

# PROGRESS REPORT 2017

## PRIMARK Progress Report on Roadmap 2017 – Partnership for Sustainable Textiles

### An Overview on approach, status, goals and attainments

Updated August 2018

The welfare of the people who make products for Primark matters to us. We require suppliers and our suppliers' factories who commit to making our products to do so in factories with good working conditions, so that people are treated decently and paid a fair wage. And we strive to minimise the impact on our planet wherever we can. We share these goals with the Partnership for Sustainable Textiles and our membership underlines our commitment to enhance sustainability across the entire supply chain.

### Progress on Primark's goals for the Partnership for Sustainable Textiles 2017

Of the 14 goals Primark had set for the German Partnership for Sustainable Textiles 2017 roadmap 12 have been achieved and two are still work in progress. We had an extensive range of social and environmental activities across the Primark supply chain and for the 2017 roadmap we chose the goals which aligned with the Partnership's focus on reporting. In many cases the goals referred to the next phase of programmes which have been in place for a number of years, such as our work with ACT, training of cotton farmers in India in sustainable farming practices and all the targets under the Chemical Management section. A new target was to review our role in ensuring that effective grievance mechanisms are available and to develop it supply chain wide, which is being done in consultation with other brands and NGOs. The next two pages summarise Primark's 2017 goals and our progress against them.

### German Partnership for Sustainable Textiles: one building block of Primark's international engagement

We believe no one retailer alone can have a positive impact on an entire industry. However, we believe we can play a role alongside other retailers, NGOs and other organisations, to improve social and environmental standards in the industry. Primark is a member and active contributor of several multi-stakeholder initiatives, like the Ethical Trading Initiative, the Sustainable Apparel Coalition and the ACT initiative on wages. Primark is also on the board of organisations like the Zero Discharge of Hazardous Chemicals (ZDHC). All these bodies include some type of reporting, either internally to them or publicly.

### Primark's programmes and activities

It is a step-by-step process: for more than a decade Primark has worked to promote workers' rights within our supply chain, to improve the lives of the workers and to reduce our environmental impact. Today we have an extensive social and environmental programme across our supply chain, much of which falls outside the activities covered by our Partnership roadmap goals. For example, we have a programme of structural integrity surveys for our suppliers' factories in Bangladesh, which we will extend to Pakistan, over the coming months. We also run training programmes and other projects for our suppliers and their workforces, such as the SAVE health and education community project in Southern India, which we have been running since 2009. <https://www.primark.com/en/our-ethics/people-production/running-education-programmes>

### Code of Conduct

Primark is able to offer low prices because we do some simple things differently to other retailers, for example, we have very efficient processes and do very little advertising, but we do have high standards. These are set out in the Primark Code of Conduct, which is the backbone of the Ethical Trade and Environmental Sustainability programme and covers a robust set of requirements. The Code of Conduct is underpinned by the UN Guiding Principles and OECD guidelines, and has a robust due diligence framework. It forms part of every supplier's contract and is a condition of doing business with Primark. 100% of all Primark's suppliers' factories are audited against the Code. When submitted in 2017, the Primark roadmap had more than 90 social and environmental experts based in key sourcing countries, who undertake the following activities: they monitor compliance, carrying out almost 3,000 audits per year; deliver training for factory management and their workers; and engage with stakeholders locally and conducted more than 7,000 hours of training. To-date the team has grown to more than 100 experts and the number of audits increased to more than 3,000. Primark's extensive range of social and environmental activities resulted in Primark gaining Leadership status from the UK's Ethical Trading Initiative since 2011. <https://www.primark.com/en/our-ethics/people-production/standards-in-factories>

# Progress on Primark's 2017 Partnership for Sustainable Textiles Roadmap goals

## Chemical Management:

As an international retailer with a complex supply chain Primark makes a real effort to reduce its impact on the planet wherever it can. As textile manufacturing has evolved, so too has the range of fabrics and functionality on offer to customers. The development of water-resistant fabrics, or having the season's latest colours available across a range of products, has meant that new and different chemicals have been introduced into supply chains. Like a number of other high street retailers, we have signed up to the ZDHC Foundation's programme, in which we are phasing out certain chemicals deemed hazardous and replacing them with alternatives and also committed to Greenpeace's Detox campaign in 2014.

