



COFRA Consolidated Report on Child Labour Due Diligence 2023

This consolidated report addresses the due diligence and reporting obligations specifically relating to child labour, as required by Article 964j-k of the Swiss Code of Obligations and the Swiss Ordinance on Due Diligence and Transparency in Relation to Minerals and Metals from Conflict-Affected Areas and Child Labour. It covers the period from 1 January 2023 to 31 December 2023. As described below, during that time COFRA was compliant with the Swiss regulations concerning child labour. COFRA did not trade in minerals or metals from conflict-affected or high-risk areas above the specified thresholds, and therefore is not subject to the applicable due diligence and reporting obligations.



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1. About COFRA

COFRA Holding AG is a privately held group of companies active in various business sectors, including asset management (Anthos Fund & Asset Management), private equity (Bregal), apparel retail (C&A), real estate investments (Redevco), renewable energy (Sunrock) and sustainable food (Dalsem, Ontario Plants). Headquartered in Zug, Switzerland, the group employs more than 60,000 people and serves millions of customers across its business operations in Europe and the Americas. Each business operates in a spirit of engaged entrepreneurship while striving to be a “force for good” in the world – a guiding principle that has characterised the Brenninkmeijer family owners’ activities for six generations, since the founding of C&A in 1841.

COFRA’s businesses operate in industries that are integral to fostering a more just and sustainable world. They support systems transitions towards liveable cities, a more circular production and consumption system, cleaner energy and sustainable food, underpinned by the move towards more responsible capital.

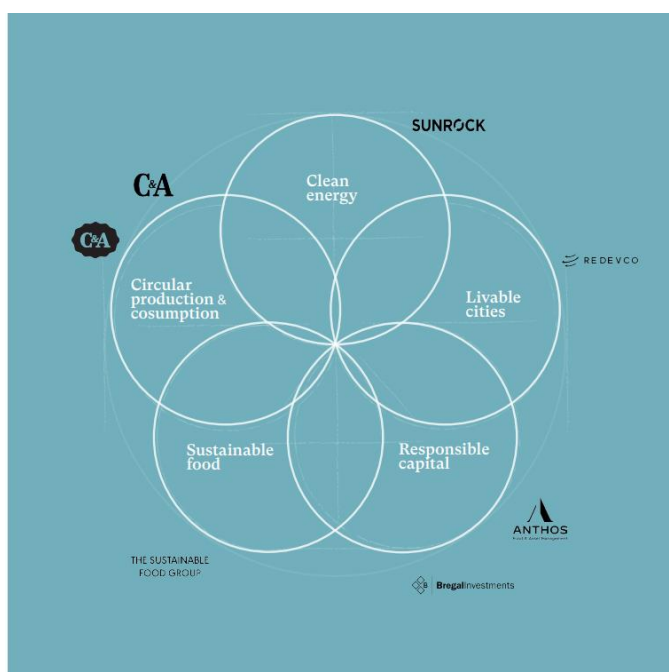


Figure 1 Supporting systems transitions

For more information, see www.cofraholding.com.

2. COFRA Group’s commitment to human rights

The COFRA Group (i.e. COFRA and its businesses) is aware of the impact that its activities have on people. It is committed to respecting internationally recognised human rights as outlined in the UN’s International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO).

This commitment is reflected in COFRA’s recently introduced Human Rights Policy, which has its basis in the UN Guiding Principles on Business and Human Rights (“UN Guiding Principles”).



COFRA holds itself and its businesses to the highest ethical standards, as outlined in COFRA's [Code of Conduct](#). COFRA actively engages with its businesses to identify, evaluate and address actual and potential adverse human rights impacts throughout their value chains.

In accordance with the UN Guiding Principles, each of COFRA's businesses is expected to develop a human rights policy and statement, identify salient human rights risks and impacts – using the international methodology for salience outlined in the UN Guiding Principles – and make an effort to implement human rights due diligence in its operations and value chains. The businesses are required to integrate the findings from their due diligence assessments into their operations, monitor the effectiveness of responses and communicate the outcomes both internally and externally. Engaging with stakeholders is an integral part of this process.

While businesses that more recently joined the COFRA Group are aligning with group policies, others have already established mature human rights practices.

COFRA and its businesses hold their partners and suppliers to the same high standards, particularly in relation to the elimination of child labour, humane treatment of employees, elimination of forced labour, non-discrimination and diversity, and workplace health and safety, in alignment with COFRA's Code of Conduct.

