



Responsible Cotton Sourcing Policy

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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 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. 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 minimises environmental impact and contributes to positive social impact throughout our supply chains. By doing this, we can have a positive impact on the people and communities associated with the production of cotton. We will focus on the engagement in strategic partnerships, notably with the Better Cotton Initiative (BCI).

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 originally launched its sustainable cotton policy in January 2018 with an ambition of converting 40% of our assortment to a sustainable source by the end of 2020. Positively, we significantly surpassed this original ambition and have set new more challenging targets going forward.

Action will target at least 85% of the cotton we source to come from more sustainable sources by the end of 2022 (detailed by standards like the Better Cotton Initiative, Global Recycled Standard, Organic and Fairtrade) and 100% by 2025. The above commitment does not apply to A-brands, due to reduced buying influence. We will however monitor sustainable sourcing efforts by A-brands and engage where we feel necessary.

5. Policy commitments

This cotton policy strives to set the 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:

- No 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 and XUAR China

Due to ongoing concerns regarding the use of government backed forced child labour during the cotton-picking season in Turkmenistan and Uzbekistan², Action does not accept any cotton fiber or fabrics from these countries for use in our products. In addition, the region of Xinjiang China has been added, as there are concerns of forced labour and other human rights abuses related to the cotton sector. 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 verify our suppliers' compliance and traceability to this commitment. We are committed to making sure that we enforce human right commitments described in our Ethical Sourcing Policy across our cotton supply chains. Violation of this policy by suppliers may result in disciplinary action.

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 cotton sourced through the Better Cotton Initiative, which trains farmers to reduce use of the most harmful chemicals during production.

5.6 Energy consumption and 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 and 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.

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

Standards	Where to find more information
Better Cotton Initiative	http://bettercotton.org/
Recycled Content Standard	https://textileexchange.org/?s=GRS
Organic GOTS and OCS	http://www.global-standard.org/ https://textileexchange.org/wp-content/uploads/2016/06/Organic-Content-Standard-v1.pdf
Fairtrade	https://www.fairtrade.net/standards.html

References:

¹ http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

² <http://www.cottoncampaign.org/about.html>

³ <https://textileexchange.org/wp-content/uploads/2017/06/Global-Recycled-Standard-v4.0.pdf>

⁴ <http://www.ica-ltd.org/safe-trading/loua-part-one/>