



# 2022 Social Stewardship Programme Summary

As of March 2023

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Disclaimer: This summary provides an overview of key activities in C&A’s globally shared supply chain.



## OECD Due Diligence Risk Analysis

In 2021, C&A went through its first OECD due diligence risk assessment process. Please refer to our website for details about our approach, the process, and the consultation with external stakeholders.

[[Link](#): Choose “Worker Wellbeing” and section “Addressing OECD sector risks”]

We have worked with the German Partnership on Sustainable Textiles’ (PST) TexPerT tool to outline the details of our Risk Assessment. Please refer to the following link and choose “Roadmap”: [[Link](#)]

Our next formal OECD due diligence risk assessment will be conducted in the course of 2023. 2022 has been a year with a clear priority on getting the 2028 sustainability strategy for worker wellbeing into action (see below chapter) as well as revising our Human Rights Management System as a preparation for the German Supply Chain Due Diligence Act (LkSG). The upcoming OECD due diligence risk assessment will take the learnings of both 2022 topics as well as the above outlined methodological gaps into consideration.

### Risk analysis for Forced labour

The risks identified during the OECD due diligence risk assessment regarding forced labour are as follows:

The gross risk analysis classifies 9 of C&A’s top 10 sourcing countries as a high or medium-high risk for forced labour, yet actual cases in C&A’s direct supply chain are extremely rare. In 2022, there have been two cases regarding unreasonable restrictions (one closed, one still pending) and two cases regarding migrant workers (both closed).

The gross risk coming from T-REXS (PST’s risk tool) identifies the following of C&A’s sourcing countries as high risk for forced labour: Bangladesh, China, Pakistan, India, Indonesia, Vietnam, Cambodia (medium high risk)

Actual risk as per C&A data: Pakistan, Turkey, Thailand, Poland

As the low number of forced labour cases in C&A’s direct supply chain indicates, C&A has a robust set of mitigation processes in place. These are effectively preventing forced labour in C&A’s direct supply chain with regular assessments, but also ensure full remediation where required. Although C&A’s mitigation processes are well aligned with current industry standards, severe cases of forced labour, particularly also in unofficial parts of the supply chain are sensitive and difficult to capture.

- C&A’s Code of Conduct includes a clear prohibition of forced labour of any kind
- C&A has a specific [forced labour policy](#) detailing requirements and potential sanctions, signed by all C&A suppliers
- C&A has a specific migrant labour guideline for supply chain partners
- C&A does not accept production from countries/regions with a high risk of state orchestrated forced labour
- Adherence to C&A’s requirements is checked through regular unannounced assessments – potential risks determine frequency of visits
- Local Sustainable Supply Chain (SSC) teams are regularly trained on factory visit interview skills for sensitive topics; worker interviews are a key SSC tool

- Forced labour is classified as a Zero Tolerance and followed up with strict sanctions

The most serious risk within this module is actual forced labour followed by unreasonable restrictions and contractual/procedural issues related to migrant workers. C&A did only capture few actual occurrences related to the less-severe types of forced labour as it is challenging to capture all forced labour risks. Supply chain priority should be across 1) geographies and 2) tiers as C&A's country risk indicates all of C&A's top sourcing countries at risk.

Following the logic of severity and likelihood, the focus must be on measures that continuously improve skills and knowledge how to capture sensitive issues around forced labour. It is further important to revise audit and non-audit tools such as complaints mechanisms to make accessible and capture this sensitive topic. Additionally, forced and migrant labour policies and procedures need close connection as cases detected were interlinked.

Prioritization of the most severe risks:

Measures need to focus on: All tiers and processing steps

Priority countries: Pakistan, Turkey

### *Target*

Improve local teams' ability to detect sensitive topics (with focus on sexual harassment/ gender-based violence, forced labour) during worker interviews

Scope: Bangladesh, India, Pakistan, Turkey

Timeline: Dec 2022

(Please note that the targeted training includes two additional countries, Bangladesh, and India. As the training includes several topics, not only forced labour, and Bangladesh and India are prioritised countries for the discrimination/ sexual harassment sector risk)

### *Measures*

Training of complete local teams in Bangladesh, India, Pakistan with the help of an external service providers specialised in investigative assessments (measure: training certificate & final assessment report for each team member)

Refreshment training in Turkey (as team already received training in 2019)

Scope: Bangladesh, India, Pakistan, Turkey

Timeline: Dec 2022

Note: the training extends over a period of one year and includes a baseline assessment, classroom training and final assessment

### *Status*

In July 2021, a day-long virtual training was given to the SSC team in our Dhaka Hub on Worker Interviews. The following topics have been highlighted:



- Basic skills needed for Auditors and Compliance Officers for worker interviews during factory visits (Do's and Don'ts, Processes and Guidelines for worker interviews)
- Improvement of Interpersonal Communication Skills
- Dealing with sensitive issues like workplace harassment, wage issues etc.