3. Approach to risk assessment

COFRA and its businesses apply a risk-based approach to identify any reasonable grounds to suspect child labour in each of the businesses' supply chains. A profound understanding of a business's products and sourcing countries provides the basis for a country-level supplier risk assessment, or alternatively a sector and material source analysis. This leverages the UNICEF Children in the Workplace Index and the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor, as well as reports on child labour issues by other international organisations and reputable NGOs. Supplier-specific child labour risk assessments are used to identify any reasonable grounds to suspect child labour.

The risk assessments cover the businesses' own operations and their tier one¹ suppliers, and for some businesses their tier two suppliers as well, as far as is possible given the available data.

4. Outcome of the risk assessments

a) Liveable cities

Redevco is a European urban real estate specialist with a stated ambition to create positive impacts by helping cities become more sustainable and liveable. Redevco invests its clients' funds in properties with a view to developing future-proof and vibrant places in dynamic urban locations where people want to live, work, shop and play. Redevco's risk assessment, conducted in line with the Swiss regulations, concluded that no reasonable grounds exist to suspect child labour in Redevco's own operations or at the identified supplier level.

¹ Suppliers that sell directly to an enterprise are known as its "tier one" or "direct" suppliers. "Tier two" suppliers are direct suppliers to tier one suppliers.



b) Clean energy

Sunrock is helping to create a clean energy future for Europe. With operations in Germany, France, Belgium and the Netherlands, Sunrock develops, finances and manages large-scale commercial rooftop solar projects. The company offers one-stop renewable energy solutions for clients that are typically commercial real estate developers and users or public institutions. Sunrock's risk assessment, conducted in line with the Swiss regulations, concluded that no reasonable grounds exist to suspect child labour in Sunrock's own operations or at the identified supplier level.

c) Responsible capital

Anthos Fund & Asset Management offers its clients comprehensive values-based asset management and investment advisory services. It does this by responsibly managing capital in line with the values of sustainability, human dignity and good corporate citizenship, underpinned by robust responsible and impact investment principles.

Bregal Investments is a global diversified private equity firm that provides a platform for five direct investment teams and a fund-of-funds team across the US and Europe. Bregal invests in sensibly run companies with sound business models, robust business integrity and the potential for positive impacts on local communities and society.

Neither organisation offers products or services that require physical inputs. Anthos Fund & Asset Management's and Bregal Investments' risk assessments, conducted in line with the Swiss regulations, concluded that no reasonable grounds exist to suspect child labour in the operations of either Anthos Fund & Asset Management or Bregal Investments. The activities of the investments or portfolio companies of Anthos Fund & Asset Management and Bregal are not part of COFRA Group and are not consolidated in COFRA's reporting.

d) Sustainable food

The Sustainable Food Group comprises Dalsem and Ontario Plants. Its operations focus on encouraging the adoption of a system that is capable of providing nutritious and more sustainably produced food for an ever-growing population. This group includes businesses related to the Controlled Environment Agriculture sector, which typically uses less land, water, fertiliser and pesticide than traditional open-field methods.

Dalsem develops high-tech greenhouse projects worldwide that yield the highest quality and quantity of products in the shortest time. A Dutch greenhouse producer by origin, it has developed a strong international focus.

Ontario Plants is one of the leading suppliers in North America of high-quality starter plants for hydroponic and organic greenhouse growers. It is the preferred supplier of starter tomatoes, peppers and cucumbers for leading growers throughout Canada and the United States.

The risk assessments of Dalsem and Ontario Plants, conducted in line with the Swiss regulations, concluded that no reasonable grounds exist to suspect child labour in the operations of either Dalsem or Ontario Plants, nor at the identified supplier level. See also [Ontario Plants's report](#) relating to the Canadian legislation on forced labour and child labour.

e) Production & consumption

C&A is a global apparel retailer with a history stretching back to 1841. It sells quality and increasingly sustainable fashion at affordable prices, both in its brick-and-mortar stores and online. COFRA Group

owns C&A Europe and a majority stake in C&A Brazil, both of which are covered by this report. The C&A operations in Mexico and China were spun off from COFRA Group in 2023 and 2020 respectively.

Reasonable grounds exist to suspect the existence of child labour in the value chains of global apparel retail companies. Both C&A Europe and C&A Brazil have been working to mitigate child labour risk for many years, as part of their human rights strategy, in line with the ILO and the UN Guiding Principles. Section 5 of this report provides further details about how C&A Europe and C&A Brazil embed due diligence in their operations and supply chain management.

f) Beyond the scope of the risk assessments (i.e. raw materials)

The COFRA Group businesses carried out their risk assessments using supplier-specific information, covering the businesses' own operations and their tier one or tier two suppliers, as described in the Approach to Risk Assessment (see section 3 above).

