Responsible Cotton Sourcing Policy

Contents:

1. Context
2. Vision
3. Scope
4. Target
5. Policy Commitments
   5.1 Human rights
   5.2 Uzbekistan & Turkmenistan
   5.3 Transparency
   5.4 Water management
   5.5 Pesticides and Herbicides
   5.6 Energy Consumption/Greenhouse gas emissions
   5.7 Recycled Cotton
6. Legal Compliance
7. Certification and accreditation
8. Overview of Action approved standards
1. Context

Approximately half of all global textiles are made from cotton, making it one of the principle raw materials of the textiles industry. Cotton production provides income for more than 250 million people worldwide, employing almost 7% of all labour in developing countries. Unfortunately, there are many problems and challenges associated with the conventional cultivation of cotton. Most notably, its production requires a lot of natural resources (land, water, and electrical energy), it is chemically dependent and has been linked with cases of forced labour, child labour and other social injustices.

2. Vision

Action understands the environmental and social impact of the production and usage of cotton. Currently Action is analysing the volumes used annually to determine the footprint in cotton. The majority of the cotton sourced is used in our clothing, bedding and soft textiles products. As a retailer we recognise our responsibility to ensure that the cotton we source is done so in a way that minimises the social and environmental impact throughout our supply chain. By doing this, we can secure our future source of cotton whilst having a positive impact on the people and communities associated with its production. We will focus on the engagement in strategic partnerships, notably with the Better Cotton Initiative (BCI). Within a 12-month period we strive to have defined the sustainable best practices for the target setting and a roadmap on how to get there.

3. Scope

The global cotton supply chain is a complex web involving many layers of processing which often cross national borders before we purchase from our suppliers. This makes tracing cotton back to its primary source a real challenge. We realise that sourcing responsible cotton is a step-by-step approach. It is important that the scope of this policy is realistic and achievable. Therefore, this policy is focused on our direct suppliers and importers. The intention of this top-down approach is to work closely with our broad network of suppliers in the hope that our collective influence can feed down the supply chain to the primary production level.

4. Target

Action will target for 40% of the cotton we source to come from more sustainable sources (detailed by standards like BCI, Recycled, Organic and Fair Trade) by end of year 2020. Action commits to review whether it is feasible to expand on our commitments beyond 2020, but does realise that an overall 100% target does not fit the business model of fast-changing items, mélanges and the complexity of the supply chain.

5. Policy Commitments

This cotton policy strives to set expectation that all products containing cotton are sourced in compliance with the following principles:

5.1 Human Rights

In line with Action’s Ethical Sourcing Policy, and in compliance with the UN Guiding Principles of Business and Human Rights¹, Action will avoid sourcing from any supplier who infringes on the human rights of others. The following criteria will determine this:

- Child labour
- Young workers
- Forced labour
- Freedom of association and collective bargaining
- Health & safety
- Fair remuneration
- Working hours
- No discrimination
- Privacy
- Employment practices
- No harsh or inhumane treatment
- Ethical business behavior
- Protection of the environment

5.2 Uzbekistan & Turkmenistan

Due to ongoing concerns regarding the use of government backed forced child labour during the cotton-picking season in Turkmenistan and Uzbekistan², Action will not knowingly source cotton fiber or fabrics from these countries for use in our products. This will remain policy until evidence suggests there has been adequate positive change in these regions. To enforce this policy Action will look to partner with an independent body to check our suppliers’ compliance and traceability to this commitment.

5.3 Transparency

Action aims to promote transparency throughout our entire supply chain. Wherever possible we strongly encourage our direct suppliers and importers to continue mapping down to the primary production level. Information relating to the environmental and social impacts relevant to Action’s cotton sourcing must be made available upon request.

5.4 Water Management

Action recognises the considerable use of water (for irrigation) and waste water emissions associated with cotton production and cotton processing. We encourage our direct suppliers and importers to conduct a water resource requirement and consumption assessment to reduce the use and mismanagement of water and the negative impact on water quality linked with cotton production.

5.5 Pesticides and Herbicides

Action encourages the elimination of hazardous pesticide and synthetic fertiliser use during field production. We therefore encourage our direct suppliers and importers to increase the proportion of certified BCI cotton that warrants strict standards and policies in line to mitigate the use of chemicals during production.

5.6 Energy Consumption / Green House Gases emissions

Action is committed to reducing its energy consumption and GHG emissions throughout its stores, distribution centers and transport logistics. Continuing this commitment, Action’s suppliers are encouraged to report and take steps to improve the energy consumption and greenhouse gas emissions associated with their primary production facilities.

5.7 Recycled Cotton

Action recognises the advantages of re-used and recycled cotton. In line with our target to reach 40% cotton from more sustainable sources by 2020, we aim to accelerate our uptake of recycled cotton by encouraging our suppliers to source more recycled cotton in line with the Global Recycled Standard (GRS)³.

6. Legal Compliance

Action aims to promote adherence to local, national and international laws and regulation throughout its supply chain. Our Ethical Sourcing Policy is aligned with the International Labour Organisation (ILO) conventions, the UN Guiding Principles on Business and Human Rights and the amfori BSCI Code of Conduct. Additionally, we encourage our direct suppliers and importers to ensure that they do not source from any supplier who appears on the ICA blacklist of unfilled contract awards⁴.

1 January 2019
7. Certification and Accreditation

Action is committed to partnering with certification bodies and sustainable cotton initiatives, particularly BCI. Building on this, Action is committed to increasing its portfolio of global partners where we see relevant.

8. Overview of Action approved standards

<table>
<thead>
<tr>
<th>Standard</th>
<th>Where to find more information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better Cotton Initiative</td>
<td><a href="http://bettercotton.org/">http://bettercotton.org</a></td>
</tr>
<tr>
<td></td>
<td><a href="https://ec.europa.eu/agriculture/organic/index_nl">https://ec.europa.eu/agriculture/organic/index_nl</a></td>
</tr>
<tr>
<td>Fair Trade</td>
<td><a href="https://www.fairtrade.net/standards.html">https://www.fairtrade.net/standards.html</a></td>
</tr>
</tbody>
</table>

References:

2. [http://www.cottoncampaign.org/about.html](http://www.cottoncampaign.org/about.html)