- Primark's support of suppliers in their chemical management was the key focus of the 2017 goals in this section, through
  - Running a targeted training programme to promote the use of the ZDHC Chemical gateway – The Chemical Gateway is an online search tool, which helps to choose chemicals that are less harmful to the environment. The aim is to improve chemical product procurement practices.
  - Requiring strategic suppliers to follow the ZDHC Chemical Management System manual and audit protocol – With our most important suppliers we intend go a step further. The objective is for our suppliers to understand how to implement good environmental management practices in their factories.
- In 2016 Primark partnered with leading industry chemical experts to review our environmental sustainability programme. As an outcome of this in 2017:
  - The Primark Environmental Management System was finalised using the ISO 14001:2015 standard – This system will support the management and monitoring of the environmental impacts of Primark's supply chain operations world-wide as well as identifying how we can continually improve our performance year on year.
  - The Primark chemical inventory was developed and published: <https://www.primark.com/-/media/ourethics/detox/pdfs/primarkchemicalinventorylistcil2018.ashx>
  - An enhanced, more detailed Detox Report was published: <https://www.primark.com/-/media/ourethics/detox/pdfs/detox-report/primark-detox-environmental-performance-report-2018.ashx>
- Water conservation is one of our focus areas: Primark engaged with strategic suppliers on submission of wastewater data to the platform of the Institute of Public Environmental Affairs. In parallel the Primark environmental sustainability team carried out assessments within factories to identify the root cause of any environmental issues.

## 2017 target achievements

### All targets have been met.

**But one:** The exception was the requirement of our strategic suppliers to follow the ZDHC Chemical Management System Manual and Audit Protocol. The reason this target was not yet met, is because the ZDHC CMS Manual is still pending final approval by the ZDHC Programme. Once the tool has been published Primark will roll it out to all our suppliers and meet this target.

More information on the programmes involving raw materials can be found here:

<https://www.primark.com/en/our-ethics/planet-and-environment/responsible-manufacturing>

## Social Standards and Living Wages

Whether making t-shirts in Bangladesh, socks in Turkey or footwear in India, we expect the wages of people making products for Primark to be fair and the working conditions to be safe. Primark does not own factories and requires every supplier and factory to comply with the Primark Code of Conduct. It is based on the International Labour Organisation (ILO), a United Nations body, as well as the Ethical Trading Initiative Base Code and it also encompasses the German Partnership for Sustainable Textiles' goals.

- For 2017 Primark put the emphasis on
  - Strengthening the grievance mechanism – The aim is that grievances can be addressed early and remediated directly. The mechanisms within factories should be designed to compliment, and not undermine, the role of trade unions and collective bargaining processes.
  - Finalising the ACT purchasing practice industry benchmark tool, which will identify the purchasing practices that have the greatest impact on a living wage – While seamstresses and other worker's wages are fixed by the producing suppliers, Primark acknowledges the impact retailers as customers can have here. Jointly with others, Primark finalised the ACT (Action, Collaboration, Transformation) purchasing practice industry benchmark tool. The self-assessment questionnaire looks at all the key elements, activities, procedures and processes involved in purchasing practices, all of which can impact a living wage.
  - Underage working in the garment industry – Primark is supporting the ILO (international Labour Organisation) to develop a framework for the clothing and textile industry on how to prevent and address child labour. This includes training for suppliers, auditors, and companies, how to establish effective partnerships on the ground and how to track and monitor impacts.
- As part of the on-going evolution of the Primark programme the audit verification process was refined – To ensure the over 3,000 audits carried out each year are as robust as they can be, Primark worked with an external partner to conduct additional due diligence checks on the audits. A framework and internal procedures were piloted in China and India.
- As part of the environmental sustainability programme the Primark Recycling initiative was to be rolled out in more stores across Europe.

