Sustainable Supply: Clean Environment

Performance Report 2020

This report covers our environmental stewardship performance in 2020 and serves as an appendix to the C&A Global Sustainability Report 2020. In particular, it highlights C&A's performance toward our 2020 goals in chemicals and climate change, as detailed in our 2020 Global Sustainability Framework.

PROGRESS IN SUSTAINABLE CHEMICALS MANAGEMENT

2020 GOAL: ZERO DISCHARGE OF HAZARDOUS CHEMICALS (ZDHC)

C&A's goal is to foster a supply chain with zero discharge of hazardous chemicals. One of our primary means of controlling hazardous chemicals across the supply chain is our longstanding Sustainable Chemicals Management (SCM) Programme.

The programme represents C&A's holistic chemical management approach, which includes input, process, and output management.

The objective of *input management* is for C&A suppliers to procure chemicals that meet Zero Discharge of Hazardous Chemicals (ZDHC) requirements. *Process management* is key to ensuring each supply chain partner has the personnel, management systems, tools, and expertise to meet ZDHC requirements. For *output management*, we conduct regular testing at suppliers' production units against the ZDHC Foundation Wastewater Guidelines to ensure clean water discharge. We strive for 100% of our suppliers' facilities to meet the minimum performance standard outlined in the SCM programme.

Our Five-Year Journey

Over the past five years, we have developed comprehensive tools for tracking and measuring chemicals in our supply chain. In 2016, we actively supported the convergence of the ZDHC Chemical Management Audit and the Sustainable Apparel Coalition (SAC) Higg Index tool to create the Higg Index Facility Environment Module (FEM). This was an important step towards making chemical management accessible to more suppliers, reducing costs across our supply chain, and improving the positive impact of our work.

Then in 2017, C&A conducted a pilot project to better understand what chemicals our suppliers purchase and where these come from, increasing visibility into chemical use in the C&A supply chain. Also 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.

In 2018, C&A rolled out tools to increase the transparency of the chemicals used in our supply chain, allowing us to determine which chemical products are being used, who is supplying them, and in what quantities. Known as CleanChain, this tool provides information that drives the adoption of safer chemistry. Our internal audit system was phased out in March 2019 in favour of the Higg 3.0 FEM industry standard, which links manufacturers, brands, and retailers together in measuring environmental impacts, and provides various training and improvement

resources. The Higg FEM offers a holistic approach beyond chemicals and wastewater — our previous primary focus areas — to include environmental management systems, permits, water, air, and waste, in addition to chemicals and wastewater.

The development of these resources allowed us to streamline our SCM programme rollout. We began in 2016 with 50 fabric mills in the programme, adding more facilities over the following years. In 2017, only 29% of facilities were meeting our requirements, and the remaining facilities were given a clear timeframe for raising their performance to ensure they could continue to work with C&A.

By 2018, more than 300 facilities were covered globally under our SCM programme, including all major fabric mills, laundries, printers, and vertical set-ups in the C&A supply chain. By the end of 2019, 93% of facilities were meeting our requirements, a significant accomplishment in just a few years.

