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The C&A Code of Conduct for the Supply of Merchandise (referred to in the text below as "The Code ") which was introduced in 1996, and updated in 1998, provides the basic contractual terms under which C&A conducts its' business. The Code has been accepted by all supply partners of C&A products, and has been implemented into all C&A buying and sourcing activities.

In combination with the auditing activities of SOCAM (Service Organisation for Compliance Audit Management), the Code offers C&A the opportunity to support the development of ethical and social standards throughout the C&A supply chain.

We recognize the importance of a continuing review of our Code, given practical experience and changing circumstances. These include increased globalization in recent years, and the associated growth of sourcing in the "less developed" countries, together with a proliferation of new codes and auditing options available in the market.

We believe that the Code, together with the monitoring activities of SOCAM , continue to provide C&A with a pragmatic and successful approach in ensuring that the important issues addressed in the Code can be matched by practical application in the supply chain.

Nevertheless, we think it timely to clarify the meaning of some of the terms used in the Code, given the increasing external stakeholder interest shown in recent years in our own, as well as the many alternative codes available.

The following comments should be regarded as our binding interpretation of the C&A Code of Conduct for the Supply of Merchandise.

SUPPLIER RELATIONSHIPS

The understanding of our supply partners concerning the way that C&A expects business on its' behalf to be handled in all parts of the supply chain, is at the heart of the Code.

Recognizing the many different environments, cultures, social and business models which are inherent in conducting business on a global basis, the Code is based on a set of principles which we believe to be universally acceptable, understandable and achievable.

It is not **practical** to name or refer to all of the international treaties and basic agreements pertinent to human rights and social standards which have been developed and implemented over many years. However, the most important amongst them could include the Universal Declaration of Human Rights, OECD Guidelines for International Enterprises, as well as a number of ILO conventions. Such treaties and agreements provide a framework within which business should be conducted, many of them having been ratified and transferred into the national laws in those countries where C&A merchandise is produced.

FAIR AND HONEST DEALINGS

This phrase remains a fundamental contractual principle of the Code. It forms the general, abstract and basic principle for all business relationships within the C&A supply chain. It includes every party involved, from the component sourcing through to the final garment production process, and forms the general clause of the Code.

Practices, even if not specifically referred to in the Code, would be regarded as not being "fair and honest" if they were not in line with internationally accepted norms, and / or national legislation, as laid down in the conventions already mentioned. If national law neglects those

principles, then those principles of compliance which come nearest to global standards should be the ones adhered to.

Our understanding of "fair and honest dealings" also includes behavior linked to the treatment of animals, as well as the environment as a whole, at least for those resources which are necessary for production. C&A regards animals as needing to be treated in a decent and humane way, without resort to cruelty, and with regard to any existing animal protection laws. This also includes the protection of endangered species and adherence to treaties such as CITES.

The principle of "fair and honest dealings" also includes that gifts and favors of whatever content should not be offered, promised, demanded or accepted in any circumstances which, due to their value or significance could compromise the independence of individuals in their decision-making process.

This is especially so if it were to imply an undue advantage, or sought to obtain or retain business, or any other improper advantage. Neither C&A nor a supply partner shall be approached for, or expected to pass on, a bribe.

We refer in this regard specifically to section VI of the OECD Guidelines for International Enterprises.

LEGAL ASPECTS AND INTELLECTUAL PROPERTY RIGHTS

The adherence to intellectual property rights of third parties is of utmost importance for our buying / sourcing policy. We will not accept any infringement or negligence in regard to third party intellectual property rights.

Both suppliers and Product Managers must ensure that such third party intellectual property rights are respected, and that unlawful copies should neither be offered, or produced.

Suppliers must be aware of the sources of each design (whether fabric, garment or print) offered, by being aware of the origin of such designs, or copyrights.

C&A will hold their supply partners liable for any damages and costs which may result from unlawful copying, whether this be the result of poor due diligence or willful negligence.

Criminal charges could also result from such eventualities.