Beyond that scope, the deeper tiers of the supply chains can be analysed only through general sector reports. While such reports do not represent the COFRA businesses' specific supply chains, they highlight that some of the materials used by COFRA's businesses potentially carry a risk of child labour, i.e. at the mining level in raw material commodity supply chains in certain countries (for instance the iron used in steel for buildings, greenhouses or structures used for mounting solar panels).

COFRA's businesses are adding ESG requirements (including prohibitions on using child labour) to their supplier codes of conduct and supplier agreements to address these issues in deeper supply chain tiers as well.

5. Child labour due diligence

C&A Europe and C&A Brazil are independent operations. Both have embedded child labour due diligence in their operations and management systems, as set out below.

5.1 C&A Europe

5.1.1 Commitment to human rights

C&A Europe is committed to respecting human rights throughout its value chain, in accordance with the UN Guiding Principles on Business and Human Rights, as stated in C&A Europe's [Human Rights and Equity Policy](#).

This commitment is based on the standards contained in international conventions, such as the International Bill of Human Rights and the ILO's core labour rights conventions, which include the Minimum Age Convention (No. 138) and the Worst Forms of Child Labour Convention (No. 182), Worst Forms of Child Labour Recommendation, 1999 (No. 190), and the UN Convention on the Rights of the Child. C&A Europe is also compliant with the OECD Guidelines for Multinational Enterprises and OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

5.1.2 Supply chain policy on child labour

In its [Human Rights & Equity Policy](#), C&A Europe states that it does not tolerate child labour and that it ensures that it does not employ any children below the age of 16, with the exception of apprenticeship or vocational training programmes. For its own operations, the [C&A Europe Code of Ethics and Conduct](#) specifies that children below 16 years of age shall not be employed in regular full-

time jobs. C&A Europe applies the minimum age standards of international conventions, or stricter national laws and industry standards.

C&A Europe's [Code of Conduct](#) and the [Supporting Guidelines to the Code of Conduct \(Merchandise Suppliers\)](#) reflect C&A Europe's commitment to promoting compliance throughout its supply chain and by all its business relations with the internationally recognised human rights standards described above. Suppliers are required to commit to implementing and complying with the Code of Conduct.

Under C&A Europe's Code of Conduct, suppliers must comply with all special protections for young workers between the ages of 16 and 18, as required by applicable laws. Suppliers must take measures to ensure that those young workers are protected from working conditions that are likely to endanger their health, safety or moral integrity, and/or that could harm their physical, mental, spiritual, moral or social development. This includes preventing young workers from performing hazardous work, as defined by ILO Recommendation No. 190, from working at night and from working longer than permitted by law, and ensuring that they receive annual medical check-ups.

For allegations or evidence of child labour at any production unit,² the Supporting Guidelines to the Code of Conduct state that "suppliers must provide minimum wage payment to the child from the moment of detection until she/he turns 16 years old. Payment should be made on a monthly basis, not in one lump sum. A health screen prior to departure is also required, as well as compensation for transportation and accommodation for a child's relatives to take her/him back home. If the child is willing to attend school lessons, suppliers must bear the corresponding fees until completion of the school year after which the child turns 16 years, at which point the former child worker should be given the opportunity to be re-employed."

C&A Europe monitors compliance with the Code of Conduct. It does this primarily through verified [Social & Labour Convergence Program](#) (SLCP) assessments, complemented by audits conducted by local teams of C&A Europe or designated third parties. If a supplier is not compliant with the Code of Conduct, it is expected to develop a corrective action plan. The Supporting Guidelines to the Code of Conduct specify that "C&A reserves the right to temporarily suspend the business relationship with any supplier that fails to implement the agreed corrective action plans or remediation within agreed time frames. In the event of serious violations or continued non-compliance despite agreed corrective actions, C&A reserves the right to terminate the business relationship with the supplier."

C&A Europe expects its suppliers to adopt comparable standards within their own supply chains, including on child labour. The Supporting Guidelines to the Code of Conduct state that "Suppliers shall have written policies and procedures to prevent child labour. These policies and procedures must be effective and updated regularly to comply with new laws and regulations. Suppliers must communicate the policy to all workers and subcontractors and ensure subcontractors comply."

The Code of Conduct states that C&A Europe maintains a grievance channel (Fairness Channel) that is open to any individual or organisation that wishes to raise a concern about child labour (see section 5.1.5, "Grievance mechanism").

The Code of Conduct is complemented by C&A Europe's commitments to responsible purchasing practices, which are intended to enable positive human rights impacts. These commitments and

² A production unit is any factory that is operated by a supplier or subcontractor and that produces merchandise for sale by C&A (and/or other companies). Possible operations include but are not limited to cutting, sewing, embroidery, trims, accessories, printing, laundry/washing, dry processing, garment dyeing, panel knitting, linking and final assembly/packing.

concrete implementation measures are described in C&A Europe's [Responsible Purchasing Practices Policy](#).

