-pronged approach: building our suppliers’ capacity to assess and strengthen their performance, and empowering their workers to act.

In many places, workers are simply not used to being able to influence decision-making. The right to freedom of association or acknowledgement of workers’ rights can be unheard of. We are changing that through supporting fair contracts and social dialogue.

**Supplier Ownership Programme**

Each supplier faces their own unique set of challenges, so a one-size-fits-all approach will not work. Instead, we must partner with our suppliers to enable ownership of the issues and challenges they face in this area.

We launched a Supplier Ownership Programme (SOP) with 14 key suppliers in 2015 and expanded it to 24 in 2016. As of early 2019, the participating suppliers and production units covered more than 67,500 workers, an increase over 2017. Among others, one of the objective of the SOP is to incentivize suppliers by substantially reducing the number of audits that their factories will receive. Having a real partnership with trusted suppliers supports their ability to better manage their day to day activities and, in constant dialogue with their workers, find the solutions that meet their needs. The managers involved in the programme report into senior factory management and lead the social and environmental compliance or sustainability programmes in the factories. We have shown that the programme is scalable and will continue with the certification of currently enrolled suppliers.

The programme contains seven key interactive modules – from an overview on management systems to worker communication and the environment. Each module includes a one- or two-day workshop, home assignments, and joint on-site visits by the C&A Development Officer and the responsible supplier representative.

As of 2019, a total of 37 production units are in the programme, a significant increase over 25 in 2018. Of the 37 total, 22 are already certified, with certifications validated by the C&A Sustainable Supply Chain (SSC) team and Elevate, a third-party auditing company. This means that we trust the supplier to have the necessary social compliance management systems at a corporate level, and that the factories themselves have established management systems.
Our experience so far shows a number of essential factors required for a successful programme:

- Top management commitment and mindset
- Commitment from the factory manager to work cross-functionally
- Competent compliance managers reporting directly to top management
- Compliance managers with time and resources dedicated to the project
- Suppliers and production units with at least two people skilled in the Supplier Ownership Programme
- Aligned targets between compliance and production teams

**Supplier Ownership Programme module topics and engagement approach**

![Diagram of engagement approach and programme modules]

**Where next?**

**Extending the Supplier Ownership Programme and collaborating on capacity building**

We will continue to build capacity amongst our suppliers, while ensuring workers are aware of their rights and responsibilities, and that their freedom of association is respected. We will work with the top 15 international brands to align our capacity building programmes into one holistic approach that can be used across multiple countries.

**Protecting the most vulnerable**
Safeguarding human rights

Our large supply chain touches the lives of many people and every one of those people has the right to work in safe and fair conditions. We actively seek out issues that may take advantage of a worker’s dignity or human rights, and take a zero-tolerance approach when we find them. Thankfully, as our supply chain becomes more sophisticated and we increase our partnership with suppliers, we find fewer and fewer cases each year.

Eradicating underage labour

No workers under the age of 16

In 2015, we raised the required minimum age of workers in our supply chain to follow the recommendations in the ETI Base Code and in line with ILO standards. All workers must be at least 16 years to be present or work in a supplier’s production area. If young workers (aged 16 to 18) are hired, suppliers must comply with all relevant legal requirements, including work hour restrictions, hazardous work restrictions and health checks.

Supporting victims of underage labour

If underage labour is identified in our supply chain, the child is removed from the factory immediately. To discourage them from seeking a job elsewhere, monthly payments equal to the minimum wage, funded by the supplier, are disbursed until they reach the legal minimum working age. At this point, the individual should be given the opportunity to be re-employed.

We also require that the supplier provides families with compensation for health screening, transportation funds, and accommodation for a child’s relatives to return them to the home. If the child is willing to attend lessons, the supplier must pay their school fees until the child meets the legal minimum working age.

Incidents

Five cases were identified in 2019-20 where production units were considered to have significant risk for incidents of child labour. As per C&A’s remediation policy, contracts have been signed between C&A’s nominated organisation and the suppliers to guarantee children’s educations and minimum wage payment until the age of 16. All five cases were identified in unauthorised subcontracted facilities. C&A collaborates with different nominated social organisations, depending on country and topic, to deliver improvements
that benefit workers, families, and children, such as when the risk of underage workers is identified in production units.

**Who we work with**

We partner with local NGOs like the Centre for Child-Rights and Corporate Social Responsibility (CCR CSR) in China and South East Asia, Sheva in Bangladesh, Çagdas Yasami Destekleme Dernegi (the Association for the Support of Contemporary Living) in Turkey, and Save the Children in Mexico, to ensure that underage workers are supported and that we follow through the process of remediation. In other production countries, we are seeking NGOs that can better support the needs of children and follow the remediation process. In the meantime, our local teams take the responsibility to ensure that the remediation process is fulfilled.

**Modern day slavery**

Hidden out of sight and often out of reach, an estimated 45.8 million people are trapped in situations of modern day slavery across various industries [SOURCE: Global Slavery Index].

Forced labour thrives in areas where there is high social and economic inequality, opaque business practices, weak rule of law, and high demand for cheap labour. To put an end to this, we work with Laudes Foundation to challenge deep-seated cultural and social norms and improve transparency within our supply chain.

**Eradicating forced, bonded or compulsory labour**

Safe and fair labour practices mean that people must be free to make their own choices. Workers must be entitled to freedom of employment and movement. Work must be voluntary and all forms of bonded, indentured or prison labour are prohibited. Suppliers and labour brokers must not restrict the freedom of employment of workers and workers should be free to refuse to perform certain hazardous tasks. Our [Supplier Code of Conduct](#) lays out our full list of requirements.

If any form of bonded, indentured or prison labour is identified in our supply chain, we terminate our relationship with the production unit immediately and the supplier is disciplined. By taking such a tough stance, we hope to educate suppliers and improve conditions for workers. There were no cases identified in 2019 with production units considered to have significant risk for incidents of forced or compulsory labour.

In late 2017, C&A was awarded the prestigious Stop Slavery Award by Thomson Reuters Foundation in recognition of our best-in-class demonstration of integrity and innovation in detecting, preventing, and remediating forced labour in our supply chain.
Case study

Taking steps to abolish Sumangali in India

Sumangali is a form of bonded labour practiced in some spinning mills in southern India. The practice violates international labour standards and the human rights of women. Women are given three-year contracts, often in unacceptable working and living conditions, with the promise of a bulk payment that will cover their dowry to get married. However, their wages are often held back, if they receive them at all, and they are not allowed to leave or return to their homes.

We first became aware of this illegal system in 2007. Since then, we have been working to eradicate it from our supply chain, regularly inspecting our direct suppliers - with an emphasis on spinning mills - to ensure that the bonded labour practices and curfews are discontinued.

In 2018 and 2019, we continued our engagement in the second phase (2018-2022) of the Tamil Nadu multi-stakeholder initiative’s Nalam Programme, a learning programme created by ETI to educate young female workers about their rights and responsibilities within mills. We constantly work towards assessing and verifying more vertically integrated spinning mills in our supply chain, and aim to involve all of the newly-approved mills in the second phase of the programme.

These efforts by the Nalam Programme to educate women workers on their workplace rights and health and safety issues have already reached nearly 21,000 women in spinning mills and garment factories. In addition, over 360 supervisory staff—the direct link between management and the workforce—participated in 2-day residential training programmes during 2018 to make sure they understand and implement the requirements for acceptable work hours, overtime, communication with workers, and other workplace concerns.

