

Primark Environmental Performance Report 2017

Contents

Supporting our Ethical Trade Programme, Primark has in place an active plan to strengthen our environmental sustainability performance across our business. This document is a brief description of our approach to managing environmental sustainability and an overview of our work to deliver on our commitments to responsible manufacturing.

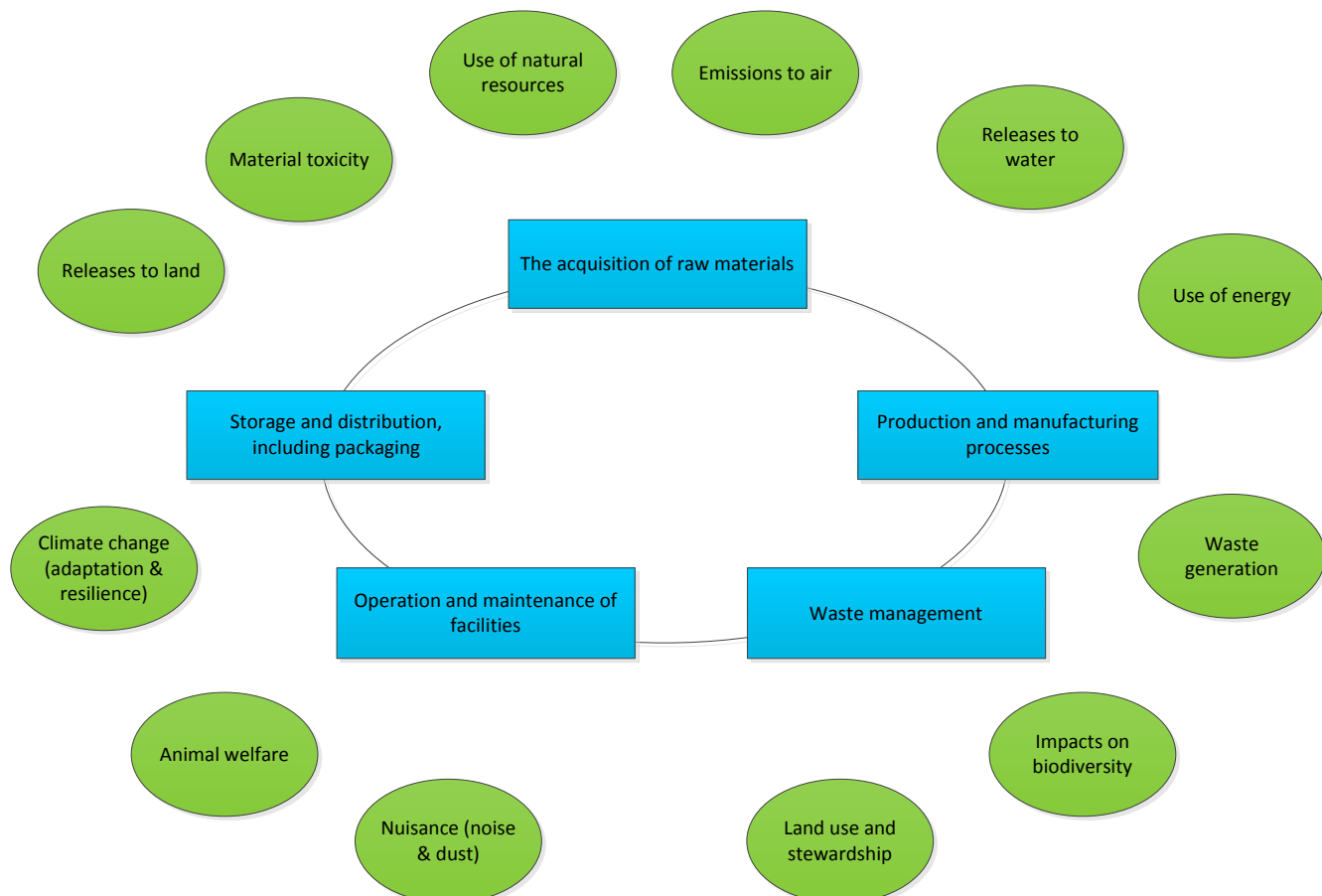
Primark and Environmental Sustainability

Our Approach

At Primark, environmental sustainability means prioritising consideration for the environment and health of the planet into our business operations.

