

Responsible Exit Policy

C&A strives to build long-term relationships with its business partners based on mutual trust.

Sometimes C&A needs to end a business relationship due to changes in capacity, or capability, or if the supplier fails to meet our performance parameters such as compliance, sustainability, quality, and operational performance. In this case C&A aims to minimise negative effects by setting a clear phase-out process based on the ACT responsible exit policy, which is described in this document.

1. Prior to communicating the exit to the business partner, C&A sourcing and sustainability teams will conduct an initial risk assessment to determine possible negative impacts and propose an appropriate phase-out plan. This risk assessment will cover:
 - a. business partner details such as involved factories,
 - b. reasons for exiting,
 - c. supplier operational performance parameters of the previous two years via the C&A Supplier Scorecard,
 - d. history of the business partner, including documentation of previous discussion and/or improvement plans,
 - e. existing order volume as a percentage of production capacity of the involved factories based on 12-months business share,
 - f. C&A's order volume of the previous 2 years,
 - g. exploring capacity utilisation through other customers of the business partner,
 - h. duration of the business relationship and
 - i. any other relevant information.

2. C&A will communicate the exit decision and all further steps to the affected business partner transparently, verbally, in writing and accompanied by a clear timeline. This timeline will be proportional to C&A's volume with the business partner, but the phase-out process will take between six to 12 months. This timeline should allow the business partner to utilise the open capacity by other customers. Additionally, C&A will share the reduced business volume for the transition period with the business partner in a transparent manner. Any bi-lateral agreement during the exit process as well as all meeting minutes will be documented and shared between the parties.

3. Where it is apparent that capacity cannot be filled, C&A will engage with the business partner to ensure that any terminations are done according to the law and the following principles:
 - a. The employer should provide, at the earliest possible opportunity, written notice to the workers of the possibility of employment termination and the reasons for it.
 - b. The employer should consult with worker(s) and their representatives before a final decision to dismiss is taken.
 - c. The employer should ensure that all possible alternatives to employment termination are

explored and that workers who are to be dismissed are treated fairly.

- d. The employer should ensure that worker(s) whose employment will be terminated are selected objectively.
 - e. The employer should allow worker(s) whose employment will be terminated time off during the notice period to apply for other jobs.
 - f. The employer should also ensure that all wages, severance pay and other benefits are paid according to the law.
 - g. There will be an acknowledgement by the supplier that workers were paid (via payment documentation)
4. If negative impacts to workers because of C&A's exit are brought to our attention, we will engage with IndustriALL in a mediation process to determine possible resolutions.