Beyond this programme, in 2018 C&A joined the newly launched ETI South India Ethical Trade Platform. The purpose of the platform is to support brands, manufacturers, and trade unions in adhering to global standards and to work together towards improving working conditions in the Indian supply chain. The work of the platform is performed
alongside local stakeholders and government to build awareness of and capacity in business and human rights.

To further support the eradication of Sumangali, C&A Foundation — and now Laudes Foundation — has been working for several years to address the root causes of the issue, as well as working to prevent vulnerable girls and young women from entering the system in the first place. It began with three-year project run by Terre des Hommes and in 2015, C&A Foundation\(^\text{[1]}\) made a €2.4 million grant to the Freedom Fund, the world’s first private donor fund dedicated to ending modern slavery. Since then, €6.4 million has been awarded to the Freedom Fund to combat forced and child labour and to strengthen protections at the state and national levels.

\(^{[1]}\)In January 2020, C&A Foundation became part of Laudes Foundation.

**Efforts supporting the end of forced labour in South India**

Together with four other brands and the OECD, we are working on prevention and mitigation of the harmful impacts of forced labour, with a focus on the spinning mill industry in South India. The OECD is supporting this initiative and providing technical assistance as part of its sector work on due diligence and responsible business conduct within the garment and footwear sector.

In February 2019 at the OECD Garment Forum in Paris, C&A, together with industry peers, the Confederation of Indian Industry (CII), and the OECD, launched a partnership — initially formed in 2018 — to support a sector-wide approach to due diligence for responsible business conduct within the Indian garment and textile sector. Successful transformation of the sector requires a sector-wide approach that is tailored to the operating context and drives partnership with local industry at scale. In order to advance the work of the platform, C&A is also part of a subcommittee (steering group) with representatives from the Indian Industry, global brands, CII, and OECD secretariats.

**Raising awareness within the Indian manufacturing sector, including spinning mills**

In addition, the parties to the partnership held two roundtables to increase awareness about the OECD due diligence process, share information from global brands about drivers for due diligence requirements, and hear from Indian garment and textile manufacturers on the challenges they face in carrying out due diligence in their supply chains:

1. CII-OECD Roundtable in New Delhi with C&A and global apparel brands, as well as 40 Indian textile business representatives.
2. CII-OECD South India Roundtable in Coimbatore, Tamil Nadu, with C&A and global apparel brands, as well as 40 South Indian manufacturers, including representatives from the South Indian spinning mills sector.

This engagement continued with additional platform activities in 2019, including the OECD baseline assessment, which established a common understanding of key due diligence risks in the Indian garment and textile supply chain.

**Responding to the global refugee crisis**
Europe has experienced one of the most significant influxes of migrants and refugees in its history. Civil war and terror in the Middle East and Africa has led to migration where refugees seek a better life, risking their lives along the way. Among the forces driving people to make the dangerous journey were the conflicts in South and Central America, Syria, Afghanistan, Myanmar and South Sudan. According to UNHCR, the majority - some 57% - of the total 68.5 million refugees worldwide had migrated from just those three countries [SOURCE: UNHCR and UNHCR Global Trends Report 2017].

We participated in a workshop convened by the Centre for Global Development and the Tent Partnership for Refugees along with NGO, business, and multilateral leaders and experts. The purpose was to analyse the barriers preventing refugees from finding jobs and to develop a blueprint for facilitating greater business engagement in policy dialogue that increases refugee access to the formal labour market. Providing greater formal labour market access would unlock significant benefits for refugees, hosts, and businesses. We have continued our engagement with the Centre for Global Development, among other knowledge partners, to craft our support to refugees for greater impact.

**Supporting migrant workers and refugees**

We have updated our migrant labour guideline based on recommendations from the Ethical Trading Initiative (ETI). We believe that protecting labour rights and promoting safe and secure working environments for all workers, including migrant workers, is important to safeguard their dignity and rights. We acknowledge that monitoring and improving employment practices and working conditions for migrant workers can be challenging. C&A’s updated guideline outlines the responsibility of our suppliers and their production units to meet fundamental principles for the employment of migrant workers as outlined in the ILO Conventions and comply with local labour laws and our Code of Conduct.

In general, our approach to the refugee crisis is exemplified in how we have been supporting Syrian refugees in Turkey. Turkey hosts an estimated 3.6 million refugees from Syria [SOURCE: World Vision]. The country’s workers routinely suffer from low wages, weak enforcement of labour standards, informal and unregulated working arrangements, gender violence, and challenges to the right to freedom of association, making working conditions hard. This is all exacerbated by the Syrian refugee crisis.

Our teams on the ground have been actively participating in key initiatives in order to provide better solutions and safeguards for the Syrian refugee workforce in the garment industry, together with ETI and the Fair Labour Association (FLA).

Protection of these vulnerable workers and their right to work is paramount. C&A was one of the very first brands to ask the government of Turkey for a process that would enable refugees to receive legal permission to work, a process which was finally enacted in January 2016. We have also developed a booklet in collaboration with FLA, that helps refugees understand how to apply for a job in Turkey and what to expect in terms of workers’ rights and how to defend them.

Even though we have observed no illegal refugees in our Turkish supply chain, we have continued our unannounced audit protocol for every production unit in order to ensure that no workers are abused. In 2019 and beyond, we will continue to support Syrian refugees in Turkey, taking part in initiatives to help recruitment, raise awareness and support social integration.
In addition, C&A remains deeply concerned by the ongoing persecution against the Rohingya people in Myanmar and we strongly condemn the human rights violations that have been reported. Since 2017, more than 900,000 Rohingya have fled Myanmar across the border into Bangladesh, in a tragic refugee crisis. According to UNICEF, over half of the refugees are children and highly vulnerable. C&A and C&A Foundation continue working together to support the protection of these vulnerable people. Throughout 2018 and 2019, C&A Foundation\(^1\) continued to support the protection of these vulnerable people.

Read about our support of refugees from Myanmar

\(^1\)In January 2020, C&A Foundation became a part of Laudes Foundation.

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**Clean environment**

**Taking a science based approach**

2019 marked an important milestone for C&A. While we have been focused on reducing our impact on climate change for many years through sustainable sourcing and factory engagement, our science-based targets for climate change have now been approved by the Science Based Targets Initiative.

Along with our strong focus on water, chemicals, and waste, we have also been working hard on modelling and validating our science-based targets through a combination of process life cycle assessment (LCA) and hybrid modelling of the entire C&A value chain. Our GHG reduction targets are now science-based and are in alignment with the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

We therefore will:
• Reduce our absolute GHG emissions by 30% for offices, distribution centres, and retail stores by 2030.
• Reduce our absolute GHG emissions by 30% in the value chain by 2030.
• Aspire to use 100% renewable energy by 2025 in our offices, distribution centres, and retail stores.

As we progress on this journey, we will take a look at science-based approaches for other areas, such as water and biodiversity, to ensure our approach supports the balance of the Earth’s ecosystems.

**Our 2019 actions**

Launched a hazard-based chemical assessment project across key fabric mills and laundries, and conducted a project to understand the provenance of chemicals.

Continued to implement the Sustainable Chemicals Management (SCM) Programme at all key tier-1, tier-2, and tier-3 suppliers, creating tangible progress towards our ZDHC commitment.

Improved our hybrid LCA methodology to better understand our carbon and water footprints and the impact of our actions in these areas.

Developed science-based climate targets, which were approved.