### Risk analysis for Freedom of Association (FoA) and Collective Bargaining

The risks identified during the OECD due diligence risk assessment regarding Freedom of Association and Collective Bargaining are as follows:

The gross risk analysis classifies 8 of C&A's top 10 sourcing countries as a high or medium-high risk for issues related to Freedom of Association (FoA) or Collective Bargaining based on the country specific conditions in terms of legal situation, role of trade unions and the ability of workers to raise their voice collectively.

The gross risk coming from T-REXS identifies the following of C&A's sourcing countries as high and medium risk for Freedom of Association (FoA) or Collective Bargaining: Bangladesh, China, India, Turkey, Cambodia, Indonesia, Vietnam, Pakistan (medium risk).

Actual risk per C&A data: Bangladesh, Pakistan, India, Turkey, Cambodia

These are the countries with the highest number of workers working in C&A factories out of the gross risk list. Additionally, these countries reflect the actual cases detected through C&A audits and other channels.

In 2022, there have been 80 violations in relation to Freedom of Association and Collective Bargaining. Whilst most of these cases have been small violations, three more severe cases regarding the actual hindering of unionization have been found.

117 factories have indicated via SLCP having Collective Bargaining agreements in place which cover 95% of their workers. We are working on encouraging factories for disclosing their CBA data via SLCP and engaging SLCP for making the relevant question a mandatory one.

C&A's internal mitigation process aims at identifying and moderating FoA issues with its own experienced staff. Root causes of FoA issues need to be tackled collaboratively via multi-stakeholder initiatives. C&A is actively engaged in the industry-wide Action, Collaboration, Transformation (ACT) initiative which focuses on developing country-specific FoA guidelines and dispute resolution mechanisms – as well as on improving purchasing practices.

- C&A Code of Conduct includes requirements for Freedom of Association based on ILO guidelines and ETI Base Code
- Adherence to C&A's requirements is checked through regular unannounced assessments
- Local SSC teams are regularly trained on factory visit interview skills for sensitive topics; worker interviews are a key SSC tool
- All FoA cases in C&A supply chain are investigated and monitored through C&A local staff, if necessary, with support from external experts
- C&A is a signatory of ACT and engages in regular contact with IndustriALL



- C&A has supported the set-up of ACT's FoA Guidelines and Dispute Resolution Mechanism in Bangladesh
- C&A is a member of Better Work since May 2020

The most serious risk within this module is that workers cannot advocate for their own rights by being adequately represented, bargain collectively or defend their interest. Workers might be hindered, threatened, discriminated or the employer interferes with electing worker representatives – or workers might not even be aware about their rights at all. All these risks occur occasionally in C&A's supply chain and hence, mitigation processes do not cover them adequately, yet. Supply chain priority should be 1) all tiers, 2) across geographies, but with focus on Bangladesh, Turkey, and Cambodia identified as hot spot countries.

Following the logic of severity and likelihood, C&A will continue its path of having a skilled and experienced team to identify and moderate FoA risks and support workplace dialogue. Engagement in multi-stakeholder initiatives such as ACT to tackle root causes will be even more important as well as working on systemic enablers as purchasing practices.

Prioritization of the most severe risks:

Measures need to focus on: Bangladesh, Cambodia, Pakistan, Turkey

Supply chain tier scope: Tier 1 and part of Tier 2 (washing, embroidery, printing)

### *Targets*

Implement C&As Workplace Dialogue Framework in all C&A sourcing countries which are in Better Work scope and in Turkey

Scope: Bangladesh, Cambodia, Pakistan, Turkey

Timeline: 2023

### *Measures*

Measure 1

Register all factories in Better Work scope in Bangladesh, Cambodia, and Pakistan with Better Work

Scope: Bangladesh, Cambodia, Pakistan

Timeline: 2023

Measure 2

Decide on a service provider for worker representation project in Turkey

Scope: Turkey

Timeline: 2023



## 2028 Sustainability Strategy – Worker Wellbeing

Learn about C&A’s 2028 sustainability strategy [here](#) .

The strategy includes a set of 13 ambitious goals that are translated into specific targets and activities for each of C&A’s global retail markets until 2028. Essential to the strategy is the goal to continually improve the wellbeing of workers and workers’ rights in C&A’s supply chain, hereafter referred to as worker wellbeing goal. All activities of the goal are related to C&A’s Sustainable Supply Chain (SSC) program and a dedicated SSC team of around 45 people across all main sourcing countries.

