

Policy about full disclosure of all production units used for C&A garments (Undisclosed Production Rules)

At C&A we aim to build a better, transparent and sustainable supply chain with like-minded business partners. As a major European retailer, we collaborate with many industry stakeholders such as NGOs, government leaders, unions, suppliers and brands sharing best practices to improve industry standards and comply with supply chain due diligence legislation.

Transparency requires the full disclosure of all production units used for C&A worldwide. A production unit is any factory or subcontractor producing merchandise for sale at C&A, including but not limited to: Cutting, sewing, embroidery, trim, accessories, printing, laundry/washing, dry processing, garment dyeing, panel knitting, linking, storage and final assembly/packing.

All these production units are only allowed to start manufacturing for C&A products after being assessed and approved by C&A for Social and Environmental Compliance and passing C&A's Quality and Technical requirements.

At C&A we are aware that production does not always run smoothly, and problems can occur that create challenges for the orders to be finished. In the spirit of transparency, our sourcing, sustainability and quality team offers comprehensive support to work together on solutions.

To reduce audit fatigue, C&A acknowledges all Social and Labor Convergence Program (SLCP) assessments under the condition that the factory will share the assessment to C&A and passes the C&A social criteria. The SCC team will review the assessment data and provide a report to the supplier.

What will happen if a supplier does not disclose a production unit that is producing for C&A?

1. If a supplier does not disclose the use of a production unit which is already approved and registered in the active factory list of C&A, the supplier is required to add this production unit to their portfolio immediately. C&A will discuss the matter transparently with the supplier and will add this case as an occurrence in the supplier records.
2. Any C&A product found in a production unit not listed and/or not approved for Compliance (SSC and Quality) is deemed unauthorised. The SSC team will then immediately investigate and audit the working conditions in this production unit. Unauthorised production is a serious violation of our Code of Conduct and subject to the following consequences based on the investigation/audit findings:
 - a) If the working conditions in this production unit are acceptable, which is triggered through the audit result being A, B or C rated, C&A will apply a discount of up to 20%* to all garments produced in this production unit, depending on the garments passing the C&A quality standard. The supplier is allowed to add this production unit to the portfolio and the case will be added as an occurrence in the supplier records.
 - b) If the working conditions in this production unit are unacceptable, which is triggered through the audit result being D or E rated, C&A will apply a discount of up to 40%* to all garments produced in this production unit, depending on the garments passing the C&A quality standard. The case will be added as an occurrence in the supplier records. Additionally, the supplier is required to remediate the unacceptable working conditions within three months.

3. If one of the zero-tolerance incidences listed below is detected in the unauthorised production unit, including:
- Child labour,
 - Forced labour,
 - bonded, indentured and prison labour,
 - physical, sexual, verbal and mental abuse,
 - workers not being paid minimum wage,
 - multiple fire safety risks such as no fire alarm, locked emergency doors, insufficient fire escape routes/ exits and fire suppression equipment,

C&A management will evaluate in a zero-tolerance case either to suspend the supplier account for a minimum of 12 months or to terminate the business relation. This decision depends on suppliers' transparency and willingness to implement a lasting remediation of the infringements and the introduction of a suitable management system to avoid unauthorised subcontracting and unacceptable working conditions.

The detection of zero tolerance issues will further include either the cancellation of all orders produced in the respective production unit or eventually accepting the orders applying a discount of up to 40%*. If a supplier fails within 36 months to disclose a production unit a second time, an additional 10%* discount will be applied on top of the above-described sanctions, except for an unauthorised detected zero tolerance infringement. In this case C&A will terminate the business relation with the supplier immediately. Additionally, C&A will terminate the business with a supplier if three cases listed under Point 1 and/or 2 occur within 36 months.

(*) Worker well-being is a key goal in C&A's Sustainability Strategy, and we are committed to engaging ourselves to support our supply partners in improving the working conditions in their factories. Any discount applied due to undisclosed or unauthorised production will be deducted with a credit note by C&A. These discounts will be used through C&A to fund appropriate capability building projects to improve worker well-being in the respective production country. C&A will transparently report about these projects and the use of funds in their annual sustainability report.

C&A's Sourcing, Quality and Sustainability teams are committed to supporting any supplier to achieve full transparency of the C&A supply chain.