5.1.3 Supply chain risk management system

C&A Europe's risk management system for child labour is embedded in its overall Human Rights Management System. For C&A Europe, human rights management is a continuous and dynamic process that is integrated into every relevant department of its business.

The Human Rights Management System is overseen by the Human Rights Governance Council, which reports directly to the C&A Europe Management Team. The Council's role is to monitor C&A Europe's human rights and environmental risk management, to propose improvements for increased effectiveness, and to report regularly – at least annually – to senior management on the results of the monitoring and the risk analysis. Members of the Council work independently and have access to all relevant information to perform their duties.³ If the Council establishes that the risk management system is not implemented properly, or that it needs improving to meet mandatory human rights due diligence standards, it must inform the Management Team as soon as possible.

Risk management system: own operations and merchandise suppliers⁴ (defined as direct suppliers and some tier two suppliers)

C&A Europe conducts a risk analysis every year that covers both an abstract and a concrete analysis of human rights and key environmental risks in its own operations and supply chain. The risk analysis for C&A Europe's own operation has confirmed that there is no reasonable ground for suspicion of child labour in own operations. For C&A Europe's merchandise supply chain, *the abstract risk analysis* provides an understanding of the nature of the risks that C&A Europe faces and how prevalent and severe they are, based on external sources.⁵ The *concrete risk analysis* is based on non-compliance findings identified at production units in C&A Europe's actual supply chain, using its ongoing monitoring system as well as complaints and allegations brought to C&A Europe's attention. The review aggregates what type of issues were identified, at which tier levels and in which countries, and whether they have been remediated in accordance with C&A Europe's policies for suppliers. The purpose is to identify whether any processes need to be updated to ensure that child labour is prevented or remediated effectively. These analyses in conjunction help C&A Europe to establish the actual risk level, define risk priorities, identify areas that require attention and assess the effectiveness of its risk mitigation measures.

All C&A Europe merchandise suppliers are required to sign and provide contractual assurance that they will comply with the Code of Conduct and its Supporting Guidelines at all production units that manufacture merchandise. Compliance with the Code of Conduct is checked regularly, primarily through verified [Social & Labour Convergence Program](#) (SLCP) assessments that include worker interviews, complemented by audits conducted by local teams of C&A Europe⁶ or designated third

³ The Council is briefed regularly by relevant departments on the status of their human rights due diligence processes, including complaints received through the Fairness Channel, and has in-depth discussions about the results of the annual risk analysis.

⁴ Merchandise includes all final products sold by C&A under its own name or brand or through its retail or online sales points.

⁵ For child labour, these sources include the UNICEF Children in the Workplace Index, Human Rights and Labour Country reports from the US Department of State's Bureau of Democracy, Human Rights and Labor, the CSR Risk Check tool, the US Department of Labor's List of Goods Produced by Child Labor or Forced Labor, the ILO's Committee of Experts on the Application of Conventions and Recommendations (CEACR) Reports, NGO reports, including the Fairtrade Risk Map for cotton, and sector-specific news reports.

⁶ Local teams from C&A Europe provide an additional quality check to the assessment results, especially from their own remediation visits, which provides direct information about conditions at the production units.

parties.⁷ New production units may not begin production until they have received authorisation from C&A Europe, which is contingent on a successful outcome of the SLCP assessment or audit.

If any non-compliance with the Code of Conduct is identified, corrective action will need to be taken. Local teams from C&A Europe or appointed third parties help production units to build capacity, such as establishing age verification systems where needed. Those teams also conduct follow-up visits to ensure that the remediation efforts have been successful. The local teams are trained in interview techniques to detect sensitive issues such as child labour.

Child labour is a zero tolerance issue. If any instance of it is uncovered at a production unit, this will lead to suspension of orders, which are lifted only upon full compliance and cooperation with the specific child labour remediation process. In severe cases, production will be halted and shifted to another supplier. C&A Europe applies a strong and holistic remediation process, which includes transitioning affected children into paid education programmes, taking into account the child’s best interests, in accordance with OECD recommendations. C&A Europe’s approach includes partnering with local NGOs in key risk countries.

Risk management system beyond merchandise suppliers (deeper tier suppliers)

Beyond merchandise suppliers, the supply chain steps for C&A Europe include fabric and spinning mills, yarn production, ginning and raw materials production (see Figure 2). The annual abstract risk analysis described above includes analysing these supply chain steps in every country where production takes place. The risk assessment for these tiers includes past complaints and indications of child labour.