Read more about this goal and our social stewardship approach here: [\[Link: Choose “Worker Wellbeing”\]](#)

C&A believes that engaging locally is the most effective way to promote sustainable behaviour across all retail markets. That is why the global strategy guides the ‘why’ and ‘what’ through C&A’s global sustainability framework, with C&A retail markets delivering the ‘how’ locally. C&A Europe breaks down the worker wellbeing goal into so called “strategic priorities”. Those were developed in 2021 during the launching process of the 2028 sustainability strategy in stakeholder workshops. In the course of 2022, we went through an in-depth review process and have evolved those strategic priorities to an up-to-date approach based on

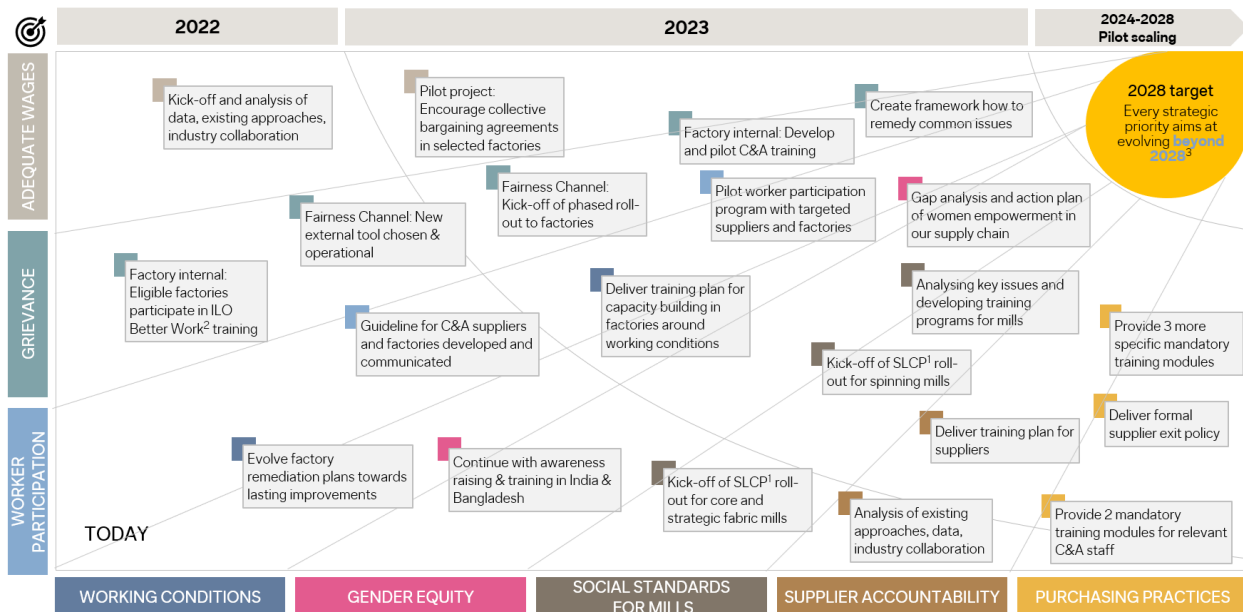
- OECD due diligence risk assessment conclusions
- Stakeholder consultation and feedback for “worker lenses”
- Internal expertise and learnings
- Gaps identified in preparation of the due diligence legislation
- Benchmarking

STRATEGIC PRIORITY	DESCRIPTION
1 Adequate wages	Take necessary steps to promote adequate wage for workers throughout C&A’s supply chain
2 Grievance mechanisms	Establish grievance mechanisms throughout the supply chain that are effective and easy to access for workers
3 Worker participation	Take necessary steps to increase worker participation in decision making throughout C&A’s supply chain
4 Working conditions	Gradually improve working conditions throughout C&A’s supply chain
5 Gender equity	Take necessary steps to empower women and promote gender equity throughout C&A’s supply chain

6	Social standards for Mills	Establish and monitor social standards in Fabric and Spinning Mills
7	Supplier accountability	Train and guide suppliers to take on accountability for the wellbeing of their workers
8	Purchasing Practices	Drive the implementation of responsible purchasing practices in the C&A business model

We have established 8 accompanying workstreams across our SSC team and defined a clear roadmap on how to address these strategic priorities. Milestones are defined for 2022 and 2023, milestones for 2024 onwards will be defined in an iterative process by the eight workstreams.