We are currently working in partnership with environment and sustainability specialists [CH2M](#), to develop an environmental policy that sets out our environmental priorities and objectives, informed through an in-depth analysis of all direct and in-direct environmental impacts and aspects across our business. Associated work on risk analysis has also identified where and how we should intervene to mitigate or remove impacts over the coming years, as well as promote opportunities for the environment.

Our policy will address environmental aspects at each production and operational stage in our business.



We deliver on our environmental priorities and objectives through:

Primark Environmental Sustainability Strategy

Providing operational guidance needed to create and support our environmental sustainability goals.

Our strategy will enable us to engage our internal and external teams, and maintain continuity in strategic and operational decisions. We focus on achieving:

1. Full traceability of our product supply chains
2. Environmental, health and safety compliance in all direct and indirect operations
3. Improved environmental performance of products and raw materials

Ethical Trade at Primark is recognised at the highest level both within Primark and its parent company Associated British Foods (ABF). Primark's Director of Ethical Trade, Katharine Stewart, has overall responsibility for the Ethical Trade & Environmental Sustainability programme, leading a dedicated team of over 80 experts (as of May 2017), mainly based in Primark's key sourcing regions. This includes Senior Controllers who are responsible for Supply Chain Monitoring & Remediation, Training and Capacity Building, Structural Safety, Projects, Policy & Strategy, Environmental Sustainability, and Communication & Engagement. Katharine Stewart reports directly to Paul Lister, Director of Legal Services and Company Secretary for ABF, and Paul Marchant, Chief Executive Officer for Primark.

We take operational guidance from the Associated British Foods (ABF) Group Safety and Environment function and work closely with other ABF businesses through a Corporate Responsibility Forum.

Primark Environmental Management Framework

Our environmental management system will manage and monitor the environmental impacts of our operations world-wide, as well as identifying how we can work to continually improve our performance year on year.

Aligned to internationally recognised standard ISO14001:2015, our Environmental Management System will provide a framework to identify and understand our impacts, helping to identify and reduce our environmental footprint across our business. The framework is implemented by a global team of technical environmental, health and safety specialists that audit our direct and in-direct business operations.

All supply chain partners are required to commit to meet our environmental standards as part of the terms and conditions of business, as referenced in the Primark Code of Conduct. Operational and production manufacturing sites are audited by Primark employees and 3rd parties. Capacity building resources and activities help our global teams to support supply chain partners in making performance improvements.

Environmental Sustainability Projects

Constantly looking for ways to work with industry stakeholders who share our mutual respect for the environment.

We invest in projects such as the Primark Sustainable Cotton Programme which focuses on addressing societal, environmental and social issues, including water availability, raw material use and agricultural practices. These projects are usually through collaborations with experts, governmental and other brand/retail organisations.

Industry Collaboration

Scaling success by working in collaboration with industry on non-competitive sustainability opportunities.

We are committed to helping bring about industry wide change, and believe that this requires collaboration with industry experts, other brands and organisations to facilitate a common set of tools and standards. This is why, beyond actively engaging with our supply chain partners, we also work with a number of organisations including the [ZDHC Foundation](#), the [Leather Working Group \(LWG\)](#) and the [Sustainable Apparel Coalition \(SAC\)](#).

Production and Manufacturing Processes

Achieving Zero Use and Discharge of Hazardous Chemicals

Since signing our [Greenpeace DETOX Solution Commitment](#) in 2014 we have been working hard to eliminate the use and discharge of hazardous chemicals in our supply chain. Our commitment differs in approach to other retailers as it applies across all products produced for Primark, supporting our holistic approach to environmental responsibility. We believe it is necessary to move the chemical industry completely away from the manufacture and distribution of these chemical groups. As such, our DETOX activities are focused on the use and discharge of chemicals. A fundamental foundation and necessary part of the management process to this is our product testing processes. Based on current and future legislation covered in REACH (Registration, Evaluation, Authorisation & restriction of CHemicals) and other product regulations, each product must follow a strict protocol in order to be eligible for shipment and sale on the shop floor.