**Our 2019 performance**

We believe that our focus areas should be based on scientifically sound data and analysis. In 2019 we completed our fifth C&A-specific, cradle-to-grave hybrid life cycle assessment (LCA) to better understand our carbon and water footprints and our impacts on climate change and water risk. We’re also working hard to build and test robust assessment tools for chemicals and environmental management that drive consistent change toward zero discharge of hazardous chemicals and reduced environmental impacts across the industry. Finally, we continue to strengthen our efforts by setting new global goals to reduce water use in the production of raw materials, striving to cut waste and water use in our own operations, and providing in-store recycling solutions for our customers.
Climate change

Material processing, which is dominated by textile production, is the largest source of emissions in our supply chain, representing about 45% of total emissions. During 2019, supply chain emissions were reduced by 4.3% over 2018. We reduced our global emissions intensity by 29% since our 2012 baseline, achieving and surpassing our goal of a 20% reduction in C&A stores, distribution centres, and offices.

Water reduction

The hybrid LCA assessed our water footprint across our value chain, demonstrating that the largest water consumption phase is the production of raw materials (64%), followed by intermediate textile goods (29%). Together, they make up 93% of our total combined blue, grey, and green water footprint. In 2019, our sourcing of organic and Better Cotton, as well as sustainable cellulosic fibres, significantly reduced our water footprint, with blue water reduced by 54%, green water by 35%, and grey water by 43% in one year.

Our 2019 water footprint decreased by 2.9% compared to 2018. This includes a 2.5% decrease in blue water consumption, a 5% decrease in green water consumption, and a 2.6% decrease in grey water consumption.

To make further reductions, in 2017 we committed to new global 2025 goals to reduce water in the production of our raw materials by 30% (compared to 2016), and to further reduce the water we use in stores, distribution centres, and offices by 10% (compared to 2012). In 2019, we made significant achievements. For instance, we reduced the volume of water used in our supply chain by 5.3 percentage points over 2018, through more sustainable agriculture and apparel production in our supply chain. We also reduced our water use in stores, distribution centres, and offices by 33% over our 2012 baseline, greatly surpassing our goal of 10%.

Towards zero waste

In 2017, C&A committed to sending zero waste to landfill from C&A stores, distribution centres, and head offices by 2025. With products such as our Gold level Cradle to Cradle Certified™ collection developed in 2017 and expanded in 2018, as well as our Platinum level Cradle to Cradle Certified™ denim fabric in 2019, we’re closer to our goal of circular fashion. We recognise that zero waste is an ambitious and difficult aspiration. At the same time, we are committed to building the foundation for minimising waste production — and helping our customers do the same — so that we can eventually meet our goal. However, the volume of waste sent to landfill in 2019 remained virtually unchanged from 2018, indicating that we have more work to do if we are to progress towards zero waste. We are evaluating our lack of progress in this area with a view to developing new goals and approaches.

Advancing Sustainable Chemicals Management

Our SCM programme began with 50 fabric mills in 2016, and grew to 350 production units globally in 2019. During the year, we advanced our focus from expanding coverage to driving positive impacts in input, process, and output management, with special emphasis in 2019 on input chemistry to identify and drive adoption of safer chemicals. In 2019, we revised our SCM Minimum Performance standard as we moved from our previous chemical audit approach to the industry-accepted Higg Index FEM.
Who we’re working with

Zero Discharge of Hazardous Chemicals, Sustainable Apparel Coalition, Laudes Foundation, World Resources Institute, Aligned Incentives, IPE, Greenpeace, China National Textile and Apparel Council (CNTAC), Fashion for Good, Solidaridad, Partnership for Sustainable Textiles, Dutch Covenant for Sustainable Apparel and Textile

Chemicals

Accelerating our Sustainable Chemicals Management programme

When it comes to managing sustainable chemicals, we apply the ‘clean factory’ approach, encouraging the elimination of hazardous chemicals across production for all brands, not just C&A’s production. Since we first began our Sustainable Chemicals Management (SCM) programme, it has expanded to include hundreds of production units in our supply chain, from fabric mills to printers. Now we are working with them to achieve lasting positive impacts in identifying and adopting safer chemicals, improving on-site chemical management systems, and eliminating hazardous chemicals from wastewater. Among other activities, this work includes communicating our SCM Minimum Performance Standard and Rating System to our supply chain and regularly enhancing the standard, such as to increase the amount of certified safe chemistry used by our suppliers.

Our 2019 actions

Full deployment of a chemical transparency tool that identifies which products our supply chain is using, who is manufacturing them, in what quantities they are being used, and if
they are certified as safer chemistry.

Adoption of the Higg Index Facility Environmental Module (FEM) that drives an industry standardised tool to assess environmental and chemical performance in our supply chain and work with industry partners to create effective remediation.

Developed science-based climate targets, which have been approved.

**Our Performance 2019**

**Progressing towards zero discharge of hazardous chemicals**

Chemicals surround us in our daily life. Not surprisingly, they are also an integral component in making and washing garments – from helping grow raw materials like cotton, to processes like dyeing or as key ingredients in the laundry products our customers use.

At C&A, we want to make sure chemicals used in making C&A products are safe for people and the planet so we founded, alongside five leading brands, the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation. Today, together with 30 other Signatory Brands, C&A is implementing ZDHC’s Roadmap to Zero framework, where we apply the ‘clean factory’ approach, encouraging the elimination of hazardous chemicals across production for all brands, not just C&A’s production.

Each year we demonstrate our public commitment to the communities where our apparel is produced – and to Greenpeace – by reporting our progress in this detailed report. Along with a full explanation of our chemicals management approach and the progress we make, we also present the challenges we face. Year-on-year performance data is also available on the chemical audits and regular wastewater testing we carry out as part of our SCM programme.

**Our approaches to controlling hazardous chemicals**
Our approach to Sustainable Chemicals Management

C&A’s holistic approach to chemical management revolves around three areas: input, process, and output management.

Our holistic approach to chemical management

We use a variety of approaches to control hazardous chemicals across the product and supply chain.

We recognise that our vision of a supply chain with zero discharge of hazardous chemicals cannot be achieved alone. Only with industry efforts, including brands, NGOs, academics, chemical suppliers, and manufacturers, can we drive permanent change. Within each of the above three areas, C&A has focused on developing industry standards, tools, and methodologies, such as our efforts in developing the Sustainable Apparel Coalition’s Higg 3.0 Facility Environmental Module (FEM), the ZDHC Manufacturing Restricted Substances List (MRSL), and the ZDHC Wastewater Guidelines.
We have also created a Minimum Performance Standard as a tool to communicate our expectations in chemical management to our supply chain. All of our facilities under the SCM programme are provided with a rating that encourages them to meet or conduct remediation to ensure the expectations are adhered to. The Standard is updated annually to drive continuous improvement towards ZDHC. And since 2015, all our facilities have been required to disclose their wastewater test reports on the Institute of Environmental Affairs (IPE) website, and required to disclose on the ZDHC Gateway since its beginning.

C&A engages with industry stakeholders such as the Institute of Public and Environmental Affairs (IPE). As part of this engagement, C&A regularly screens our supply chain for environmental violations listed on the IPE website and works jointly to drive remediation across our supply chain in China. This screening extends beyond C&A’s direct suppliers to also cover upstream and downstream suppliers such as chemical formulators, waste disposal operators, and off-site effluent treatment plants. As part of these efforts, C&A has joined the IPE Blue EcoChain tool, which provides automatic notifications to C&A should an environmental violation be detected in the supply chain. This allows C&A to provide an immediate response and work quickly with the facility to remediate the issue.

Input management

Input management is the cornerstone of the SCM programme. The objective of input management is simple: for C&A suppliers to procure chemicals that meet ZDHC requirements. In practice, this means screening and testing chemical products against the requirements of the ZDHC Manufacturing Restricted Substances List (MRSL) and registering the results on the ZDHC Gateway. The Gateway acts as a global database for safer chemistry for C&A suppliers and the industry at large.