## 2 Worker wellbeing roadmap 2028 for C&A: Milestones per strategic priority

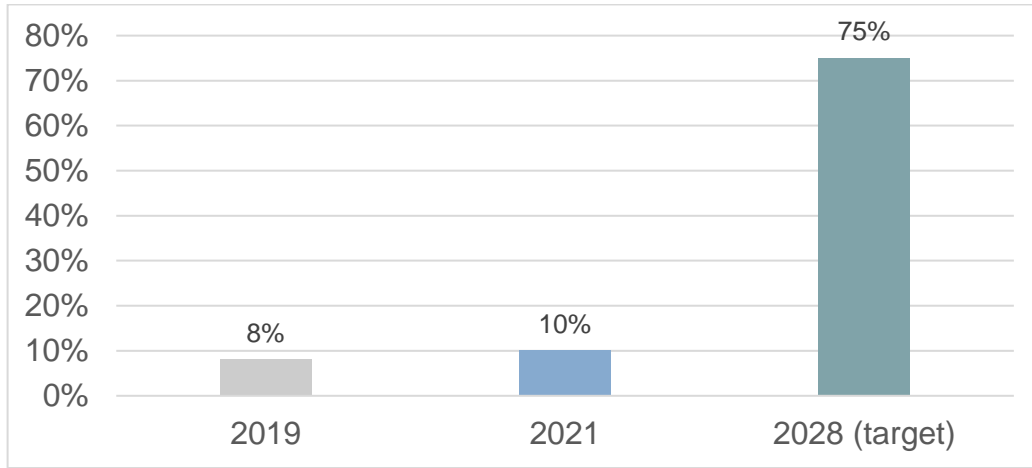


1 SLCP: Social and Labour Convergence Program, industry standard for assessing social standards, labour & human rights in textile supply chains  
 2 ILO Better Work: A flagship programme of the ILO, jointly run with the World Bank Group's International Finance Corporation promote decent work and better business in the garment industry. C&A is a member of Better Work  
 3 Strategic priorities are programmes/initiatives, no projects with a defined beginning and end. Those programmes follow an iterative process of learn & adapt. Hence, further milestones will be defined by each workstream constantly

This is how C&A is measuring progress towards achieving the worker wellbeing goal:

Goal	2028 TARGET	KPI
Continually improve the wellbeing of workers and workers' rights in our supply chain	75% of workers in C&A supply chain participate in a successful worker wellbeing programme*	% of workers in C&A supply chain covered by a successful worker wellbeing programme*

\* Successful completion of a program is defined by a set of KPIs for each program, only if a factory reaches all mandatory program KPIs, its number of workers will be included in the KPI count



**Progress reporting on targets and measures deriving from the OECD risk analysis**

By analysing each OECD sector risk in depth, we have been concluding further targets and measure how to grow our Sustainable Supply Chain program further. Targets and measures per each sector risk can be found on PST’s TexPerT tool. Please refer to the following link and choose “Roadmap”: [\[Link\]](#). The current “Progress Report” for PST can be found here [\[Link\]](#)

To learn more about C&A’s OECD risk analysis, please refer to the chapter at the top of this document and our website: [\[Link: Choose “Worker Wellbeing” and section “Addressing OECD sector risks”\]](#)

Both chapters explain how we will run the next risk analysis in 2023. Further, our bi-annual review process within the PST is due this year, too (see next chapter). Targets and measures deriving from the OECD risk analysis and the PST review process need to be re-aligned with our worker wellbeing roadmap explained above.





## Updates on C&A's Social Stewardship Programme

The Social Stewardship Programme focusses on improving the wellbeing of workers and workers' rights in our supply chain. Since the 1990s, C&A is proud of having an own dedicated team – the Sustainable Supply Chain (SSC) team – across all sourcing countries which monitors and improves the social and human rights conditions in our supply chain. The basic values and standards are outlined in C&A's [Code of Conduct for the Supply of Merchandise](#). Production Units (PUs) are being assessed and monitored by SSC. Based on the issues identified, the main purpose of SSC's work is to facilitate and support development of factories and suppliers towards decent work and human rights – by supporting remediation, providing training and capability building and working in collaboration with the industry for joint efforts.

### Cease, prevent, mitigate, remedy labour and human rights risks & violations

Evidence & outcome of steps taken to cease, prevent, mitigate, and remedy human rights risks, impacts and violations identified.

The SSC program is designed to address labour and human rights risks and violations in C&A's supply chain. By understanding the three main pillars of our SSC program and our way of working, you will understand how we cease, prevent, mitigate, and remedy risks and violations – and what is still to be done. Read more on our Monitoring and Assessment approach [[Link](#) Choose “Worker Wellbeing”] and some updates below. This approach applies to 100% of our CMT factories and most of the processing ([refer to our supply chain transparency site](#)). Once violations are identified, our SSC Developer team focusses on remediation – see below detailed chapter – by supporting with identifying root cause, providing training to overcome the issues in a sustainable manner. The third pillar of our SSC program are Capability building and Industry collaboration for growing ownership regarding labour and human rights within our supply chain. Please refer to the above chapter on our 2028 strategic priorities for worker wellbeing and how we aim to build capacity regarding topics like gender equity, grievance mechanisms or adequate wages. Read more as well in our [2021 Sustainability Report](#) (p. 48 ff) on Capability building and Industry collaboration.

A structured overview on all existing mitigation processes per each sector risk is referred in PST's TexPerT tool: [[Link](#) and choose “Roadmap”]. Detailed for each sector risk you will find a list of the mitigation process in bullets under “What risk has the company identified in their supply chain?”. Further below, net risks and priorities as well as SMART targets and measure are outlined. That way, the TexPerT report provides a structured and detailed overview of where C&A stands in terms of addressing labour and human rights risks – and what needs to be done.

The iterative process around the OECD risk assessment is designed to adjusting the SSC program constantly, to make sure, we have the right tools and team in place for further fostering labour and human rights in our global supply chain. Read more about this process at the top of this document.

In 2023, C&A will go through the next cycle of the risk assessment as well as through the PST reporting and review process. Updates will be available in due course.