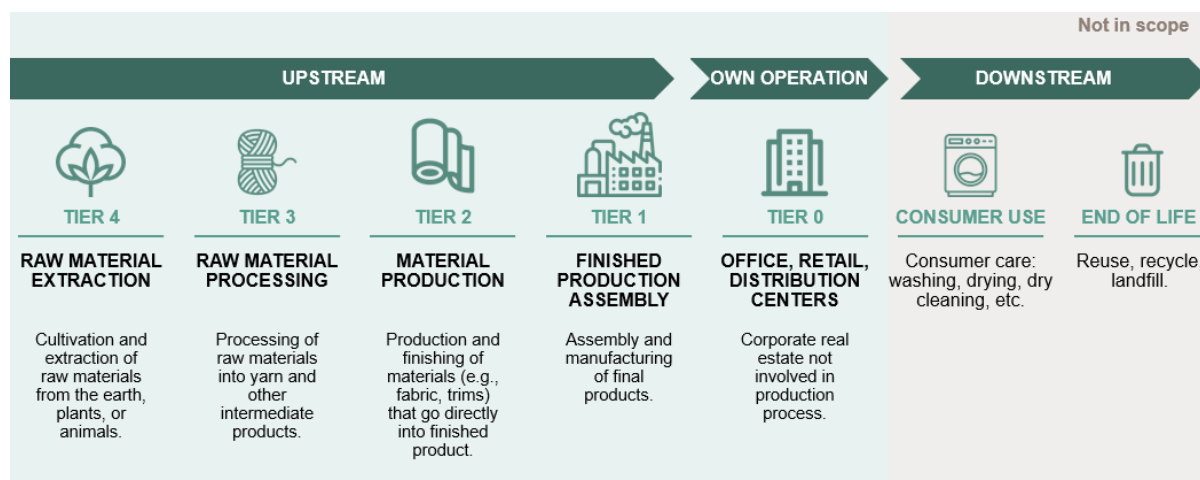


Figure 2 Supply Chain C&A Europe

Based on its abstract risk analysis, C&A Europe recognises the potential risk of child labour in deeper supply chain tiers in Bangladesh, Turkey, India and Pakistan.

The absence of direct contractual relationships with these deeper tier suppliers poses a challenge to C&A Europe’s ability to directly influence and mitigate specific risks. However, C&A Europe has implemented several measures to address and mitigate the risks of child labour:

- C&A Europe expects all suppliers to comply with the same standards, regardless of their position in the value chain. This includes suppliers of fabrics, fibres and raw materials. Direct merchandise suppliers are required to communicate the Code of Conduct to their own

⁷ C&A Europe also works with partners to conduct specific local risk analyses regarding child labour, such as GoodWeave in Bangladesh.

suppliers and business partners and to take appropriate measures to ensure compliance. C&A Europe expects its suppliers and business partners to understand their own supply chains and to address non-compliance issues promptly, particularly if they receive concrete indications.

- In addition, C&A Europe requires its strategic fabric and yarn suppliers to sign the Code of Conduct. This means that those suppliers must follow the child labour remediation process described above if any specific indications emerge of child labour, for instance based on reports through the grievance channel.
- Findings from the risk analysis are used to update the sustainability criteria, which serve as the basis for selecting certification schemes for organic cotton or on-the-ground partners for specific materials. For instance, if the abstract risk analysis indicates a risk of child labour in a region where new partners for innovative materials operate, those partners will need to demonstrate effective measures to mitigate child labour risks before C&A Europe agrees to work with them.
- C&A Europe works on improving supply chain traceability all the time to further enhance its ability to address human rights risks (see section 5.1.4 “Supply chain traceability system”).

C&A Europe continues to explore meaningful ways to enhance its risk management system and further reduce the risk of child labour in the deeper tiers of its supply chains.

Findings regarding child labour

In 2023, C&A Europe identified four cases of child labour in its supply chain. The child labour cases were discovered in Bangladesh, Turkey and China, and most of them involved production units that had not been authorised for production by C&A (unauthorised sub-contracting). All cases have since been remediated in accordance with C&A Europe’s Code of Conduct and Supporting Guidelines. For each child identified, education was arranged with the support of local partner NGOs. In one particular instance, the child in question did not perform any work, but accompanied their mother in the workplace. Remediation involved ensuring educational support to the child. In each case, the supplier agreed to pay for the remediation efforts as stipulated by the Code of Conduct. NGO partners will monitor the remediation to ensure that it continues as agreed until the children reach the age of 16. C&A Europe receives regular updates on the status.