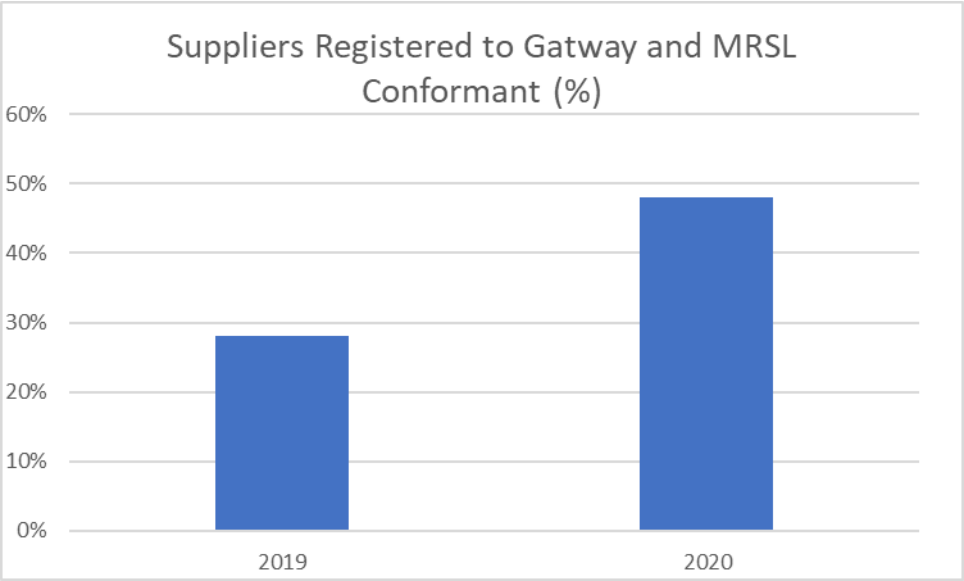
In light of the pandemic, and due to the severe mobility restrictions imposed in all countries, we had to pause the SCM programme until July 2020. Additionally, we allowed suppliers to balance competing challenges without unduly pressuring them. We then streamlined the programme to do more focused testing of wastewater and to emphasize input management for suppliers.

Input Management Performance

We continue to prioritize chemical input management, via the collection of monthly chemical inventory lists from our suppliers. These allow C&A to increase the transparency of chemical usage in our supply chain and determine whether these chemicals are meeting the requirements of the ZDHC Manufacturing Restricted Substances List (MRSL). We conduct this analysis every month by mapping supplier chemical use against the ZDHC Gateway and producing a monthly report reflecting supplier facilities' MRSL conformance. As of December 2020, the total chemical conformance in our supply chain was 48%, which means that 48% of suppliers' chemicals are registered on the ZDHC gateway and are conformant to the ZDHC MRSL. This significant increase from the 28% achieved as of December 2019 can be attributed to progress in three areas:

1. The C&A SCM Team continues supporting supplier facilities in substituting safer alternatives to non-conformant chemistry.
2. The C&A SCM Team requires chemical suppliers to certify safe chemicals and encourage them to register these chemicals on the ZDHC Gateway.

3. ZDHC has greatly increased alignment with other industry and brand organizations that had their own chemical certification processes, and brought them into the ZDHC Gateway.