## Monitoring & assessment

This section shares some updates on the SSC program in terms of how we assess and monitor factories. For the general outline, please refer to our website: [[Link: Choose “Worker Wellbeing”](#)]

### *Rating Methodology*

We developed our own rating methodology for factories from A to E to communicate our expectations on improvements to suppliers and factories based on their performance. Please check our [Sustainability Report](#) (p.49) for more details regarding ratings spread per sourcing country for all tier 1 and tier 2 production units (excluding fabric).

### *Assessments include union representatives*

In all our SSC audits we incorporate an individual interview with the union representative at factory level. Therefore, in case the factory has a freely elected union representative our team will be able to incorporate the view of the union representative in the audit result. SLCP defines as well in their Verification Protocol that worker representatives shall be interviewed if applicable.

### *Recruitment fees*

C&A's approach on recruitment fees is clarified in our C&A Code of Conduct and the related [Supporting Guidelines](#) for suppliers. C&A aligns with the Employer Pays Principle and requires suppliers to compensate all associated costs for the employment of workers, including but not limited to employment fee, renewal fee, travel, and any other associated costs. Suppliers must have control measures in place to ensure that no such fees or deposits are imposed on the workers. Suppliers are not allowed to request a deposit pay for the employment or charge back any cost of employment to the workers.

Whilst zero severe cases of contractual/procedural incidents related to recruitment fees have been found, there have been small violations in 26 production units in Turkey, affecting 7812 workers. Generally, a violation against this requirement is considered as rare major issue with serious consequences. However, the high number of cases comes from a special situation in Turkey where it is common practice that workers pay for the initial medical check. As the costs are very low and considered industry practice, a regional exception has been created. This means, we do not consider those cases as critical, but follow them up as part of our remediation and development work with factories.

### *Wages paid digitally*

We strive to expand the number of workers that are receiving wage payments digitally, as this allows improved monitoring of wage payments within our supply chain. Currently, 30% of our workers are receiving their wages electronically.

### *Off-site worker interviews*

As worker interviews are a sensitive topic, we almost exclusively interview factory staff in the factory where they feel most comfortable. Worker interviews outside of the factory are not part of our regular practice and only used under special circumstances. Therefore, in 2022, 40 workers in total have been interviewed offsite.

## Remediation

### *Remediation for identified non-compliances*

Since early 2020, C&A has diversified its monitoring and assessment tools – and committed to replace its own SSC audit by SLCP’s tool by end of 2022 (please refer to our [2021 Sustainability Report](#) p. 52). All different tools currently used – SSC audit, SLCP assessments, BW assessments – are resulting in the same A-E rating for factories as we have been through in-depth equivalence processes against our Code of Conduct. Each rating A-E has a clearly defined business implications rule set. This rule set is communicated to all suppliers and factories during the mandatory onboarding training. Our suppliers and factories are informed about each new rating and receive a summary of all identified non-compliances alongside.

By moving towards SLCP we aim not only at industry collaboration and reducing audits, but also on freeing up resources for supplier development work. Hence, our “SSC Developer” (SSC team members based in sourcing countries) spend most of their time now working with the factories on remediating the non-compliances identified. So called remediation visits are focused (but not limited) to the most critical issue – seeking for root cause and, most importantly, sustainable solutions. The SSC Developers will support each factory individually as a consultant with the objective of encouraging ownership of the processes and set-up or adoption of internal management systems. Training needs will be identified and potentially bundled with other factories.

Process and program adjustments are subject to our regular dialogue between the different SSC hubs and management. This results in a constant iterative process between our development work, the 2028 Sustainability Strategy as well as the OECD due diligence roadmap.

### *Exit strategy for severe and reluctant cases*

In cases where suppliers and the factories are non-compliant with our Code of Conduct, we seek to work with the supplier, factory management, and our internal teams to improve (as describe in the previous chapter). Unless the non-compliances are serious and of a very severe nature, we maintain our business relationship to avoid unintended consequences to workers. E-rated factories are being suspended from new order placement. If agreed corrective actions are not undertaken and continuous discussions do not promise change, we will ultimately consider exiting the factory and/or the supplier. Because every situation is unique, potential exit strategies must be tailored to each situation. In all cases, we ensure that the workers are not adversely affected by a potential termination of our business relationship – at a minimum, by following the local laws. We follow the procedure of our “[Responsible Exit Policy](#)” which is in line with the ACT principles and shared with our suppliers.

### *Remediation process – Better Work*

C&A has partnered with ILO’s Better Work program in 2020. Read more here: [[Link](#): Choose “Worker Wellbeing” and section “Honouring worker voice”]

Better Work findings are listed in an improvement plan, including both self-diagnosed issues and those that were identified during the BW assessment. The worker committee addresses the non-compliances. In this way, Better Work ensures that workers and trade union representatives are engaged in the development and implementation of remediation/corrective action plans.



Better Work supports factories through tailored factory visits, specific seminars with peers from other factories, and training appropriate to the factory's specific needs.