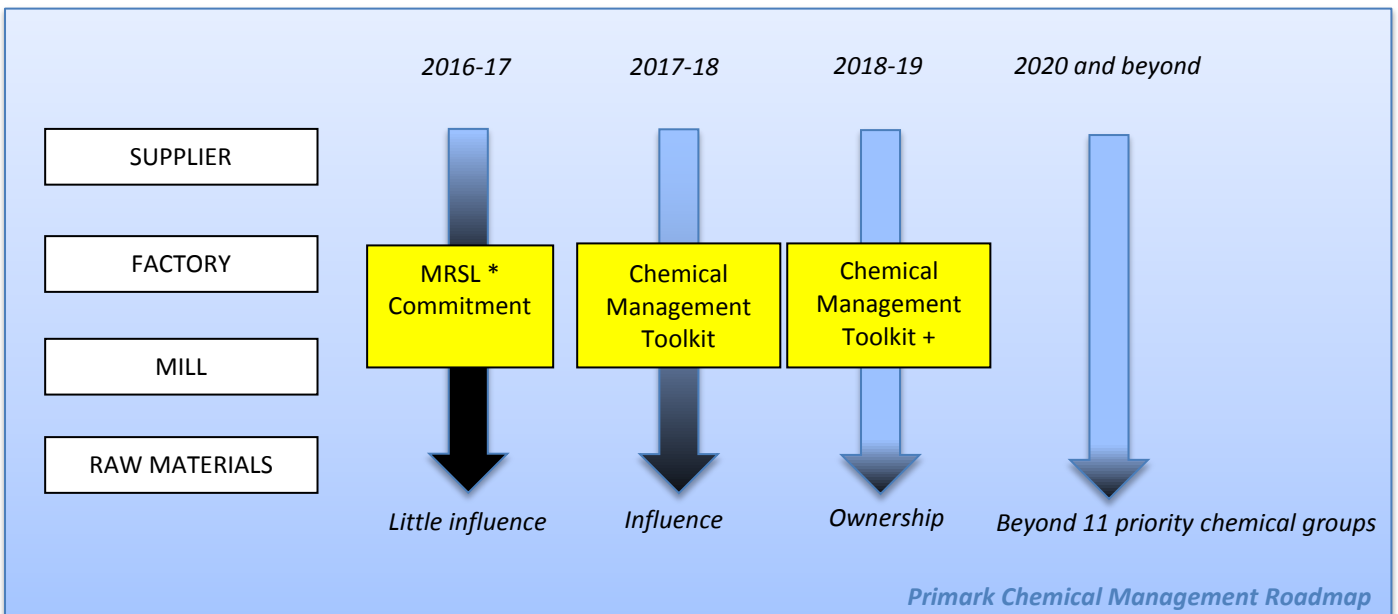
Working Together towards Zero Discharge

Primark have been a strong ZDHC Contributor since joining in 2015. With two members of our team actively engaged in ZDHC Foundation leadership and one holding a position on the board, our energy is focused on implementing aligned chemical standards in our shared supply chains. Achievements over the past year include the publication of the [ZDHC Wastewater Guidelines](#), convergence of the SAC HIGG Facilities Environmental Module with the ZDHC Audit Tool, and launch of the [chemical gateway](#) for safer chemicals. We maintain an open and constructive dialogue regarding challenges and opportunities with other ZDHC member brands through this forum.