## 2017 target achievements

**All targets have been met.**

**But one:** The exception is the rollout of the Primark Recycling Initiative across more stores. It is still our ambition to rollout the Primark Recycling Initiative. However, the legislative situation for obtaining licenses is pending a legal decision in Germany and legal approval in other countries where we have stores. We are engaged with the relevant bodies on this matter and seek resolution as soon as possible, as we are keen to give our customers a practical recycling option.

More information about Primark's activities in our supply chain can be found here:

<https://www.primark.com/en/our-ethics/people-production>

## Natural Fibres

A range of natural and manmade fibres are used to make Primark products. Cotton is one of the most important natural fibres used, but others play an important part in production too. Regardless of the raw material used, it matters to us that it is sourced responsibly. Primark does not buy raw materials directly, this is done by Primark suppliers or our suppliers' factories. Through our commitment to an initiative from environmental experts WRAP – the Sustainable Clothing Action Plan (SCAP) - we have been working with our suppliers to improve the traceability of raw materials in our supply chain. We also want to ensure our raw materials are sustainably sourced, and have started with cotton.

- Primark assessed the volume of sustainable natural fibres used by suppliers – Taking stock of the sustainable natural fibres used by suppliers is one step in achieving traceability.
- The 2017 spotlight was on cotton through the scaling up the Primark Sustainable Cotton Programme to 5,151 female farmers in India – The programme trains female farmers in India in sustainable farming methods. The impact is three-fold: improved livelihoods through increased income, improved cotton yield and reduced environmental impact through reduced use of chemical fertilizers, pesticides and water. The impact of the programme is assessed regularly, e.g. 2,087 kg less fertilisers were used and profit increased by 246% over 3 years.
- Between 2013 and 2016 1,251 female farmers were trained. In 2016 the programme was extended to train an additional 10,000 farmers over six years.

## 2017 target achievements

**All targets have been met.**

More information about Primark's activities regarding natural fibres can be found here:

<https://www.primark.com/en/our-ethics/planet-and-environment/raw-materials>

# Progress report 2018

Key question	Goal for 2017 / Explanation
<b>Chemicals / Environmental Management</b>	
Does your organisation recommend its business partners and producers proper and environmentally safe management (good housekeeping) and does it support them in achieving this?	<p>✗ Implementation of individual or cooperative measures to support Good Housekeeping.  <b>In 2017, we will require our strategic suppliers to use ZDHC CMS manual and audit protocol.</b></p> <p><i>This target is pending the final development of the ZDHC CMS Manual. Once ZDHC have completed the manual, we will rollout to all suppliers in alignment with our Chemicals &amp; Pollution Management programme requirements and we continue to actively work with and support ZDHC on this process.</i></p>
Does your organisation recommend and support taking stock of chemical products used and reporting quantities and types of chemicals („chemical inventory“)?	<p>✓ <b>In 2017, we will further develop and publish the Primark chemical inventory on our website.</b></p>
Does your organisation promote the application of a MRSL in its procurement processes?	<p>✓ <b>In 2017, we will run a targeted training programme for our suppliers to promote the use of the ZDHC Chemical Gateway. The objective will be for suppliers to commit to using the Gateway for procurement of chemicals that are less harmful to the environment.</b></p>
Does your organisation recommend and support measures for improving wastewater management and/or reporting wastewater data?	<p>✓ Communication of relevant data platform to producers with wet processes.  <b>In 2017, we will engage with our strategic suppliers in China on submission of waste water data to the IPE platform.</b></p>
Does your organisation support the periodic assessment of the existence and functioning of environmental management systems in its facilities and supply chain?	<p>✓ <b>We will finalise developing Primark’s Environmental Management System using internationally recognized standard ISO14001, which sets out the framework we will follow to establish and continuously improve our environmental performance within our supply chain whilst complying with relevant legislation</b></p>
Does your organisation publish information or a sustainability report in the field of chemicals/environmental management in the supply chain?	<p>✓ Publication of information or sustainability report on chemical/environmental management.  <b>In 2017, we will continue to build upon our progress under our Detox commitment by publishing an enhanced Detox report on our website, which will contain increased detail on our implementation process and results.</b></p>
<b>Social Standards and Living Wages</b>	
Does your organisation incorporate the results of any social or human rights risk and impact assessments into the procurement process or its own operations?	<p>✓ Incorporate requirements for preventing, monitoring and handling cases of child or forced labour into own standards and processes  <b>In 2017, we will begin implementation of a best practice framework to prevent, mitigate and remediate the risk of child labour, through our partnership with ILO-IPEC. This includes a review of our Code of Conduct and tools for remediation, tracking and monitoring, which we will share with members.</b></p>

