



Responsible Exit Policy

C&A strives to build long-term relationship with its suppliers based on mutual trust. Sometimes C&A needs to end a business relationship for example due to capacity or capability changes, but as well if the supplier fails to meet our performance parameters such as compliance, sustainability, quality, and operational performance. In this case C&A aims to minimize 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 supplier, the 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. Supplier details, including at least the production units listed by the supplier and likely affected by an end of the business relationship,
- b. Reasons for exiting,
- c. Supplier operational Performance parameters of the previous 2 years using C&A Supplier Scorecard,
- d. History of the supplier, 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. Duration of the business relationship
- h. Any other relevant information (e.g. financial information on supplier)

2. C&A will communicate the exit decision and all further steps transparently to the affected supplier verbally and in writing accompanied by a clear timeline. This timeline will be proportional to C&A's volume with the supplier and the results of the risk assessment. The phase out process will usually take six months. This timeline should allow the supplier to reallocate the open capacity to other customers. Additionally, C&A will share the reduced business volume for the transition period transparently with the supplier. Any bilateral agreement during the exit process will be documented as well as all meeting minutes and shared between the parties.

3. Where it is apparent that capacity cannot be filled, C&A will engage with the supplier to ensure that any terminations are done according to the law and below 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 therefore.
- 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 law.
- g. Acknowledgment by supplier that workers were paid (show 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 process of mediation to determine possible resolutions