A new Chemical Management Roadmap

In 2016 we partnered with leading industry chemical experts, to review our Roadmap to achieve zero use and discharge of hazardous chemicals. We know that in order to achieve our goals it is necessary to evolve the way we do business with our supply chain partners. Our focus during this work was to make our restricted substances lists applicable to all product categories, empower our Suppliers to take ownership for the performance of their upstream processing sites, and introduce commercial business implications for non-compliance regardless of whether it fails legislation or not. Due diligence testing on products and raw materials for substances completed during the past annual year, was crucial to inform these new chemical management standards and processes.



Our Chemical Management Toolkit

To make sure our standards are applied all the way through our supply chain to raw material (chemical) Suppliers, we developed our Chemical Management Toolkit. Collaborating with an industry leading chemical supplier and testing laboratories, the toolkit was produced through intensive analysis of the chemical risks and opportunities in our production activities.

CHEMICAL MANAGEMENT TOOLKIT



Aligned Chemical Compliance Standards

Through our DETOX commitment we have committed to eliminating specific chemicals from our supply chain. For consistent communication throughout our supply chain we have now aligned two lists of the chemicals – the existing **Product Restricted Substances List** (testing standard used by our Suppliers for products and raw materials) and our **Manufacturing Restricted Substances List** (control standard used by mills and chemical Suppliers when using or purchasing chemicals). This now means that the chemicals we commit to eliminate are captured in our dedicated programme to test products to ensure they do not contain specific chemicals.

You can download our Restricted Substances List [here](#).

Chemical Inventory List (CIL) Tool

In addition to eliminating the chemicals in our DETOX commitment, we built a system to capture all chemical use in our supply chain, enabling us to address the following issues:

- The list of chemical restrictions in industry is constantly evolving so this will enable us to quickly access and assess exposure as we and the industry restrict additional chemicals
- The system is built on Suppliers obtaining and working with easily available information. How well they do this gives us an indication of how well they are managing chemicals and therefore meeting our commitment. For example, recording a product without a legally required Global Harmonised System (GHS) standard Material Safety Data Sheet (MSDS) initiates a red flag.
- It provides us with a data driven assessment of supplier performance related to environmental management and their commitment to support our sustainability goals. This enables buying functions to make informed procurement choices.

It is supported by an easy-to-use training module to enable factories and mills to complete their CIL and also enable Suppliers to assess the quality of chemical management performance from their associated factories and mills. This is rolled out globally through a training network already established by our approved testing laboratories.

You can download a copy of our CIL Tool [here](#).

Supplier Environmental Key Performance Indicators (KPIs)

It is our intention for Suppliers to take responsibility for monitoring the performance of factories and mills associated with Primark production in upstream supply chains. To do this, we developed a number of Environmental KPIs that are tracked by the environmental sustainability team, to be integrated with the Supplier Scorecard used by sourcing and buying functions.

A snapshot of our 2017 performance results:

70% of our Suppliers have committed to our chemical commitment*

100% of our committed Suppliers have designated a responsible Chemical Manager




5% Increase in Suppliers maintaining and submitting a CIL for Primark Production

*We are working hard with the remaining Suppliers related to cosmetics, electronics and goods not for resale e.g. coat hangers, to align on a pragmatic elimination plan



Keeping PFCs Away!

At Primark, we have banned per and poly fluorinated chemicals (PFCs) from use and in our products since 2015. It is common knowledge that these chemicals are still legally manufactured and sold freely on to the market. We monitor the intentional use of these substances in our supply chains, encouraging our finishing mills to phase out the use of them completely and not just for Primark production. A snapshot of PFC surveillance testing results, including 3 case studies are shown below.