Process Management Performance

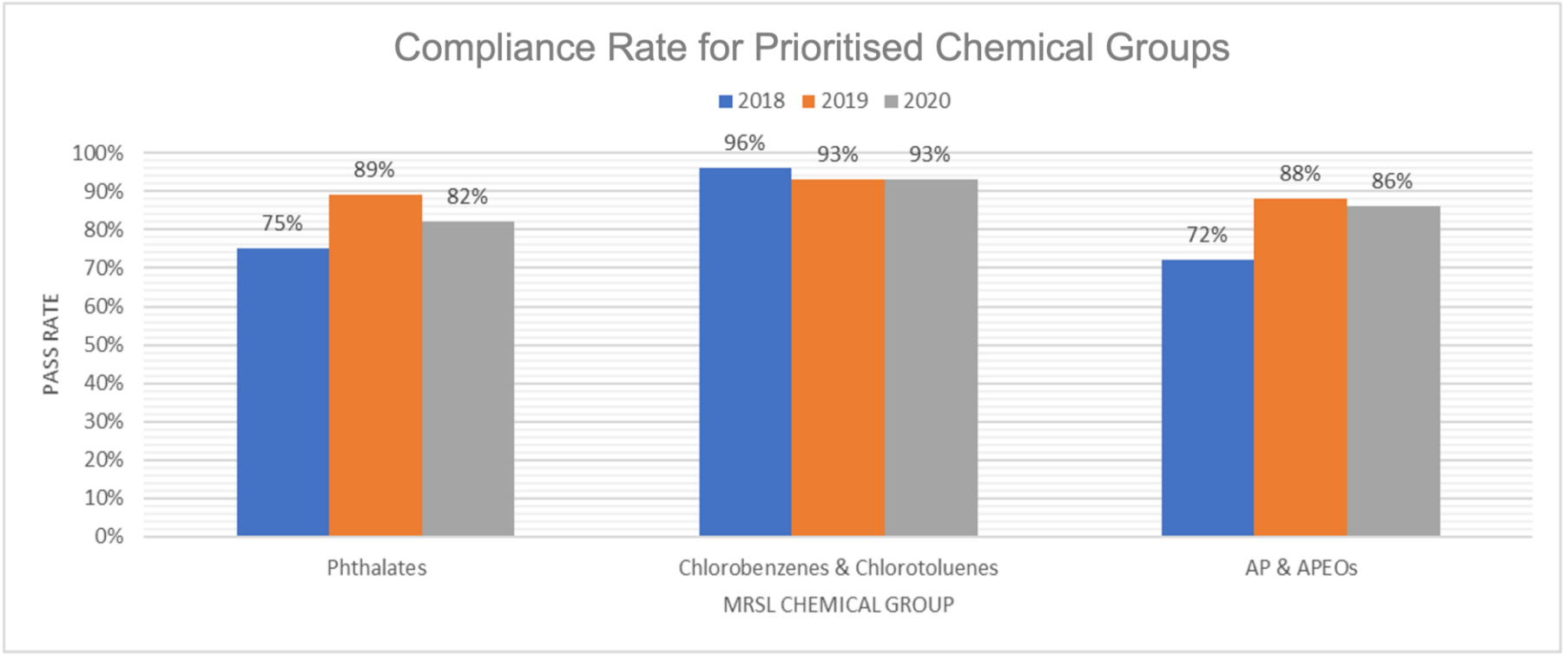
The Higg FEM enables us to assess our suppliers' on-site environmental performance, specifically focusing on chemical usage and wastewater quality requirements. Of the approximately 330 supplier facilities supporting C&A in 2020, the majority — 303 facilities — have reported their 2020 environmental performance to us, with data from approximately 50% of facilities verified by third-party experts. Since 2018, the overall performance of our suppliers' factories continues to improve across all environment impact areas, year-on-year. Even so, we plan to continue focusing on the following areas, making sure our suppliers' facilities have in place:

- Methods for tracing production chemicals from the manufacturing process back to chemical inventory.
- Chemical hazard signage and safe handling equipment in the areas of the facility where chemicals are used.
- Appropriate and operable protective and safety equipment, as recommended by the Global Harmonization System Safety Data Sheet (or equivalent), in all areas where chemicals are stored and used.

Output Management Performance

Due to the COVID-19 pandemic, C&A offered suppliers the option of conducting risk-based wastewater testing aligned with our global wastewater testing database instead of completely adopting the ZDHC wastewater guidelines (version 1.0). The risk-based testing included the chemical groups alkylphenol (AP) & alkylphenol ethoxylates (APEOs), chlorobenzenes & chlorotouene, and phthalates for all tested facilities. These have been the three most challenging chemical groups for our supply chain based on historical data. In addition, due to local pandemic-related lockdowns, some of our supplier facilities could not complete their wastewater testing at all. This resulted in just 257 facilities completing wastewater testing, lower than in previous years. However, 136 of these 257 facilities were able to conduct a full ZDHC wastewater test.

Note: This graph is based on the testing data submitted by 358, 296, and 257 facilities, respectively, in 2018, 2019, and 2020.