*Publicly disclose findings*

Better Work publicly discloses serious non-compliances. The results are disclosed after fair notice is given to factories to make the required improvements. The [Better Work Transparency Portal](#) discloses the names of the apparel factories registered with Better Work country programmes and their compliance with key national and international labour standards.

C&A has signed the renewed Accord on Fire and Building Safety in Bangladesh ('Accord') immediately after concluding negotiations. The new version came into effect on 1 September 2021 and will extend the existing agreement for a further two years.

The Accord was created in the wake of the collapse of the Rana Plaza factory building on 24 April 2013. C&A was one of the first brands to sign the Bangladesh Accord for Fire and Building Safety and has played an active role in the steering committee since the beginning. The Accord has made great progress in raising awareness on important safety measures, empowering, and involving workers and driving real change in fire and building safety in the Bangladesh garment industry.

The Accord publicly discloses details of remediation progress at RMG factories inspected by the Accord: [Link to Accord on Fire and Building Safety in Bangladesh](#). The Pakistan Accord has been signed in February 2023, is going to start soon and will disclose details of remediation progress once available.



## Capability building and Industry collaboration

### Gender-based labour violence & harassment (GBVH)

Gender-based violence & harassment (GBVH) is a common issue across the industry and sectors (amongst all cultures and societies). Workers usually have a low awareness on what constitutes GBVH.

C&A's Code of Conduct includes a clear prohibition of GBVH. Adherence to C&A's requirements is checked through regular assessments. In case a violation is discovered, C&A requires the supplier and factory to remediate within clear timelines. The remediation includes both compensation and protection of the victim and long-term initiatives such as training for workers & management. Where available, we work together with expert organizations such as CARE.

In 2022, we recorded five cases of gender-based labour violations. Three of these cases have been small violations related to gender-related discriminatory practices in the hiring process. Two more severe cases regarding verbal sexual harassment have been found (in Turkey). One of them has been closed, the other is still pending. While we only record a few incidents of sexual harassment across all main C&A sourcing countries, we do not see this as evidence for GBVH not occurring in the C&A supply chain. Rather, it indicates that incidents of sexual harassment are difficult to capture.

Therefore, we engaged in a range of activities to learn how to address GBVH in our supply chain in a better way. Please refer to page 54 of [C&A's 2021 Sustainability Report](#).

As part of our 2028 Sustainability Strategy, the learnings from above activities feed into our planned gender equity program. A roadmap was created in 2022.

Since the kick-off of new strategic priorities (see above chapter on the worker wellbeing goal) in autumn 2022, the Gender Equity workstream has identified the continuation of activities around PoSH (see page 54 of [C&A's 2021 Sustainability Report](#)) as a key priority with a focus on India and Bangladesh. Based on internal and external expertise, we have created an own training and roll-out has started in February 2023. We will continue small scale until May 2023 to incorporate our learnings and consult with further experts, before scaling the training further whilst following up with the trained factories on subsequent implementation steps.

In order to understand the challenges of women in our supply chain better and derive further meaningful actions towards topics like discrimination, equal opportunities and payment, we aim at continuing our collaboration with ICRW and the SDT, starting summer 2023 (see page 54 of [C&A's 2021 Sustainability Report](#)).

### Trade unions & independent worker committees

Our 2028 Sustainability Strategy includes a commitment to scale Workplace Dialogue in our most important sourcing countries – Bangladesh, Vietnam, Indonesia, Cambodia, Pakistan, China, Turkey, Sri Lanka, and India.

To further this goal, C&A became a member of Better Work in May 2020 and committed to a staged approach of including all eligible factories in the Better Work Program by May 2023. Factories enrolled in Better Work go through a process of learning that includes assessments, advisory services, industry seminars and training. At the heart of BW factory advisory service is the principle of building trust and cooperation between legitimate



representatives of workers and employers. The work of bipartite (worker-management) committees is essential to improve communication at the factory level.

This list includes all factories currently enlisted in the Better Work Program having established a freely elected worker committee and/or a trade union. With our Workplace Dialogue Program, we are aiming at covering all Better Work eligible factories in 2023 and extending to non-Better Work countries in the future, we will regularly update this list, adding more factories.

Apart from Better Work, in 2022 33% of our proprietary audits included a trade union representative. When a production unit has a trade union, it is mandatory to consult them during the audit. Out of the 73 C&A audits completed in 2022, 24 production units have trade unions which were consulted without exception. For SLCP assessments, trade union representatives are encouraged, but not required to join the opening and closing meeting. Due to the lack of liability, the numbers are not systematically recorded.

### Living conditions & dormitories – Hostel Guideline for India

C&A partnered with Swasti Health Catalyst from August 2019 to April 2021 to develop a robust [guideline for hostels](#) in India and to implement the guidelines in hostels of factories working for C&A. The hostel guidelines were shared with the India Brands Ethical Working Group (BEWG) for input and are available for any brand and manufacturer to use. During the project timeline, the guidelines were implemented in two factories (due to the Covid pandemic, three factories dropped out of the program). Implementation in collaboration with Swasti included the training and sensitization of 25 hostel staff and around 1000 migrant workers in Karnataka. Based on survey results, there have been considerable improvements in the infrastructure and overall living conditions at hostels. Most of the recommendations is implemented, still there is a way to go. C&A continues working with the factories on the implementation of the guidelines.