	<p>Product: Newborn Leisure Wear Set Material: Polyester and Spandex PFC Failure: PFOS Result: PFCs present in after-treatment fixatives. Chemical product replaced, material remade and re-tested for shipment.</p>
	<p>Product: Ladies Outerwear Material: 100% Polyester PFC Failure: 8:2 FTA and 8:2 FTOH Result: The fabric mill did not use a PFC Free water repellent chemical product. Product rejected. Buyers worked with the Supplier to purchase PFC Free alternative.</p>
	<p>Product: Child Waterproof Trouser Material: 100% Polyester PFC Failure: 8:2 FTA and 8:2 FTOH Result: Dyeing mill was using both PFC and PFC Free chemical products. This fabric was cross-contaminated by inadequate cleaning of machinery during production runs.</p>

Collaborating for Success in China

Our environmental activities in China expanded greatly in 2016-17 as we engaged closely with [IPE](#) to push Suppliers and factories to remediate environmental non-compliances. In February this year we had screened 150 supplier factories which include:

- 99 Tier 1 units (product manufacturing factories)
- 18 Tier 2 units (approved contracted processing factories)
- 35 Tier 3 units (fabric and yarn mills)

Among these factories, it was identified that there are 15 factories (mostly dyeing mills) with violation records in the IPE database. We have followed up with these Suppliers and factories closely regarding the violations, using the ZDHC Audit Tool to carry out detailed environmental analysis required to inform improvements. A recent success story is highlighted below.

Climbed 9 ranks to 29 out of 60 brands/retailers



Case Study: China Dyeing Mill

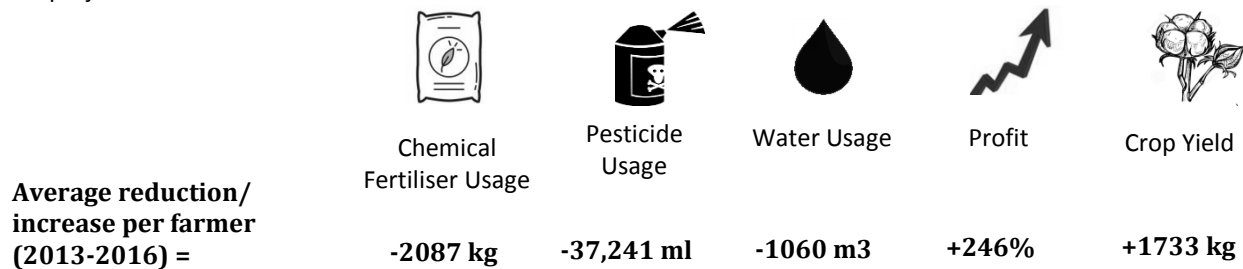
Supplier Connection: Dyeing mill associated to a Tier 1 supplier of socks
Capacity: 10,000 tonnes approximate annual capacity (Primark about 25%)
Other brands: 9 other SAC member brands and retailers
Environmental Non-Compliance: 6 IPE violations occurring during 2013-2015 for wastewater discharge quality regarding phosphorous and aniline.
Result: Pressure and dialogue by Primark, in addition to other brands, resulted in the mill deciding to undergo the [Green Choice Alliance \(GCA\)](#) verification audit. Consequently, the mill engaged in dialogue with local institutions to remediate the environmental issues.

Acquisition of Raw Materials

Sourcing Sustainable Cotton

We partnered with SEWA and CottonConnect in 2013 to support women smallholder farmers in Gujarat, India, in growing Primark’s sustainable REEL cotton (Responsible Environment Enhanced Livelihoods), the cotton certification developed by our partner CottonConnect. To be eligible, the cotton must be grown meeting specific criteria for sustainable farming techniques such as using less water, fertiliser and pesticides. Through the provision of training and resources, this partnership will engage over 11,251 female farmers by 2022.

Sustainable farming techniques implemented by the farmers in India, have reported successful results over the past 3 years of the project:



With three spinners in India now directly involved in our cotton programme, we’re working hard with them, along with our in-country teams and Suppliers, to incorporate Primark REEL sustainable cotton into our products.

Leather Sourcing Practices



We joined the Leather Working Group in 2016, a multi-stakeholder initiative which aims to promote sustainable and appropriate environmental business practices within the leather industry. Its members range from brands, retailers, leather Suppliers, technical experts, NGOs, and tanneries.