CLIMATE CHANGE AND SCIENCE-BASED TARGETS

2020 GOAL: 20% REDUCTION OF CARBON FOOTPRINT IN C&A STORES, DISTRIBUTION CENTRES AND OFFICES

2028 GOAL: USE 100% RENEWABLE ENERGY IN OUR OFFICES, DISTRIBUTION CENTRES AND RETAIL STORES.

2030 GOAL: 30% ABSOLUTE GHG EMISSIONS REDUCTION FOR OUR OFFICES, DISTRIBUTION CENTRES AND RETAIL STORES (SCOPE 1 AND SCOPE 2)

2030 GOAL: 30% ABSOLUTE GHG EMISSIONS REDUCTION IN OUR VALUE CHAIN (SCOPE 3)

We recognize that our own operations — accounting for our scope 1 and 2 emissions — make up only 2% of our total carbon footprint. For this reason, we have also committed to reducing the emissions associated with our supply chain (scope 3). In 2020, C&A received approval from the Science Based Targets Initiative (SBTi) for an absolute reduction of scope 1, 2, and 3 emissions of 30% by 2030.

Our new greenhouse gas (GHG) reduction targets 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 aim to 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 2028 in our offices, distribution centres, and retail stores.

C&A's operations and those of our supply chain were severely impacted by COVID-19. In March 2020, we closed all our retail stores in response to the pandemic (for details on C&A's COVID-19 response, please see our Global Sustainability Report 2020, page 6). Ultimately, this affected our GHG emissions for 2020.

HOW WE MEASURE AND ACCOUNT FOR GHGs

Working with consulting firm Aligned Incentives, we have determined our GHG inventory for scope 1, 2, and 3. To accomplish this, we use a hybrid life cycle analysis (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 2020 estimate uses data from more than 120,000 product shipments from our sourcing countries to our stores. We also evaluated emissions across 632 unique non-product spend categories to assess the value chain impacts of products and services 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 dataset used in the analysis. We also added energy data from 200 supplier facilities by integrating the data reported to us by suppliers via the SAC Higg FEM. This significantly improves model accuracy by increasing the amount of primary, rather than estimated, data used to assess a key GHG hotspot.

2020 GHG INVENTORY AND PROGRESS TO 2030

In 2020, C&A's global GHG emissions across the value chain totaled 4,886,916 metric tons of carbon dioxide equivalent (t/CO_2e), with the breakdown as follows:

Reporting Category per GHG Protocol	tCO_2e	% of Total tCO_2e	2019 % Change from 2018 Baseline	2020 % Change from 2018 Baseline
Scope 1	13,728	0.3%	2%	-27%
Scope 2	80,882	1.7%	-1%	-33%
Scope 3, Category 1 Purchased Goods and Services	3,699,405	75.7%	-4%	-37%
Scope 3, Category 3 Fuel and Energy-Related Activities	34,377	0.7%	3%	-19%
Scope 3, Category 4 Upstream Transportation and Distribution	422,351	8.6%	-16%	-15%
Scope 3, Category 5 Waste Generated in Operations	2,696	0.1%	-2%	-38%
Scope 3, Category 6 Business Travel	544	0.0%	-18%	-69%
Scope 3, Category 7 Employee Commuting	63,635	1.3%	-3%	-20%
Scope 3, Category 11 Use of Sold Products	530,498	10.9%	-2%	-30%
Scope 3, Category 12 End-of-Life Treatment of Sold Products	38,801	0.8%	13%	-31%
Total	**4,886,916**	**100.0%**	**-4%**	**-34%**

Overall, our 2020 GHG emissions were 34% lower than the 2018 baseline. Much of this reduction can be attributed to the COVID-19 pandemic. With regards to raw materials, our 2020 performance is even better due to our ongoing commitment to source more sustainable fibers.

Raw Material	2020 tCO_2e	% of Total tCO_2e	Total tons of Fibre 2020	% of Total Fibre	2019 Change from 2018 Baseline	2020 Change from 2018 Baseline
Cotton	255,957	36%	136,012	60%	-3%	-42%
Polyester	170,787	24%	49,217	22%	-6%	-37%
Viscose	102,641	14%	15,643	7%	-12%	-42%
Other	79,154	11%	8,646	4%	-6%	-43%
Nylon	74,843	11%	9,336	4%	-11%	-43%
Elastane	15,108	2%	2,509	1%	-14%	-50%
Acrylic	14,219	2%	4,441	2%	-11%	-46%
Total	712,709	100%	225,805	100%	-7%	-41%