EMPLOYMENT CONDITIONS

We regard the basic principles related to employment conditions, and which are listed in the Code, as being applicable on a global basis. C&A would therefore expect that our supply partners would include these as part of their own corporate governance model, and in turn applicable to whomever are their own suppliers, and not only in relation to production for C&A. We want to do business with those who share our philosophy. This does not preclude that any supplier cannot exceed such basic norms, in all situations where that is possible.

Specifically, we would like to comment on some basic requirements related to two paragraphs in the Code under the umbrella of "Employment Conditions".

CHILD LABOUR

C&A refers via this clause to the legal minimum age for young workers, related to production activities as laid out by the ILO Minimum Age Convention (No. 138), and Worst Forms of Child Labour Convention (No. 182) which are today fully transferred into national laws.

In those countries where the convention no.182 has been ratified, our suppliers must adhere to national law regulations which are in accordance with these principles. This means that specific work in textile industries is regarded by national law as being hazardous in terms of the health, safety and morals of a child. In these cases, the minimum age for production workers is 18 years of age.

In regard to the Minimum Age Convention, the age of completion of compulsory schooling (not below 15 years) would be applicable. In certain "less developed countries", a minimum age of 14 years may apply, if allowed in those countries national laws, or, if work is performed according to those exceptions as set out in Article 6 and 7 of the Convention relating to schooling and education.

In the event that the Conventions are not ratified into national law, the absolute minimum age for working in the textile industry supply chain is considered to be 14 years.

C&A has asked SOCAM as part of its monitoring activities to check compliance with these various national norms.

WAGES AND BENEFITS

The underlying principle applicable here would be once more that of "fair and honest dealings".

The payment of salaries, wages, overtime payments as well as other benefits must at least be in line with the national legal or industrial minimum level as defined for such work.

Taking the local environment into account, if it is clear that such payments are not sufficient to meet the basic needs of life, **it is expected that adjustments** may be necessary in order to meet such basic needs.

As part of their employment contract, all workers should be aware of their payment conditions before they commence their employment. Any deductions from salaries/wages should be in accordance with national law, and should still allow that the basic needs of life can still be met.

As far as working hours are concerned, the framework is provided by both national laws and industry norms. In any case, we do not accept that workers are required to work on a regular basis for more than **48 hours per week and maximum 12 hours of overtime**, whilst also recognizing their entitlement to one day of rest for each 7 day period.

Any one working day must not exceed 12 hours, whilst overtime work must be a balance between the individual capacity of a worker on the one hand, and business requirements on the other. Overtime working should be considered to be an exception, and not something to be requested on a regular basis throughout a given term of employment.

Salary payments should generally be paid **latest by** monthly installments. Any withholding of salaries for a later payment which are already due to employees are not allowed without the prior written consent of the employee(s) concerned.

ENVIRONMENTAL ASPECTS

Our supply partners are responsible for preventing chemical substances and other production waste from reaching the environment without being filtered or treated in an appropriate way. Sustainable production is an underlying requirement of the Code. All national standards and laws which set restrictions must be fully respected.

Production ecology is regarded as being as important as human ecology. No substance shall be used in a concentration which can cause harm either to the health or the well-being of any person working in the total supply chain, or indeed to the final consumer.

C&A has decided, and has stipulated in our General Delivery Instructions that we regard the EU General Product Safety Directive of 2001 as setting the requirement for the protection of the health and safety of consumers. C&A will not accept any unsafe product, and has implemented rigorous quality assurance systems in order to ensure we meet this objective. C&A will offer support, information and know-how to our suppliers in helping them to meet the required standards to protect both the safety of humans and the environment. This applies as far as C&A is aware of specific knowledge in this area.

FREEDOM OF ASSOCIATION

C&A recognizes and respects the rights of workers to join groups of their own choosing, and who can represent their interests, whether unions or other organizations, as long as such bodies are regarded as being legally in accordance with the relevant national laws.

We specifically acknowledge and act in accordance with ILO Conventions 87, 98 and 135. The right for collective bargaining is also acknowledged insofar as the national law of each respective country sets a legal framework for such rights. If, within any given national framework, those rights cannot be exercised, then C&A **respects** the right of such workers to build alternative structures to safeguard their legal rights.