Membership to the LWG gives Primark the opportunity to continuously improve our leather manufacturing practices and work collaboratively with industry peers, to align environmental priorities and increase industry transparency along the leather supply chain. We are actively engaged in conversation focused on improving leather manufacturing practices, and engaging with our buying teams and Suppliers to investigate further how our leather manufacturers are operating in accordance with our environmental requirements.

Improving Product Fibres



As a signatory of both the Sustainable Clothing Action Plan (SCAP) and the European Clothing Action Plan (ECAP), we are working directly with WRAP and MADE-BY respectively, to achieve collective industry reduction targets (alongside other retailers, brands and organisations) in reducing carbon, water and waste along the textile supply chain. To track our progress, we work closely with our Suppliers to collect data on the different types of fibres we source annually, reporting this information back to both SCAP and ECAP who then calculate progress for all signatories collectively on an annual basis.

The fibre type data we collect as part of the SCAP and ECAP initiatives also allows us to identify key action areas for continuous improvement within our manufacturing processes and procurement practices, particularly when assessing the environmental impacts associated with both the natural and synthetic fibres types used within our supply chain.

Waste & Recycling

Product Take-Back Scheme



In 2016 we successfully launched a customer take back pilot in 5 of our stores (UK and Germany) in partnership with our collection and recycling partners I:Collect (I:CO). We encourage our customers in store to recycle their old textiles and shoes, and in light of this successful pilot, we are now in the process of scaling up the programme to cover all of our European stores. For more info: <http://www.ico-spirit.com/en/>

Giving all Products a second-life



We believe in giving all of our unsold products and buying samples, a second-life. Since 2010, we've donated all of these goods from all stores in the UK and Europe, to the Newlife Charity for Disabled Children. The goods are either re-sold by Newlife in their own UK stores, or recycled into second-life items, such as relief blankets and felts.

All profits raised from our partnership with Newlife are distributed throughout the charity, to help pay for equipment, such as; wheelchairs and pain relieving beds, the day-to-day running of their nurse helpline and live chat service, medical research and campaigning and awareness activities. Our partnership with Newlife has raised over €3 million for the charity, from Primark donated goods. For more info: <http://newlifecharity.co.uk/>



Similarly, with the expansion of Primark stores into the US market in 2015, we launched a partnership with K.I.D.S Fashion Delivers, who receive all unsold goods from our US stores. Their programme supports a network of community partner non-profits in all 50 US states and worldwide, who are helping families and individuals in need. For more info: <http://www.donateproduct.com/>

Collaborating for a Circular Economy



In an effort to promote circular economy practices and reduce the environmental impacts of waste within the textile supply chain, we are collaborating with the Love Your Clothes campaign, as part of our commitment to the SCAP initiative. We are currently exploring multiple opportunities with the Love Your Clothes campaign that we can use to promote a circular approach to the textiles produced within our own supply chain and the products we sell in our stores. For more info: <http://loveyourclothes.org.uk/>

Aiming for Zero Waste to Landfill

In 2017 we are refurbishing our UK head office in Reading, United Kingdom. Sustainability features heavily in the Reading refurbishment project. We are on track to achieve a very good BREEAM rating and as part of this, Waste Management is an integral part of the assessment process. This covers many areas including re-use, recycling and waste management. Targeting zero waste to landfill, furniture will be re-used or passed over to a charity where appropriate and other items have been salvaged and are being stored for re-use such as – external signage, safes, racking etc.

Reducing Waste in Stores

We are working on a number of waste initiatives designed to increase the levels of recycling within stores and operations. As part of this process we have established Resource Recovery Units in our UK and German depots. From here the cardboard and plastics that are collected at our UK, Belgian, Dutch, Austrian and German stores are reprocessed and sent for onward recycling or energy recovery.

As well as enabling Primark to be more actively involved in the recycling process and thereby ensuring that our waste is being managed appropriately, the roll out of this backhauling* arrangement has significantly reduced the volume of third party waste collections from our stores.