C&A Europe maintains a comprehensive record of countries where child labour has been detected through audits and assessments, or where a risk of human rights infringements is reported. These records help to determine whether additional actions are needed to prevent and/or remediate child labour effectively. C&A Europe’s approach is aimed at managing the risk of child labour in its supply chain effectively and ensuring that the rights and wellbeing of all workers involved are respected.

5.1.4 Supply chain traceability system

C&A Europe systematically records the names and addresses of all its suppliers, down to tier three, in its supplier management system, based on information from its direct suppliers. C&A Europe seeks to continuously improve the reliability of the data for suppliers beyond tier one.

For specific materials, C&A Europe relies on a nomination process. This involves selecting particular suppliers and production units to supply man-made cellulosic and synthetic fibres to ensure that suppliers source those fibres from the selected units only. For cotton, C&A Europe is working with service providers that can provide information about the region and cotton fields from which a large proportion of cotton is sourced for C&A Europe’s merchandise.

The findings from the annual risk analyses are instrumental in setting C&A Europe's priorities to improve its supply chain traceability. Over time, this will allow C&A Europe to better monitor the child labour risks in deeper supply chain tiers.

5.1.5 Grievance mechanism

C&A Europe maintains a grievance channel (Fairness Channel) through which anyone, whether a worker, employee, supplier, business partner, representative of a civil society organisation or another informant, can provide anonymous information about violations or risks relating to child labour, either in C&A Europe's own business operations or in the operations of other suppliers in the supply chain.

The Fairness Channel can be accessed online, and the information provided is kept confidential. Wherever feasible, the whistleblower or person who makes the complaint will be involved in the process of determining appropriate remedial or preventive measures. C&A Europe also receives information about complaints – or issues that might require its attention – through its partnerships with and involvement in initiatives such as the Bangladesh Accord and the ILO's Better Work programme.

If a violation is confirmed, C&A Europe will immediately demand appropriate remedial action to halt or mitigate the violation. In instances where a risk is identified, C&A Europe will establish suitable preventive measures, based on the relevant criteria for risk prioritisation. The whistleblower or person who made the complaint is kept informed of what decisions and actions are taken. The Fairness Channel is a key element in C&A Europe's integrated human rights risk management system.

5.2 C&A Brazil

5.2.1 Commitment to human rights

C&A Brazil is committed to respecting human rights throughout its value chain, and expects suppliers to respect the human rights of workers, and to adhere to the requirements outlined in its [Code of Conduct for the Supply of Merchandise](#) (the "Code of Conduct"). These requirements are based on standards of the International Labour Organization (ILO), the Global Social Compliance Programme (GSCP), and the Ethical Trading Initiative Base Code.

5.2.2 Supply chain policy on child labour

The Code of Conduct and its [supporting guidelines](#) specify that C&A Brazil does not accept the recruitment of child labour and require suppliers to ensure that no children are allowed in the production area. C&A Brazil follows the minimum age standards of international conventions, or national laws and industry standards when these are stricter. Suppliers who employ young workers, defined as between 16 and 18 years of age, must take measures to ensure that these workers are protected from working conditions likely to endanger their health, safety or their moral integrity, and/or which harm their physical, mental, spiritual, moral or social development. These protections include preventing young workers from doing hazardous work, working at night or working longer than permitted by the law, and ensuring they receive annual medical check-ups.



In the event of evidence of child labour being used at a production unit⁸, the Supporting Guidelines to the Code of Conduct states that “suppliers must provide minimum wage payment to the child from the moment of detection until she/he reaches the legal minimum age. Payment should be made on a monthly basis, not in one lump sum. A health screen prior to departure is also required, as well as compensation for transportation and accommodation for a child’s relatives to take her/him back home. If the child is willing to attend lessons, suppliers must bear the school fees until completion of the school year after the child meets the legal minimum age, at which point the former child worker should be given the opportunity to be re-employed.”

Compliance with the Code of Conduct is verified through assessments and/or audits conducted by C&A Brazil and/or its representatives, and worker interviews. In instances where infringements of the Code of Conduct occur, suppliers are expected to develop a corrective action plan. The Supporting Guidelines to the Code of Conduct specifies that “in case of egregious violations, including, but not limited to, child labour, forced or prison labour, bribery, fraud, use of counterfeit components, and use of unauthorised production units, and/or in case of continued failure to implement the agreed improvement plans, C&A reserves the right to terminate the business relationship with the supplier, including cancellation of outstanding orders.”

C&A Brazil expects suppliers to adopt comparable standards within their own supply chains, including on child labour. The Supporting Guidelines to the Code of Conduct states that “Suppliers shall have written policies and procedures to prevent child labour. These policies and procedures must be effective and updated regularly to comply with new laws and regulations. Suppliers must communicate the policy to all workers and subcontractors and ensure that subcontractors comply.”