To support the identification of safer chemistry, C&A implements a hazard-based Screened Chemistry Programme with several other brands to identify best-in-class and better alternative chemicals. Together, along with the ZDHC Gateway, we provide our suppliers with information on safer chemicals so they can make informed decisions when procuring chemicals.

We are also working globally to engage with key chemical suppliers and formulators to increase the awareness of ZDHC and its requirements, with the aim of increasing knowledge of safer chemistry and driving research and innovation to find suitable alternatives.

Our approach to chemical input management
Process management

Process management is key to ensuring each of our supply chain partners has the necessary personnel, management systems, tools, and expertise to reach ZDHC requirements. In 2015 we developed the SCM Audit where we sent in technical experts to each of our wet production units to assess their current level of performance and create a joint action plan to drive continuous improvement.

In 2019, our auditing approach was replaced with the Higg Index Facility Environmental Module (FEM) 3.0. This assessment builds upon the core aspect of wastewater, chemicals, and environmental management systems we have been addressing since 2015, by expanding into energy, air emissions, water, and environmental permits. To ensure a robust and comprehensive assessment, each production unit is required to conduct third party verification of their assessment at least every two years.

Output management
C&A is committed to report publicly on its progress towards ZDHC. We conduct regular wastewater testing at our production units against the ZDHC Wastewater Guidelines to validate the elimination of hazardous chemicals. By testing raw wastewater for chemicals listed on the ZDHC MRSL, we validate the elimination of hazardous chemicals at individual facilities. If a detection is found, a phase-out plan is created with the production unit to replace the chemical with a safer alternative within the shortest possible timeline.

Additionally, all C&A suppliers communicate their wastewater testing results publicly on the IPE website as well as the ZDHC Gateway. This ensures all relevant stakeholders have access to the progress we are making year-on-year.

Safe products are also an output of a holistic and effective chemical management system. Read our approach to Product Quality and Safety here. In addition, C&A continues to work with ZDHC to create a comprehensive framework for the monitoring of air emissions — going beyond the legal limits C&A currently monitors — with the intent to start implementation in 2021.

**Capacity building**

We train our suppliers to understand why chemical management matters and what it involves, and to develop the infrastructure they need to reduce their impact. This capacity building covers many different areas, but includes training about which chemicals to use, how to select better alternatives, and how to safely manage chemicals in their operations.

On-the-ground experts conduct frequent site visits to provide any support required and to assess remediation progress and timelines as part of our corrective action plan (CAP) process. C&A also hosts regular meetings at an operational level in our local offices to discuss common issues in the supply chain and develop solutions, and also at a top management and owner level to raise awareness of our requirements.

**Working together towards zero discharge of hazardous chemicals**

The SCM programme was built on a foundation of collaboration. From the very beginning, we realised that no brand can achieve zero discharge of hazardous chemicals alone. To that end, we were a founding member of the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation, established in 2012 with the goal of eliminating the use of priority chemicals by:

- Developing and updating the Manufacturing Restricted Substances List (MRSL) and accompanying guidance on conformity.
- Identifying safer alternatives for chemicals that are included on the MRSL.
- Developing a robust chemical assessment process.
- Monitoring the quality of wastewater from production units and reporting publicly on results.
- Working towards full transparency of chemical discharge in our supply chain.
- Empowering our suppliers to move towards zero discharge of hazardous chemicals through capacity building and training.
By using our global size and scale to deliver results in these six areas, our company is going beyond compliance. Ultimately, we are seeking to normalise good practice at C&A suppliers’ factories and across the rest of the industry.

C&A engages with industry stakeholders such as IPE. As part of this engagement, C&A regularly screens our supply chain for environmental violations listed on the IPE website and works jointly to drive remediation across our supply chain in China.

**Working with partners to drive improvement**

Laudes Foundation[1] has been working extensively with ZDHC to accelerate, further scale, and drive impact on eliminating the use of hazardous chemicals across global apparel and footwear supply chains.

Continuing the previous ZDHC support provided, Laudes Foundation[2] had several grants with ZDHC in 2019:

- **Five-year strategic growth plan.** This plan is enabling ZDHC to prioritise actions and document important milestones, supporting its vision of ‘widespread implementation of sustainable chemistry and best practices in the textile, leather and footwear industries to protect consumers, workers, and the environment’. The Foundation also provided a grant to accelerate plan implementation. This includes demonstrating the enabling role of chemistry, strengthening ZDHC organisational capacity, deepening support in target regions/countries, and promoting continuous improvement in the industry.

Other grants support the development and application of two important tools that have been adopted by C&A for our supply chain:

- **ZDHC Gateway - Wastewater Module.** One of the barriers to better chemical management is a lack of data to inform and drive wastewater improvement. The Wastewater Module is a disclosure platform for wastewater discharge information that helps factories to disclose timely and accurate information, allows brands to monitor progress throughout the supply chain, and demonstrates accountability to industry stakeholders.

- **ZDHC InCheck Tool.** Suppliers do not always know how to access alternative chemicals for their production processes. This tool allows manufacturers to create and update a chemical inventory, complete a self-assessment, and source better chemicals.

Read more about Laudes Foundation’s support of ZDHC

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[1] This work was started by C&A Foundation and continues under Laudes Foundation.

[2] This work was started by C&A Foundation and continues under Laudes Foundation.
Our 2019 performance

Zero discharge of hazardous chemicals remains an ambitious target — a target which is regularly updated as we constantly identify additional chemicals to be phased out and replaced by safer alternatives. In 2019, C&A set out to identify a supply chain partner where we could work in collaboration to achieve full ZDHC conformance — a first in the C&A supply chain, and one of the first in the industry.

Across the rest of our supply chain, our primary focus was to accelerate our input management with the aim to map all the chemicals used in our supply chain. This included working closely with ZDHC to populate the gateway, and with our suppliers to upload and register their chemicals to the gateway. When hazardous chemicals are discovered through this process, we are supporting our suppliers in replacing them with safer chemicals where possible, using hazard-based Screen Chemistry to assess chemical products.

Together, these are central components of the C&A SCM Programme, which covers 350 production units from our wet processing units in tier-1 and tier-2 facilities to all nominated fabric mills. Our SCM minimum performance standard, introduced at the end of 2017, is a holistic scoring mechanism that transparently aggregates a facility’s performance across the three pillars of the programme: Input, Process, and Output. The standard also covers remediation, to ensure facilities are continuously working to improve their performance. Requirements are categorised into three groups—Zero Tolerance, Critical, and Major—and each facility is scored based on the number of requirements met.

In 2017, we determined that 71% of our supply chain was not meeting our Minimum Performance Standard, so in 2018 and throughout 2019, we focused on creating impact. This involved special efforts to build knowledge, strengthen skills, and drive remediation in the supply chain. By 2019, the number of facilities not meeting our minimum performance standard was reduced to 15%. The facilities not meeting our requirements were primarily new facilities that were added into the SCM Programme during 2019 and were conducting their first audit and wastewater testing.

Throughout 2019, we conducted:

• 296 self-assessed Higg Index Facility Environmental Modules
- 205 third-party verifications for FEM
- 579 wastewater tests to identify hazardous chemicals in our supply chain
- 296 corrective action plan visits to evaluate efforts towards meeting our SCM programme requirements
- 10 two-day seminars on chemical and wastewater management, training 249 factory staff

2017 represented the first year our facilities were given a SCM performance score based on a standard, and 29% of facilities were found to be meeting our requirements, with the remaining facilities given a clear timeframe for raising their performance to ensure they can continue to work with C&A. During 2017 we determined that significant work was needed to support our supply chain in meeting C&A’s requirements in chemical and environmental management.