**The term 'backhauling' refers to the fact that the recyclables are collected from our stores using our delivery trucks and transported back to our central distribution centre. This arrangement has significantly reduced the amount of CO2 emissions generated from our waste operations.*

This backhauling arrangement has been in place for a number of years in the UK but has only been expanded to all of our Northern European operations since July 2015. Over 200 stores are participating in this backhauling arrangement across Europe at present. We are reviewing opportunities to roll out this initiative to additional regions over the coming months.

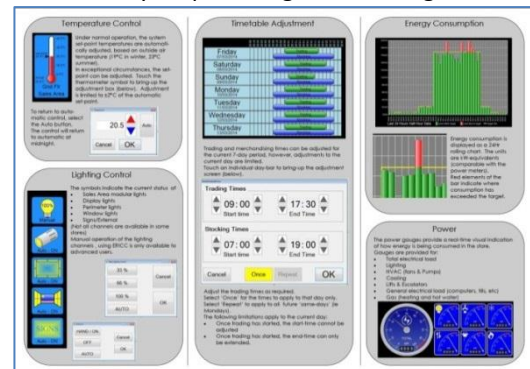
Reducing Carbon Emissions

Energy Efficiency

Primark is working towards reducing the amount of energy that we consume within the business. As part of this process we have embarked on a number of energy efficiency projects across the retail portfolio. Initiatives undertaken to date include:

- **Energy Efficiency Audits:** we have engaged specialists to review the energy consumption at a number of stores across the group. Audits are being completed in each region and the recommendations are being evaluated with a view to rolling out energy saving measures across all stores. 26 Audits have been finalised thus far in 2016 and further audits will be completed by the end of the year.
- We have also established an **Energy Reduction Group (ERG)** in order to consider and implement energy saving initiatives at our stores. The ERG implements technical measures (e.g. variable frequency drives) and encourages behavioural changes in the way the business approaches energy management (e.g. training, advice and standard operating procedures). The ERG comprises the Primark Head of Facilities, our Facility Management contractor and two separate energy consultants (B:SSEC & Design for Environments). To date, the ERG has achieved savings of approximately 30 million kilowatt hours.
- One of the key outcomes of the Energy Reduction Group to date has been the development of a bespoke software system called **ERICC (Energy Reduction Information & Control Console)**. The ERICC system was designed to drive behavioural change in the way that energy is consumed within the business, by empowering store management to make smart decisions in relation to their energy use.

The system provides the store management team with real time information on the primary energy drivers within the store. It also provides them with some key tips and advice in relation to how the store should be performing from an energy management perspective and enables them to use the system's intuitive controls to modify their heating, cooling and lighting systems. The ERICC system has been installed in approximately 104 stores across Ireland and the UK and the aim is to roll the project out to all stores within the next 2-3 years.



- Primark was awarded the **Carbon Trust Energy Standard** for the first time in 2013 in recognition of our continued commitment to energy efficiency in our stores. We retained this standard in 2015 and built on the success by also achieving the Carbon Trust standard for Waste. To retain the Energy standard (May 15) we had to demonstrate savings year on year.

- Primark is in the process of developing its first entirely **LED illuminated store**. It is expected that this objective will be reached within the next 12 months. To bring further energy efficiencies to existing stores, we have also developed the “Bright Ideas” project. This project is designed to incorporate recent advances in metal halide technology and enables us to deliver the same level of light for a reduced level of energy consumption without changing the entire luminaire. Bright Ideas is Primark’s bridge solution between existing installations and our LED driven future.

The Bright Ideas project commenced in late 2015 and consisted of a trial in 4 stores. The main aims of the project are to reduce energy consumption without impacting on the lighting levels within the stores and the key mechanism to achieve this has been the rollout of a more efficient CDMT lamp. This ensures that we are using less energy (70w lamp replaced with 50w lamp) and also extends the life of the lamps that we are employing (Newer Elite CDMT lamps that extend the life of the lamp from 18 months to 4 years and new linear fluorescents that extend the life of the lamp from 18 months to 3 years).

For any additional information please do not hesitate to reach out to us at: environmental@primark.co.uk