The Supporting Guidelines also state that C&A Brazil maintains a grievance channel (Fairness Channel) accessible by any person or organisation that may raise a concern about child labour. See section 5.2.5 (“Grievance mechanism”) below for further details.

5.2.3 Supply chain risk management system

C&A Brazil has a rigorous selection and monitoring process for suppliers in place and seeks to continuously improve working conditions and environmental issues in the supply chain. The Audit and Risk Management Committee regularly monitors risks and, if necessary, agrees on required actions.

Risk management system for own operations and merchandise suppliers (defined as direct suppliers – Tier one)

C&A Brazil, with its own operations exclusively based in Brazil, is committed to maintaining a high standard of ethical conduct as outlined in its [Code of Ethics](#). This code, which is applicable to all professionals within the company, prohibits any form of child labour. C&A Brazil acts in accordance with all laws and regulations in force applicable to C&A Brazil, including national laws that align with the ILO Conventions Nos. 138 and 182.

C&A Brazil’s suppliers, located in Brazil, China, Peru and Bangladesh, fall under enhanced risk categories as defined in the UNICEF Children in the Workplace Index and the US Department of Labor’s List of Goods Produced by Child Labor or Forced Labor. Given the inherent risks of child labour in the apparel industry and the countries where the suppliers operate, child labour is considered a potential risk. C&A Brazil considers market segment’s historical complaints and indications of child labour into

⁸ A production unit is any factory operated by a supplier or subcontractor and producing merchandise for sale at C&A (and other companies) with activities that can include but are not limited to: cutting, sewing, embroidery, trims, accessories, printing, laundry/washing, dry processing, garment dyeing, panel knitting, linking and final assembly/packing.

its assessment framework for its supply chain management and works diligently to prevent and mitigate the risk of child labour.

The Sustainable Supply Chain team at C&A Brazil manages a supplier monitoring programme, which covers all factories producing for C&A Brazil. Audits or assessments are carried out one to three times per year to assess suppliers and their subcontractors on various human rights topics, including child labour.

For factories in South America, C&A Brazil conducts audits and/or assesses results of socio-environmental audits conducted for the Brazilian Textile Retail Association (ABVTEX) by third-party certifiers. C&A Brazil exclusively sources from ABVTEX-certified companies for its Brazilian production units, and implements a stringent approval process for new suppliers. This process takes into account audits or assessments managed by the Sustainable Supply Chain team. Alongside the Sustainable Supply Chain team, a specialist team works continuously to improve the social and environmental performance of its suppliers, guided by C&A's Code of Conduct.

Regarding factories from other countries, audits are directly conducted by C&A Sourcing and/or assessments are evaluated by C&A Sourcing based on information from programmes such as the Social and Labor Convergence Program (SLCP). Onboarding of new factories also requires an approval process that takes into account audits or assessments evaluated by C&A Sourcing.

Should child labour occur, the Regional Manager Sustainable Supply Chain is responsible for ensuring timely and appropriate remediation. The sourcing region where the supplier is located must retain all evidence of the case for seven years after the child has reached the minimum age of 16. The Sustainable Supply Chain team (or an organisation assigned by the Regional Manager Sustainable Supply Chain) monitors the remediation on a quarterly basis until the child reaches the age of 16.

Risk management system beyond merchandise suppliers

Beyond merchandise suppliers, C&A Brazil's supply chain includes fabric and spinning mills, yarn production, ginning, and raw materials production (see Figure 3). C&A Brazil's annual analysis of human rights and environmental risks extends to these supply chain steps in all countries where these production processes are established. Based on the risk analysis, child labour is considered a potential risk in deeper tiers.