Therefore, our focus in 2019 was on enhancing our internal and external support programmes. As a result, 97% of facilities were meeting our requirements by the end of the year. The SCM Minimum Performance Standard becomes more exacting each year, so facilities will continue to be held accountable for any new requirements as well as any required remediation against the 2017 and 2018 standard.

In 2019, the standard underwent an overhaul as we transitioned from our internal chemical audit to the industry-accepted Higg Index FEM. As a result, the methodology of monitoring remediation was updated and becomes incomparable to previous years.

The above results show the SCM remediation programme is working, with further efforts still required to increase the level of performance in line with C&A expectations. As the minimum performance standard rises each year, C&A drives continuous improvement.

**Input management**

We made significant progress in 2019 in better understanding the challenges of input management as well as advancing industry solutions.

During 2019, C&A globally implemented a Chemical Inventory Management System across 350 production units. This allows us to better understand what chemicals our suppliers purchase and where they come from, and then—by mapping against the ZDHC Gateway—identify their MRSL conformance. This information allows us to then prioritise our engagement with the chemical industry and discuss the industry’s requirements with the goal to increase the number of safer chemicals available on the marketplace.

C&A utilises the ZDHC InCheck tool, a standardised industry approach to monitoring input chemistry. By collecting a facility’s chemical inventory list and screening it against safer chemicals listed in the ZDHC Gateway, the tool identifies the facility’s level of conformance to the MRSL. Each facility is given an InCheck report, which we used to identify and manage progress towards the elimination of hazardous chemicals.

It is vital that the industry have one source of information for conformant chemistry. To address this, in 2017 ZDHC launched the Gateway, a global database of safer chemistry that enables chemical formulators to securely share chemical information with brands and textile, footwear, and leather suppliers, in line with the ZDHC standards. ZDHC brings together a global database of conformant chemistry by recognising 27 existing certifications and testing bodies.
As of the end of 2019, 280 facilities sourced from 3,395 chemical formulators and purchased 18,110 unique chemical products. Using a combination of data from ZDHC Gateway and other public portals, C&A has identified that 28% of these chemical products are MRSL conformant. Not all of these remaining chemicals are necessarily non-conformant, but simply have yet to be certified. From the chemical products used by these facilities, the coverage of ZDHC Gateway was 17%. This demonstrates that the platform is still maturing, but made significant progress in 2019 with the alignment with the industry standard BlueSign.

This experience demonstrates the need to have global alignment on input chemistry in order to engage the long, complex chemical supply chains used by the apparel and textile industry. To this end, C&A continues to engage with our key chemical suppliers, both international and domestic, to introduce the ZDHC requirements, with the aim of publishing their conformant chemistry in the ZDHC Gateway.

**Process management**

For last few years, we have relied on a comprehensive system of SCM audits to assess a facility’s on-site chemical management system and performance. In 2019, our internal audit system was phased out in favour of the Higg Index FEM industry assessment, which links manufacturers, brands, and retailers together in measuring environmental impacts and provides various training and improvement resources. This module offers a holistic approach beyond chemicals and wastewater—our previous primary focus areas—to include environmental management systems, permits, water, air, wastewater, chemicals, and waste.

Through the Higg Index, we assessed the performance of 296 facilities and found that the top five non-conformances identified in 2019 were:

1. Having a documented process to systematically identify, monitor, and verify compliance with all product Restricted Substances List (RSL)
2. Having a documented process to systematically identify, monitor, and verify compliance with all Manufacturing Restricted Substances List (MRSL)
3. Having well marked, designated chemical storage and temporary storage areas
4. Having the ability to trace all production chemicals from the manufacturing process back to the chemical inventory
5. Training employees responsible for the chemical management system on RSL and MRSL

Once all the non-conformances are identified, the SCM team works with the facilities to implement a corrective action plan and provide technical support wherever needed. To date, the C&A SCM Programme has created 350 corrective action plans that all contribute to the elimination of hazardous chemicals. First, we recognise that production units need to strengthen their management systems and training programmes, which relate to four of the top five issues identified. Second, we need to work with our supply chain to better manage their temporary chemical storage areas.

**Overcoming challenges**

C&A recognises a knowledge gap in the supply chain needed to overcome many of the issues we had identified through our assessments. Most of the mills, laundries, and printers we work with only have a basic understanding of chemicals issues, and lack the skills and information to make necessary changes.
To meet this challenge, C&A continues to implement a series of global trainings with an expert chemical management consultancy. Over 2 days, we trained more than 249 factory workers on Chemical and Wastewater Management, tackling issues such as how to manage chemicals and hazardous waste throughout the facility, properly handle and dispose of chemicals, conduct chemical risk assessments, create chemical policies and management systems, and address other important knowledge gaps identified during our assessments.

Another challenge is third-party resources. Although some good progress is being made—particularly with the Higg Index 3.0 module — third-party resources in certain countries for chemical assessments and wastewater testing are still in their infancy. High costs and a lack of resources and collaboration are slowing down the kind of progress we need to meet our targets as an industry.

Output management

In 2019, C&A conducted 579 wastewater tests across 18 countries using the methodology listed in the ZDHC Wastewater Guidelines. C&A monitors the raw wastewater within the facility for the detection of any hazardous chemicals present. Since 2018, all our facilities have been required to disclose their wastewater test reports on both the IPE website and ZDHC Gateway.

Overall, C&A analysed nearly 55,000 chemical analytes within the wastewater of our supply chain. C&A had a pass rate of 99.6%, meaning that the majority of the analytes tested were not detected in the wastewater.

Rates of MRSL compliance in raw wastewater by chemical group

2018

358 Facilities
The 2019 graph reflects the latest raw wastewater test reports from 296 facilities globally.
using the clean factory approach, meaning results include all production on-site from all brands. Production units that only tested discharge wastewater (e.g. a ZDHC accepted report for another brand) have been excluded in order to create comparable results. Results indicate a positive trend in facilities continuing to identify hazardous chemicals used in their production facilities and phase them out. Ten of the 14 chemical groups now have a failure rate of 5% or less, demonstrating that the majority of facilities have now phased out these chemicals. In 2018, we identified challenges with the phase-out of AP & APEOs and phthalates. Through our remediation efforts, AP & APEOs has decreased from 99 detection in 2018 to 36 detection in 2019 and Phthalates from 90 detections to 32.

C&A will continue to work with our supply chain, and the chemical industry, to strive towards zero detections of hazardous chemicals in wastewater. C&A’s advances in chemical input management will support this work as it directly tackles the issue at source and works to ensure that facilities know which chemicals are compliant before they are purchased and used.

Where next?

Industry-wide, apparel suppliers continue to face challenges in substituting safer chemicals. Factors such as the limited availability of viable and cost-effective alternatives, the need for thorough assessment of chemicals thought to be safer, the lack of support from governments, and a need for greater transparency in chemical formulations all present difficulties to the supply chain. At C&A, we are using a variety of approaches—including training, capacity building, and infrastructure changes—to help suppliers address these challenges, while also recognising the broader issues that extend beyond their control.