## Living wages, purchasing practices and C&A's ACT commitment

C&A is a founding member of the industry-wide initiative [ACT](#). C&A has highlighted its commitment to work towards living wages in our supply chain in the Memorandum of Understanding signed in 2015 with IndustriALL. ACT aims to achieve living wages for workers in the global garment, textiles and footwear industry through collective bargaining at industry level and responsible purchasing practices. Protection of freedom of association is a key prerequisite. ACT focuses its work on Cambodia, Turkey and Bangladesh, which are key sourcing countries for C&A, representing the majority of our supply chain. Progress on the key components of the ACT strategy towards a living wage (responsible purchasing practices, protection of freedom of association, promotion of collective bargaining) are outlined below.

### ACT: Annual & measurable progress

Since 2020, C&A has continued its engagement within ACT and supported with the following achievements:

- 1) Set-up of a Dispute resolution Mechanism (DRM) in Bangladesh. ACT, brands and IndustriALL work together to settle outstanding worker payments. Since then, C&A has been involved in sixteen cases in Bangladesh. 8 of the cases tackled via the DRM were successfully settled, 8 are still pending.
- 2) In 2021, ACT has started establishing an Accountability and Monitoring Framework which provides ACT member brands with an agreed set of indicators and monitoring instruments to implement their [purchasing practices commitments](#). ACT member brands will ensure that their purchasing practices facilitate the payment of a living wage. The [Framework](#) has been published in the course of 2022.
- 3) ACT has developed an annex to the ACT MoU between ACT members on respect and exercise of Freedom of Association in Turkey. The [annex](#) aims at facilitating implementation of freedom of association by ACT members within their supply chain units in Turkey.

### ACT: 2023 outlook

ACT is planning the following steps in 2023:

- 1) New Round of ACT Purchasing Practises Self-assessment of brands and related survey to suppliers to assess the PP of brands.
- 2) Pilot a complaint mechanism that allows suppliers to complain against violations by ACT member brands of their Global Purchasing Practises commitments under ACT regarding Fair Payment Terms and Responsible Exit Policies.
- 3) In Bangladesh, DRM for complaints of workers will be continued, supported by a gap analysis to improve its effectiveness.
- 4) Roll out of 3 additional e-learning programs on improving Purchasing Practises.
- 5) Support the process towards a collective bargaining agreement between employers and trade unions in Cambodia.
- 6) ACT is striving to collaborate beyond its member brands to gain more leverage.

## Purchasing practices: Annual assessment

C&A has supported the set-up of a purchasing practices survey tool and has participated in the 2021 survey. The survey runs via the member brand employees (PPSA = Purchasing Practices Self-Assessment) and suppliers (PPA = Purchasing Practices Assessment) across key garment manufacturing countries. Including all three countries where ACT directly operates: Bangladesh, Cambodia, and Turkey. Strong participation from 1,338 suppliers and 1,831 brand employees contributed to the 2021 surveys, making this the largest survey into the specific purchasing practices of major international brands and retailers carried out to date. It marks a significant contribution to understanding the global state of play for purchasing practices in the global garment and textile industry. A generally positive picture across the results indicates that brand employees and suppliers think the ACT member brands do have substantial responsible purchasing practices measures in place. But there is still work to do. ACT has an ambitious multi-year plan to transform the global garment and textile industry, and responsible purchasing practices are a critical building block to get there. This report outlines key challenges ACT members must address to realise this goal. This includes, for example, a general lack of understanding and training and a disparity between how brands assess their behaviour and how suppliers experience purchasing practices on some issues. The implementation of the ACT Global Purchasing Practices Commitments will transform the business relationship between ACT member brands and their suppliers and create conditions that protect the rights and wages of workers. This was the first time ACT has rolled out such comprehensive purchasing practices surveys to both brand employees and the suppliers to ACT member brands. The survey results are essential in guiding the activity of ACT and its member brands over the coming years as they provide a rich dataset to measure progress as of 2022 in achieving compliance with the ACT Global Purchasing Practices Commitments.

Read the [full ACT report](#).

### *C&A's 2021 purchasing practices report and steps taken*

Read the C&A-specific report on its purchasing practices – based on the ACT PPSA and PPA.

The surveys showed that we are well on track regarding the following ACT commitments:

- Fair payment terms
- Responsible exit
- Planning and forecasting

Focus areas for next steps were clearly underlined by the surveys:

- Training on Purchasing Practises
- Wages as itemized costs

Steps taken until 2022:

- C&A's specialised Cost Engineers analysed all core products regarding all costs involved in calculating a garment price (all direct and indirect costs). A database ('costing tool') was set-up.
- All data has been verified, across several suppliers and countries to get a diversified overview on all costs involved. For over 70% of our volumes wages and other labour costs are ring-fenced/isolated.