Key question	Goal for 2017 / Explanation
<b>Social Standards and Living Wages</b>	
Is your organisation individually or collectively committed to the sector-wide implementation of the Partnership's social goals?	<p>✗ Promote awareness of socially sustainable textile production in Germany  <b>Following our successful pilot in UK and Germany, we will roll out the Primark Recycling Initiative to cover more European stores in 2017/2018.</b></p> <p><i>Partially achieved. After our successful trial of a take back scheme (2016), we began roll out to European stores as per our target. However, legislative requirements on textile waste collection have led to delays. We are engaged with the relevant bodies on this matter to seek resolution as soon as possible.</i></p>
Does your organisation assess risks and their impacts on the Partnership's social goals along its textile supply chains and in its business relationships?	<p>✓ Analyse own procurement processes for ways to promote payment of living wages in the supply chain and/or to prevent excessive overtime hours.  <b>In 2017, we will finalize the ACT purchasing practice industry benchmark tool, which will identify the purchasing practices that have the greatest impact on a living wage. This tool will be used by all ACT members to define best practice and identify where improvements need to happen.</b></p>
Does your organisation have a code of conduct / obligation for producers and business partners that covers the Partnership's social goals and cascades their implementation in the supply chain?	<p>✓ Include an obligation to maintain systematic social dialogue and establish a complaints mechanism into the code of conduct.  <b>In 2017, Primark will review its role in ensuring that effective grievance mechanisms are available. We will benchmark best practice from a range of industries, and we will consult with relevant stakeholders to develop a supply-chain wide approach to enabling workers' access to grievance mechanisms.</b></p>
Does your organisation ensure or support granting affected persons access to effective complaints mechanisms?	<p>✓ Support producers in risk countries in establishing effective complaints mechanisms.  <b>In 2017, we will review our existing approach on Grievance Mechanisms in line with the UNGPs and with relevant stakeholders to see where the process can be strengthened further to protect those within our supply chain.</b></p>
Does your organisation possess effective verification and monitoring processes along the supply chains?	<p>✓ Audit the effectiveness of the social management systems by an independent third party.  <b>In 2017, we will refine our audit verification programme, establishing a frame work and internal procedures, and pilot this in China and India.</b></p>
<b>Natural Fibres</b>	
Does your organisation promote measures for farmers and/or agricultural workers that support the Partnership's goals in the field of natural fibres?	<p>✓ Expansion of an existing training concept.  <b>In 2017, we will scale up training from 1.251 to 5.151 farmers in India.</b></p>
Does your organisation promote the use of sustainable natural fibres in its procurement processes?	<p>✓ Stocktaking for recording the total amount of natural fibres and the proportion of sustainable natural fibres.  <b>In 2017, we will take stock of the sustainable natural fibres we use.</b></p>