Input management

Looking ahead to 2020 and beyond, we will continue to work with ZDHC to identify additional chemicals that should be phased-out in the industry. ZDHC has operationalized a robust multi-stakeholder mechanism to update the MRSL which C&A will continue to adopt. We will also continue increasing traceability in our chemical supply chain. C&A will continue mapping our chemical supply chain to better understand what chemical products are being used, where they are coming from, and how they are disposed. This will include focused engagement with our chemical supply chain as we work to identify and phase out hazardous chemicals and to certify safer chemicals to be used in the supply chain, via
ZDHC. This is a long process likely to take several years, but can be accelerated with industry action.

Our efforts to enhance transparency in our chemical supply chain allow us to prioritise our collaborations to create the biggest impact. In 2020 and beyond, we will keep working with key chemical suppliers to drive further adoption of the ZDHC Gateway. We will also continue setting requirements on the usage of chemicals registered in the Gateway for our supply chain. In addition, Screen Chemistry has now been adopted under the ZDHC Framework and is currently under a multi-stakeholder review. Screened Chemistry, which uses a hazards-based approach to chemistry, will continue to play an important role in our future programme as it is critical to ensuring that human health and environmental impacts are fully evaluated before adopting alternative chemistries. This is imperative to avoid regrettable substitutions.

**Process management**

C&A will continue to drive positive impacts in process management. C&A’s adoption of Higg Index FEM in 2019 provided a holistic assessment of our supply chain’s environmental and chemical performance. C&A will work in partnership with our supply chain on raising their performance in critical areas and continue to benchmark our supply chain’s performance against the industry. Benchmarking by facility type will allow facility managers to compare their performance against that of their peers. The modules will also give manufacturers guidance for improvement and current best practices, while creating opportunities for conversation among supply chain partners so businesses can collectively perform better. In addition, C&A will ensure a robust mechanism to ensure that FEM assessment are complete and accurate. As such, we will continue to require all our production units to conduct regular third-party verification.

C&A identifies the need to have a more robust training platform for chemical management and replace individual brand training, which has been C&A’s previous approach. We will work with our partners, like the ZDHC, to establish a robust training programme that meets the needs of our supply chain and supports in closing the knowledge gap. In addition, facilities will continue to receive on-site expert support via C&A’s SCM team located in all major production countries.

**Output management**

Alongside a strengthened input management programme, wastewater testing continues to validate that the elimination of hazardous chemicals has been achieved in specific facilities, or reveals their progress towards reaching ZDHC. The major focus in 2020 will continue to be on root-cause analysis - identifying the failing chemical detection back to its original source and looking for alternatives. C&A continues creating phase-out plans for each facility where a failing chemical detection occurs and supporting them in finding alternatives via the ZDHC Gateway.

Likewise, we remain committed to publicly disclosing wastewater test results using the ZDHC Gateway Wastewater Module and IPE. The Gateway Wastewater Module, funded by Laudes Foundation,[1] serves as a global portal for verified wastewater results tested against the ZDHC Wastewater Guidelines. It provides suppliers (manufacturing facilities) with an easy way to disclose secured and verified wastewater and sludge data to their clients (brands/retailers), reduce unnecessary testing, and focus on improving the quality
Designing products with zero discharge of hazardous chemicals

Our vision is for the global apparel industry to become a circular system, where clothes are designed with their next use in mind. Our Gold level Cradle to Cradle Certified™ T-shirts and jeans, as well as our newer Platinum level Cradle to Cradle Certified™ denim, play a vital role in the certification of safe chemistry. These products are designed and made with fewer, safer chemicals, and complement our overall approach to better chemical management by demonstrating that zero discharge of hazardous chemicals is possible. Our leadership in sustainable chemicals management involves working with suppliers to reduce all hazardous chemicals in their factories, not just the chemicals used for C&A production. In this way and others, we are striving to create a paradigm shift not only in our own supply chain, but across the entire apparel industry.

Read more about our Cradle-to-Cradle Certified™ products

[1] This work was started by C&A Foundation and continues under Laudes Foundation.

Climate Change
Taking a science-based approach

Climate change is one of the most important areas for C&A to focus on because it threatens the communities we work in, as well as our ability to access raw materials in the future by increasing the frequency of unpredictable or extreme weather events. To be effective, we must look at this issue using a science based approach.

In February 2020 we were proud to announce that C&A received approval from the Science Based Targets initiative (SBTi) for absolute reduction of greenhouse gas (GHG) emissions by 30% across all scopes by 2030. Our science-based target (SBT) approval marks yet another milestone in our sustainability journey to reduce CO₂ and other GHG emissions by sourcing more sustainable materials and by responsibly managing supply
chain environmental performance.

Over the past several years, we have been recognized as one of the few brands to have disclosed its entire GHG inventory for five years. Supported by consulting firm Aligned Incentives, the life cycle assessment (LCA) leader, we have been focused for over two years on modelling and validating our SBTs through a combination of process LCA and hybrid modelling of the entire C&A value chain.

Our new GHG reduction targets are science based and are in alignment with the Paris Agreement – to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.

We will deliver the following:

- Absolute GHG emissions reduction by 30% for our offices, distribution centres, and retail stores by 2030.
- Absolute GHG emissions reduction by 30% in our value chain by 2030.

And we will aspire to:

- Use 100% renewable energy by 2025 in our offices, distribution centres, and retail stores.

Currently, our own operations (scope 1 and 2) make up only 4% of our total carbon footprint. We will continue to improve efficiencies and aim to source all electricity from renewable sources.

The challenge will be our supply chain and other downstream sources, such as the use of our products after they are sold (scope 3), where many emissions originate. To address this challenge, we will continue to focus broadly and deep within our supply chain in the following areas:

- Continue to drive a large proportion of more sustainable raw materials like certified organic cotton, where C&A has been recognised for many years to be the leader both in terms of absolute volumes and share. Each year, our procurement of certified organic cotton is equivalent to taking 70,000 cars off the road.
- Continue to support the Higg FEM module by increasing adoption rates and engaging our supply chain on improving its performance. C&A currently has one of the highest adoption rates with over 400 facilities, where over 50% have been verified.
- Continue to drive innovation as a principle partner of Fashion for Good, where start-ups’ circular and sustainable technologies are actively piloted in the our supply chain.
- Achieve further innovations in circular product design, building on the development of the most sustainable apparel products in the world with C&A’s Cradle to Cradle Gold Certified™ jeans and circular knit collection. The associated GHG emission reductions have been estimated to be as much as 85%.
- Participate in a new collaboration with brands under the Gold Standard Initiative to support and align on value chain interventions and globally aligned accounting standards.

The Science Based Targets initiative mobilises companies to set science-based targets and boost their competitive advantage in the transition to the low-carbon economy. It is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

Read more about science-based targets
How we measure and account for GHGs

Working with the scientists at Aligned Incentives, we have determined our GHG inventory for Scope 1, 2, and 3. To accomplish this, we use a hybrid LCA in accordance with the World Resources Institute/World Business Council for Sustainable Development GHG Protocol for corporate accounting and reporting and value chains. Our model combines input-output and process LCA methods, enabling us to focus on the key hotspots in our value chain.

Our 2019 estimate uses data from more than 83,000 shipments from our sourcing countries to our stores. We also evaluated emissions across 3,811 unique non-product spend categories to assess the value chain impacts of products and services that are related to our business operations and administration. This, combined with energy and fuel data for each of our stores, distribution centres, and offices, has provided us with a comprehensive data set used in the analysis. It has therefore enabled us to set a firm baseline from which we will measure our reductions going forward.

Improving our model to enhance our approach

In 2017, we updated our estimate for the consumer use phase by utilising customer survey data, garment-specific care instructions, and garment durability data from the Sustainable Apparel Coalition. In 2018, we updated waste ratios at each life cycle stage, giving us an even more accurate understanding of material inputs and resulting waste embedded in the products sold. All previous estimates were recalculated to reflect this improvement to the methodology. We continue to use this new approach in our estimates.

