



Policy on
Full Disclosure of
All Production Units Used for
C&A Garments
(Undisclosed Production Rules)

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At C&A we aim to build a better, transparent, and more sustainable supply chain with likeminded 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 to comply with the 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, 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 which 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 production unit and/or supplier will share the assessment to C&A and the production unit passes the C&A social criteria. The Sustainable Supply Chain (SSC) team will review the assessment data and will provide a report to the supplier.

Suppliers are responsible to:

- Maintain their profile on the C&A GIN site and ensure that all production units and their capabilities for C&A are properly listed and approved by our Sustainable Supply Chain (SSC) and our quality team.
- Ensure only production units already approved are used for C&A manufacturing
- Ensure that adequate production capacity is available within the approved production units prior to accepting new orders
- Communicate and ensure that employees and factory managers, responsible in overseeing C&A production, fully understand our policy on full disclosure
- Review additional production unit needs with your local Sourcing Contact to ensure that commercial and quality assessments are initiated and completed prior to requesting a social assessment and prior to any production.

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

Any C&A product found in a production unit not disclosed to C&A is deemed unauthorized. The SSC team will then immediately investigate and assess the working conditions in this production unit. Unauthorized production is a serious violation of our Code of Conduct and subject to the following consequences based on the investigation / assessment findings:

- a) If the production unit is found to meet acceptable working conditions (A, B, or C rating), C&A will enforce a rebate per incident of up to 20% of the value of the total

order produced at the undisclosed production unit for A-rated units, up to 30% for B-rated units, and up to 40% for C-rated units, subject to the garments passing the C&A quality standards.

This applies regardless of whether the production unit was previously approved for another supplier. The supplier is allowed to add this production unit to the portfolio and 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 assessment result being D or E rated, C&A will cancel all orders fulfilled at this production unit. The case will be recorded as an occurrence in the supplier's records, and an additional 20% reduction in the foreseen order volume will be implemented over a 12-month period. The supplier will agree with C&A on a corrective action plan to remediate the unacceptable working conditions within 3 months. C&A SSC may offer support, when needed and at its own discretion. Failure to meet this timeline will result in a progressive reduction in business volume with a potential for termination over time if the supplier does not take appropriate action.

If one of below listed zero-tolerance is detected in the unauthorized production unit:

- Child Labor
- Forced bonded and indentured, prison labor
- Physical, sexual, verbal, and mental abuse
- Workers not paid minimum wage
- Multiple fire safety risks: 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. Suspension will only be chosen, if the supplier is transparent and willing to implement a lasting remediation of the infringements at the unauthorized unit and the introduction of a suitable management system to avoid unauthorized subcontracting and unacceptable working conditions. Suspension can be shortened, if the supplier proves a respective stance by taking immediate action.

The detection of zero tolerance issues will further include the cancellation of all orders produced in the respective production unit.

A pattern of repeated non-disclosure – specifically, two occurrences within 24 months – will result in either a 12-month suspension or termination of the business relationship. An additional 10%* discount will be applied on top of the above-described sanctions on orders that have not been cancelled except for an unauthorized detected zero tolerance infringement, which would result in immediate termination of business relationship.

If the use of undisclosed production units occurs by a supplier holding a rating lower than C, or if unauthorised production occurs at a significant scale (exceeding three units), C&A will immediately start a phaseout process following the Responsible Exit Policy.

(*) Any discount applied due to undisclosed or unauthorized production will be deducted with a credit note by C&A to fund appropriate capability building projects to improve worker wellbeing in the respective production country. C&A will transparently report about these projects in the 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.