C&A will take an active interest if we consider that the basic collective legal rights of workers are neglected, or when we consider that possible alternative structures are actively suppressed.

However, C&A will not get involved in conflicts which may arise within any of our supply partners, assuming proper execution of those rights.

Such issues should be resolved in a democratic way, respecting the rights of all parties involved.

DISCLOSURE AND INSPECTION

The monitoring of the Code is essential in terms of ensuring compliance with the Code. C&A has chosen the company SOCAM to perform this task.

Unannounced visits to production units are an important part of this process, and SOCAM auditors are expected to have full access to whichever production sites they choose to visit, taken from the addresses provided by our registered suppliers. This will enable SOCAM to be able to monitor compliance with our code.

C&A respects the confidentiality requested by our supply partners in terms of such information. Therefore, disclosure related to suppliers production facility addresses are provided by our supply base directly to SOCAM via a Supplier Statement.

The information provided and the audit results will be used for monitoring and auditing purposes by SOCAM, and will be treated as strictly confidential and not divulged to any third party including C&A Buying. Only in case of breach of the C&A Code of Conduct for the Supply of Merchandise SOCAM will present its audit report including the name and address of the relevant factory / production unit to C&A Sourcing Department for further action. In such cases, the C&A Sourcing Department will then write to the supplier to inform them of the nature of the infringement detected by SOCAM, and to invite an explanation of the circumstances, and where necessary, an action plan which will help to avoid a repeat of such infringements.

C&A reserves the right to be able to disclose general information relating to the processes which it has invited SOCAM to establish, as well as to the results of its' auditing processes, given that the confidentiality related to an individual supplier remains guaranteed. In the event of any third party attention being drawn to an infringement detected at any specific supplier, C&A reserves the right to use any facts gathered by SOCAM to present its' own understanding of the facts publicly to the extent it sees as being necessary.

SANCTIONS

In order that the Code retains credibility, C&A has various sanctions at its' disposal to ensure that the conditions outlined in the Code are respected.

Only as a last resort would this result, however, in a cancellation of our business relationship. Increasingly, C&A sees the need not just for audits, but also for training and information to suppliers, to help them to understand the good business case by respecting the Code in order to be able to ensure a sustainable business relationship. Nevertheless, C&A reserves the right to suspend such a relationship in certain circumstances, until corrective plans have been submitted, and the necessary and agreed improvements either underway or undertaken.

CORRECTIVE PLANS

Corrective plans are preferred to immediate cancellation of business relationships, and we also recognise that a reasonable and agreed time-period has to be allowed in order for the necessary corrective actions to be taken.

Specific actions are required for corrective plans relating to the **finding** of child labour working in a production unit used for the manufacture of merchandise destined for C&A. Where such a child's identity can be established by SOCAM, the supplier is asked to take responsibility to ensure that suitable education be made available to that child, given of course, the prior permission of the parents or guardians of that child. This could involve also financial support for the child as an additional requirement of a corrective plan.

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the C&A Code of Conduct for the Supply of Merchandise is but one part of our Corporate Social Responsibility policy, but one that recognizes that sourcing in developing countries in particular does present a set of challenges for all parties involved. It is our goal that measures and improvements undertaken should be in the favor and benefit of all parties in the supply process.

We understand that we are working in a complex world, and we recognize that there are different cultural, social and political backgrounds applicable to the various countries in which we are present. We are prepared to discuss with the various stakeholders the differing views which inevitably result from such diversity, especially, if this can lead to an improvement in our own performance.

Having reviewed our Code on a number of occasions, we have decided to leave the wording unchanged. The philosophy of the Code provides a reasonable practical framework in which required legal norms can be achieved, given the diversity of cultures in which we operate.

The wording of this document is intended, **primarily**, to help our **supply partners** to understand the philosophy underlying the Code. We will adapt the above text from time to time as any of the circumstances referred to change in any respect.