Making progress

Total greenhouse gas emissions by scope

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<tr>
<td>Scope 2</td>
<td>Purchased electricity</td>
<td>87,984</td>
<td>1.71%</td>
<td></td>
</tr>
<tr>
<td>Scope 2</td>
<td>Purchased district heating</td>
<td>8,430</td>
<td>0.16%</td>
<td></td>
</tr>
<tr>
<td>Scope 2</td>
<td>Purchased district cooling</td>
<td>2,350</td>
<td>0.05%</td>
<td></td>
</tr>
<tr>
<td>Scope 3</td>
<td>Purchased goods and services</td>
<td>4,019,818</td>
<td>78.10%</td>
<td></td>
</tr>
<tr>
<td>Scope 3</td>
<td>Fuel-and energy-related activities</td>
<td>19,371</td>
<td>0.38%</td>
<td></td>
</tr>
<tr>
<td>Scope 3</td>
<td>Upstream transportation and distribution</td>
<td>441,118</td>
<td>8.57%</td>
<td></td>
</tr>
<tr>
<td>Scope 3</td>
<td>Waste generated in operations</td>
<td>310</td>
<td>0.01%</td>
<td></td>
</tr>
<tr>
<td>Scope 3</td>
<td>Business travel</td>
<td>13,444</td>
<td>0.26%</td>
<td></td>
</tr>
<tr>
<td>Scope 3</td>
<td>Employee travel</td>
<td>78,435</td>
<td>1.52%</td>
<td></td>
</tr>
<tr>
<td>Scope 3</td>
<td>Use of sold products</td>
<td>426,730</td>
<td>8.29%</td>
<td></td>
</tr>
<tr>
<td>Scope 3</td>
<td>EOL treatment of sold products</td>
<td>29,440</td>
<td>0.57%</td>
<td></td>
</tr>
</tbody>
</table>

**Total greenhouse gas emissions, year-on-year comparison**

![Graph showing year-on-year comparison of total greenhouse gas emissions](source.png)

**Total greenhouse gas emissions across our value chain**
Total greenhouse gas emissions across our value chain, year-on-year comparison

Unit: tCO$_2$e
Source: Aligned Incentives, 2019

Reducing our climate impact through more sustainable materials

Roughly 10% of our GHG emissions are from agriculture, most of which is from cotton agriculture. In 2019, 94% of the cotton we sourced was more sustainable, meaning that it
is grown organically or sourced as Better Cotton. We estimate that our sustainable sourcing of cotton in 2019 avoided roughly 58,772 metric tons of GHG emissions, or a reduction of 11% in GHG emissions compared to conventional cotton.

**Greenhouse gas emissions of C&A’s cotton mix, compared to conventional cotton**

In 2019, almost 8% of our GHG emissions from raw material production is from man-made cellulosic fibres. We have an aspiration to source all of our viscose free from ancient and endangered forests and from suppliers that use best available technologies (BAT). This effort is already contributing to noticeable emission reductions. We estimate that by sourcing more sustainable cellulosic, we have avoided roughly 57,158 metric tons of GHG emissions, or a reduction of 45% compared to conventional cellulosic fibres.

**Greenhouse gas emissions of C&A’s viscose mix, compared to conventional viscose**
Together, the combination of sourcing more sustainable cotton and cellulosic fibres has enabled us to avoid 115,929 metric tons of GHGs.

Read more about our commitment to more sustainable viscose

**Reducing our climate impact through more efficient production**

Material processing, which is dominated by textile production, is the largest source of emissions in our supply chain, representing about 45% of total emissions. Our SCM programme works to address these impacts, and we continued focusing additionally on SCM in 2019 to strengthen our approach and drive reductions over time.

**Reducing our emissions from retail operations**

Our scope 1 and 2 GHG emissions account for around 2.3% of our total GHG emissions. We have a 2020 target to reduce emissions intensity by 20% compared to 2012.

To calculate our emissions intensity, we normalise using Gross Leasable Area (GLA) or the total square metres (m2) that can be leased for our stores, offices, and distribution centres. In 2019, we reduced our carbon intensity by 29% and increased our energy efficiency by 23%, compared to 2012. The reductions experienced were due to improvements in energy management, lighting, and practices across a variety of retail stores in our four retail markets.

In the graph below, our emissions estimate for purchased energy (electricity, district heating, and cooling) is market-based, Scope 2 methodology.

**Absolute GHG emissions and carbon efficiency of stores, offices, and distribution centres**

Source: Aligned Incentives 2019
Consumer use

The use and disposal of clothing by our customers makes up 9% of our total carbon footprint. Prior to 2017, our past estimates of consumer use impacts were based on large assumptions with high levels of uncertainty. In 2017, however, we took a closer look at our customers’ habits to improve our estimate and understand the levers with which C&A – and other brands – can reduce consumer use impacts.

Using primary data collected from a customer survey, we identified previous assumptions that had overestimated impacts in this life cycle stage, and we were pleased to learn that a sizeable portion of our customers are currently consuming fashion more sustainably. Specifically, we learned that a high proportion (60 to 85%) of our customers line-dry their clothes, and a majority wear articles such as trousers, shirts, and blouses multiple times before washes.

Also in 2017, we ran a sensitivity analysis to measure the impact of the average cleaning cycle on the carbon footprint of our clothing. We found that clothes washing represents roughly 55% of total greenhouse gas impact, and drying accounts for the remaining 45%. Washing at 40°C is the dominant driver (52%) of the greenhouse gas impacts of washing clothes. This was not surprising, as many washing machines have 40°C as their default setting.

These results show the power of normalising sustainable behaviours. Using our data, we estimate that the total greenhouse gas impact of our clothing could be reduced by 45% if line-drying were the norm for the 15 to 40% of customers who machine-dry their clothing. And if the default 40°C wash became a 30°C wash, we would see additional greenhouse gas savings of approximately 21%. Together, these simple changes could cut the carbon footprint of our clothing by one-third, or over 300 megatons.

Customer survey results: drying method by region and garment type
Customer survey results: wears-per-wash profiles by region and garment type

Source: Aligned Incentives, 2017
Where next?

Already, in just one year, we have reduced Scope 1 and 2 emissions by 9.5% compared to the new 2018 baseline used to measure progress towards our science-based targets, thanks to increased renewable energy purchases. In addition, supply chain emissions have been reduced 4.3% from the baseline. Both are below the target trajectory line and reflect positive progress toward our recently approved science-based targets.

In 2020, we will focus on the following areas to support our approved science based targets:

1. **Develop short- and long-term roadmaps**: We will work with our retail markets to define roadmaps and marginal abatement curves that focus on the interventions needed in the short- and long-term for scope 3 emissions. These interventions will be prioritised and resources allocated to deliver our planned reduction.

2. **Map carbon neutrality in our stores, offices, and distribution centres**: We will begin to roadmap the interventions needed to reach carbon neutrality by 2025.
Water
Contextual and finite

Today, around one billion people live in areas where access to fresh water is scarce. By 2025, two-thirds of the world’s population may struggle to access enough clean water to meet their needs. The apparel industry uses a lot of water across its supply chain, from crop irrigation to wet processes in production, through to customer use. For instance, a simple cotton T-shirt requires the equivalent of three years’ worth of drinking water (2,700 litres) to manufacture and use [SOURCE: WWF]. In a world of shrinking natural resources, we must work together to reduce this level of consumption quickly. Our cornerstone commitment to sourcing more sustainable cotton underpins our approach to water, as more sustainable cotton uses considerably less water than conventional cotton.