- Trainings on purchasing practices: via eLearning tool, developed by ACT in collaboration with brands and IndustriALL.
- Training: Including wages as Itemised Costs.
- Finalising the responsible exit policy.
- Publishing Turkey Freedom of Association Annex.
- Our efforts regarding responsible purchasing practices (since 2016) were identified as one of the eight strategic priorities within our worker wellbeing goal (see chapter 2028 sustainability strategy on top of this document).

### 2023 Outlook on planned actions regarding purchasing practices

- The next ACT purchasing practices survey (PPA/PPSA) is running in February/March 2023. Result will be published in the course of 2023.
- Our purchasing practices roadmap will be reviewed based on the results.
- Three additional training modules on purchasing practices will go live
- Rolling out a costing tool that ringfences labour costs to all supplier

## Grievance and whistleblowing mechanism

### How workers are informed of the whistleblowing or grievance mechanism

The C&A “Fairness Channel” for making inquiries and lodging complaints is accessible via i) a dedicated website, ii) a dedicated email address, iii) toll free phone numbers in local languages and iv) a postal address. In addition, complaints may be made, as some complainants had chosen, by directly contacting the Integrity Department, HR Department, and managers in the various functions.

The complaint channels are promoted via many different means and media, such as the C&A Code of Ethics (for employees), Integrity training, C&A website, C&A Code of Conduct for the Supply of Merchandise (for suppliers) and during regular integrity communication to suppliers.

When it comes to complaint mechanisms for workers, each SSC assessment will check the existence and set-up of a fair and anonymous grievance mechanism and worker committees at the factory. SSC’s experienced staff will give advice to the factory management and the worker representatives on that mechanism – and generally on worker dialogue. To increase worker dialogue constantly, C&A has continuously increased its expertise and became a partner of Better Work in 2020. The aim is to use the Better Work Advisory Services to improve Workplace Dialogue and grievance mechanisms at all factories in the Better Work Program.

A Fairness Channel complaint is acknowledged within one week upon receipt and confidentiality of complainant’s identity is assured. If necessary, the complainant will be invited to provide more information, suggestion, or assistance for the purpose of collecting evidence in respect of the allegation being raised. During the investigation process, further assistance may be elicited from the complainant whenever necessary, and feedback will be provided considering confidentiality and privacy. At case conclusion, the complainant will be informed of such and of the remedial actions, if any, having regards to confidentiality and privacy of other individuals.

Please refer to PST’s TexPerT tool for some exemplary cases: Please refer to the following link and choose “Grievance”: [\[Link\]](#)

### Further development of our grievance mechanism

C&A's grievance mechanism "Fairness channel" is designed for C&A employees and workers in the supply chain. We have learned and acknowledged over the past two years that we need to update our worker grievance mechanism. This is one tactic in our newly launched 2028 Sustainability Strategy.

The OECD risk assessment has helped us understanding another area for improvement – the process behind the different complaints and channels itself. We acknowledge that our current grievance mechanism is fragmented, and we are aiming at building a C&A grievance and whistleblowing management system. It shall connect and improve the different existing entry points. That way we will be able to a) dealing with and respond to each complaint more efficiently, analysing root cause, working on prevention etc., b) deducting further (potential) risks and adjust the OECD risk assessment framework, related policies and procedures across different business areas, c) identifying areas for improvements for the grievance mechanism itself.



We are in the process of rolling out the revised Fairness Channel in spring 2023, collaborating with [osapiens](#), an innovative German start-up which won the German Founders Award in 2022. The Fairness Channel is included in C&As 2015 Code of [Conduct for the Supply of Merchandise](#). In the course of 2022, the Code of Conduct was revised and expanded to all business areas and is also in the process of being rolled out in spring 2023. The revised Fairness Channel is again part of the revised [Code of Conduct](#).

### Number of reported violations or grievances filed, addressed, and resolved

Grievance mechanism	Cases reported/resolved/pending	Type of cases
<b>C&amp;A Fairness Channel</b>	18 cases reported 17 cases resolved 1 case pending	<ul style="list-style-type: none"><li>• Child labour</li><li>• Forced labour</li><li>• Discrimination</li><li>• Handling of hazardous substances</li><li>• Wastewater Treatment</li><li>• Corruption</li></ul>
<b>Accord Bangladesh</b>	47 cases reported 32 cases resolved 15 cases pending	<ul style="list-style-type: none"><li>• Illegal job separation</li><li>• Job separation benefit not paid</li><li>• Unlawful disciplinary process</li><li>• Forced resignations</li><li>• Sick leave not approved</li><li>• Verbal/physical abuse/assault</li></ul>
<b>Mudem Refugee Support Association (Turkey)</b>	2 cases reported 2 cases resolved	<ul style="list-style-type: none"><li>• Child labour</li><li>• Illegal job separation</li><li>• Unregistered workers</li><li>• Deductions for work permits</li></ul>