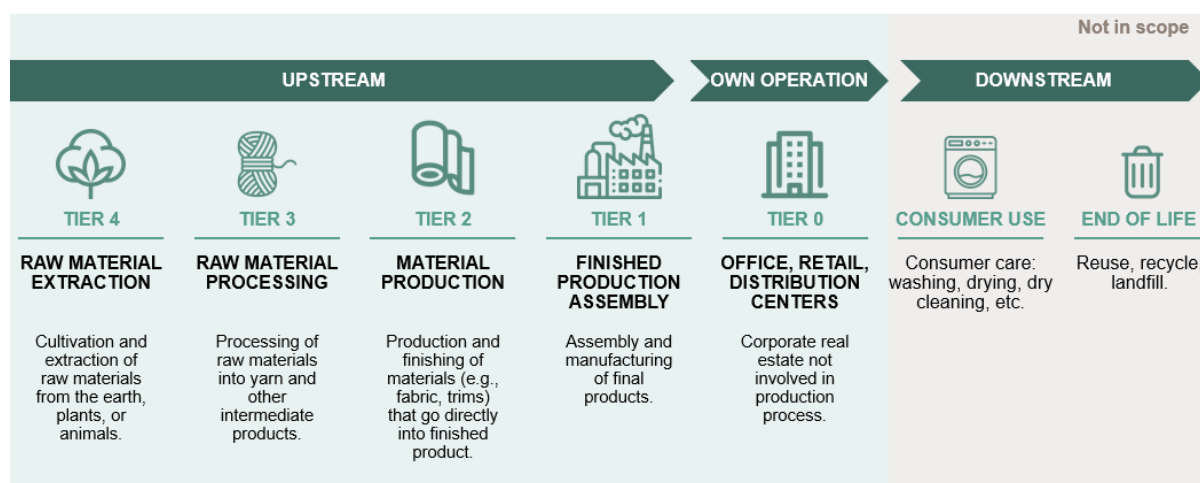


Figure 3 Supply Chain C&A Brazil

The absence of direct contractual relationships with deeper tier suppliers poses a challenge to C&A Brazil's ability to directly address and mitigate specific risks. However, C&A Brazil has implemented several measures to address and mitigate the risks of child labour:

- C&A Brazil expects all suppliers, regardless of their position in the value chain, to adhere to the same standards. This includes suppliers of fabric, fibres and raw materials. Direct merchandise suppliers are required to communicate the Code of Conduct to their own suppliers and business partners and to ensure adherence through appropriate measures. C&A Brazil expects its suppliers and business partners to know their own supply chains and to address non-compliance issues without delay, particularly when they receive concrete indications thereof.
- C&A Brazil has mapped and audited 17% of the production units beyond merchandise suppliers to assess compliance with the requirements of the Code of Conduct. All these units are located within Brazil and adhere to the same risk management system as direct suppliers.
- Based on risk assessments, child labour risk is often included in the sustainability criteria for raw materials, such as cotton. These sustainability criteria are frequently used in the selection of certification schemes or on-the-ground partners.
- Continuously improving supply chain traceability further enhances C&A Brazil's ability to address human rights risks, e.g. through further mapping of suppliers beyond tier one and piloting block chain technology for denim products to track the supply chain from cotton producers to retailer.

C&A Brazil continues to explore meaningful ways to enhance its risk management system and further reduce the risk of child labour in the deeper tiers of its supply chains.

Findings regarding child labour

In 2023 no instances of child labour were identified.

5.2.4 Supply chain traceability system

Names and addresses of all C&A Brazil's direct suppliers and part of tier two suppliers are recorded systematically in its risk management system.

C&A Brazil requires direct suppliers for each purchasing order to provide details of the manufacturers or subcontractors. Specifically for suppliers in South America, reporting is done directly through C&A Brazil's auditing system (EXPERT). Internal auditors verify documentation of at least five purchase orders per audit (internal production orders and/or invoices issued by subcontractors) against the traceability reports issued in EXPERT.

The findings of the annual risk analysis are instrumental in setting C&A Brazil's priorities to increase supply chain traceability. Over time, this will allow C&A Brazil to improve monitoring of child labour risks in their deeper supply chain.

5.2.5 Grievance mechanism

C&A Brazil maintains a grievance channel (Fairness Channel⁹) that enables anyone, whether a worker, employee, supplier, business partner, representative of civil society or other informant to anonymously provide information about violations or risks relating to child labour. This information may pertain to C&A Brazil's own business operations or to suppliers in C&A Brazil's supply chain.

⁹ C&A Brazil and C&A Europe each have their own distinct grievance channel.



The Fairness Channel can be accessed online, by email, or by telephone, and the information provided is kept confidential. Complainants or whistleblowers are involved in the process of determining appropriate remedial or preventive measures wherever feasible.

Upon confirmation of a violation, C&A Brazil immediately seeks appropriate remedial action to halt or mitigate the violation. In instances where a risk is identified, C&A Brazil establishes suitable preventive measures, guided by applicable criteria for risk prioritisation. The complainant or whistleblower is kept informed of the decisions and actions undertaken. The Fairness Channel is an essential part of C&A Brazil's integrated human rights risk management system.

6. Ongoing efforts

COFRA and its businesses recognise that human rights demand continuous attention, and especially the fight against child labour. In accordance with its mission, COFRA puts a substantial effort into identifying human rights impacts, addressing and mitigating them and continuously monitoring the effectiveness of the measures taken.

Zug, 17 June 2024

COFRA Holding AG

Martijn Brenninkmeijer
Chairman

Boudewijn Beerkens
CEO