How we define our water footprint

The water footprint is an indicator of freshwater use that looks at both direct and indirect water use for any kind of productive activity: for example, growing cotton for the products consumed by an individual or group of individuals or for the activities within a geographic area. It accounts for water consumption and pollution over each phase of the production process and value chain, and includes three components:

- **The blue water footprint** is the amount of fresh surface or groundwater used to grow a crop or produce goods or services. It is the amount of water evaporated, incorporated into the product or returned to a different location or in a different time period from where it was withdrawn.
- **The green water footprint** is the total rainfall or soil moisture used to grow plants. It is relevant for products that include agricultural crops, and wood and other forestry inputs, where it refers to the quantity of water either through plant evapotranspiration incorporated into the harvested crop, or both.
- **The grey water footprint** is a measure of pollution. It is expressed as the volume of water required to assimilate the pollutant load to meet ambient water quality standards. The pollutant that requires the largest assimilation volume is referred to as the critical pollutant and is used to calculate the grey water footprint. If there are both surface and groundwater discharges, the grey water footprint for each discharge is calculated.
How we measure our water footprint

Similar to previous years, we have used hybrid LCA to assess our water footprint across our value chain. The analysis demonstrates that the largest water consumption phase is the production of raw materials (64%), followed by intermediate textile goods (29%). Together, they make up 93% of our total combined blue, grey, and green water footprint.

Total water footprint, year-on-year comparison

Source: Aligned Incentives, 2019

Total 2019 water footprint across our life cycle

Source: Aligned Incentives, 2019
**Total water footprint across our life cycle, year-on-year comparison**

**Reducing our water footprint through more sustainable cotton**

Sourcing organic and Better Cotton, as well as sustainable cellulosic fibres, has resulted in the following significant reductions in our water footprint:

**Blue water:**
- Reduction = 352 million cubic meters
- % reduction = 54%

**Green water:**
- Reduction = 594 million cubic meters
- % reduction = 35%

**Grey water:**
- Reduction = 151 million cubic meters
- % reduction = 43%

**Blue water footprint of C&A’s cotton mix, compared to conventional cotton**

**Green water footprint of C&A’s cotton mix, compared to conventional cotton**

**Grey water footprint of C&A's cotton mix, compared to conventional cotton**
Reducing our water footprint through more efficient production

29% of our water footprint is from the production of fabrics, primarily in the dyeing and finishing stages. These stages of production are addressed in our SCM programme where there is a strong focus on chemical use and wastewater treatment.

Where next?

In 2020 we will focus on creating new goals for water efficiency. Through the development of our new sustainability strategy, we will create new contextual goals for consumption in water-scarce regions and enhance our SCM programme through the identification of water discharge goals.

Waste

Pursuing zero waste to landfill

The apparel industry creates significant waste along its value chain. The majority of this occurs when we make clothes and when we throw them away. Less than 1% of material used to produce clothing is recycled into new clothing, representing a loss of more than $100 billion worth of materials each year [SOURCE: Ellen MacArthur Foundation].
In 2017, C&A committed to sending zero waste to landfill from C&A stores, distribution centres, and offices by 2025. Our approach to reducing waste is grounded in the idea that we must shift our industry from a model of ‘take, make, use, and dispose’ to one where every resource is used and then repurposed, again and again. Our vision is to help enable a restorative circular economy, where nothing is wasted in the creation or disposal of our clothing. Products are designed and developed with their next use in mind, using pure materials and safe chemicals. Social justice, including safeguarding health and safety and fair labour, water stewardship, and the use of renewable energy, are also an integral part of the circular model.

Read more about our approach to circular fashion

The transition to a fully circular apparel industry will take many years. To truly create the pathway to a new normal, we must reimagine much of what we do. However, there are various steps we can take today to start reducing our impact straight away, such as in-store waste management initiatives and the use of recycled materials in our clothing. In 2019, we continued scaling up our efforts in these areas.

Read more about our ‘we take it back’ recycling programme

Our 2019 performance

Eliminating plastic shopping bags

in 2020, C&A Europe eliminated the single-use plastic shopping bags in all of its more than 1,400 stores across 18 countries in Europe. They also introduced a durable ‘bag-for-life’, made of 80% recycled PET which will withstand many shopping trips. When worn out, it can be returned to any C&A store and exchanged for a new one free of charge.

As an alternative to the ‘bag for life’, we will offer customers the choice of 100% recycled paper bags. The paper bags are made of unbleached brown paper, saving water and energy that would otherwise be needed for the bleaching process. In addition to paper and rPET, C&A continues to offer other alternatives, such as cotton bags.

C&A Brazil launched the Waste Game to engage store employees and make them more aware of C&A’s solid waste reduction initiatives. The game took place over 4 months in 2019 in all stores, and offered employees ways to earn points for activities such as participating in training, communicating solid waste practices to others, carrying out effective waste disposal procedures, and checking in-store communication materials and signage. The event led to improvements in awareness of solid waste practices.
Continuing our journey with recycled fibres

We have continued to incorporate recycled fibres in our collection. We have used recycled polyester in outerwear and blouses, recycled nylon in lingerie, and have continued using recycled cotton in denim and T-shirts. In 2019, C&A Europe sold more than 550,000 items containing recycled polyester, 85% more than the previous year, as well as 102,000 pieces containing recycled cotton, a 7% increase over 2018. In Mexico, C&A sold more than 14,600 pieces containing recycled cotton in Men’s, Ladies’, and Youth T-shirts.

Read more about our products made with recycled materials

In-store take-back and recycling facilities for customers

We expanded our in-store takeback programme to additional stores and collected 1422 metric tons of garments for donation or recycling in Europe, Brazil, and Mexico.

Read more about our in-store take-back programme

Recycling rates by retail market (2019)

<table>
<thead>
<tr>
<th>Recycled waste streams</th>
<th>Europe (metric tons)</th>
<th>Brazil (metric tons)</th>
<th>China (metric tons)</th>
<th>Mexico (metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardboard box and paper recycling and/or donations</td>
<td>16,113</td>
<td>356</td>
<td>156</td>
<td>409</td>
</tr>
<tr>
<td>Hanger and/or other plastic recycling</td>
<td>3,047</td>
<td>57</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>Electronics recycling*</td>
<td>0</td>
<td>63</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Other materials recycling (aluminum, cosmetics, lab waste, store window displays)</td>
<td>0</td>
<td>32</td>
<td>0</td>
<td>3</td>
</tr>
</tbody>
</table>

*This category includes lamps, electronic waste, light bulbs, and toner cartridges, among other forms of waste. Legislation in Brazil requires electronic manufacturers and retailers that sell electronic devices to offer a proper disposal procedure for this type of waste.

Total waste produced by retail market (2019)

<table>
<thead>
<tr>
<th>Waste type</th>
<th>Europe (metric tons)</th>
<th>Brazil (metric tons)</th>
<th>China (metric tons)</th>
<th>Mexico (metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazardous*</td>
<td>-</td>
<td>63</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Non-hazardous</td>
<td>24,887</td>
<td>9,345</td>
<td>111</td>
<td>1,062</td>
</tr>
</tbody>
</table>

*Europe does not track hazardous waste data.
Where next?

Despite an uptick in the volume of recycled waste in 2019 and expansion of our 'we take it back' programme, we did not make sufficient progress during the year towards our zero waste goal. We are exploring the reasons for this and evaluating appropriate steps as we develop our next sustainability strategy and goals.