In 2020, we continued to explore key interventions needed to reach our 2030 targets, such as emission reductions from fabric and yarn production, which accounts for 35.5% of our total footprint. We partnered with RESET Carbon, an energy and environmental solutions provider focused on facilities in Asia, to create a methodology that can create a facility-level baseline, identify reduction opportunities, set targets, and establish an action plan. We conducted a pilot with 34 facilities to assess the effectiveness of the RESET Carbon methodology, and to date, we have identified facility-level reduction opportunities varying from 10% to 81%, depending on the facility. On average, suppliers who have set a 2025 target have committed to an 18% reduction. The RESET Carbon program has identified additional reduction potential of approximately 15% beyond 2025.

To date, the methodology has been extremely successful in establishing reduction targets for the 34 initial facilities, but we recognize that we cannot do this alone. We have engaged with the Apparel Impact Institute (Aii), which identifies, funds, scales, and measures the apparel and footwear industry's proven environmental impact solutions. Together with Aii and other brands, we formed the Carbon Leadership Project to

expand and scale this approach for the industry. C&A will continue to advance this program through 2022 to identify further GHG savings in the supply chain, and work with industry brands to collaborate on potential solutions.

2020 GOAL: 20% REDUCTION OF CARBON FOOTPRINT IN C&A STORES, DISTRIBUTION CENTRES, AND OFFICES

As part of C&A's 2020 Global Sustainability Framework, we have been working to reduce our scope 1 and 2 emissions across our own operations, with the goal of a 20% reduction by 2020 against a 2012 baseline. As shown in the table below, we achieved, and even surpassed, our goal in 2020. To be certain, store closures caused by the COVID-19 pandemic affected our emissions, but the 2020 results show a comparison of our energy intensity based on gross leased area (stores, distribution centres, and offices). In the past, we calculated emissions and energy intensity by normalizing emissions data to the number of operational days, which was determined simply by our stores' open and close dates, and reported our progress as the percent change in CO_2e/m^2 Gross Leasable Area (GLA) compared to the 2012 baseline. We have since moved to a model based on the percentage of time open, which allows us to account for temporary closings and store hours and gives us a more accurate comparison across years despite pandemic-related impacts on store closures. As a result, we have re-calculated our previous years' results.

Reporting Category per GHG Protocol	tCO_2e	% of Total tCO_2e	**2020 % Change from Original 2012 Baseline**
Scope 1	13,728	0.4%	-29%
Scope 2	80,882	1.9%	-35%
Scope 1 and 2	**94,611**		**-34%**

Note: the 2012 baseline for scope 1 and 2 reflected GHG emission intensity. Our 2030 Science Based Targets focus on reducing absolute GHG emissions.

We met our 2020 carbon footprint goal, reducing emission intensity by 34%. This was primarily achieved via investments in refurbished stores where energy-saving options have reduced energy consumption. We will continue to refurbish our store portfolio in the coming years using the latest energy-saving technologies to further decrease consumption. We also use 30.8% renewable energy for our stores, offices, and distribution centers, toward our 2028 goal of 100% renewable energy in our offices, distribution centres, and retail stores.

Update on recycling, reuse and garment take-back program:

In 2020, we increased our recycling and reuse of plastic items. This included recycling 3,567 tons of plastic, an increase of 14% over 2019. Of this, 59% represented plastic hangers we were able to reuse in our stores. In addition, we collected and sorted 10,522 tons of paper as well as 728 tons of foil in our own operations and provided those to appropriate recycling facilities.

We take it back Despite COVID-19 restrictions in our stores, we were able to collect 548 tons of used merchandise from customer during 2021 through We take it back, our in-store and online garment take-back program. We also added Austria as a new collection country for We take it back, along with the existing take-back program in the Netherlands, Belgium, Luxembourg, Portugal, Spain, and Switzerland. In France and Germany, we continued to offer customers an online version of We take it back.