PRIMARK ENVIRONMENTAL SUSTAINABILITY PERFORMANCE REPORT 2020

We are COMMITTED to a better, MORE SUSTAINABLE FUTURE. We want to help DRIVE CHANGE and play our part in ensuring a better FUTURE for people and

planet.

A LETTER FROM OUR CEO







Primark is built on the belief that fashion should be affordable for everyone. But we know our low prices cannot come at a high cost to the planet or the people in our supply chain. We've been working to become a more sustainable business over the past ten years, and we've come a long way. However, we know there's much more we need to do which is why we're committed to working harder on our own and in partnership with experts and the wider industry to drive real change for the future.

We took a big step forwards this year with the launch of new commitments around how our clothes and products are made and how we run our stores. We want to share the progress we are making from how we source the materials that go into our clothes, and what we are doing to cut our carbon footprint right through to the steps we are taking to tackle packaging and waste, all of which you can read about here. Because of our scale, we know every change we make can have a big impact. And we will do more and go further because it's the right thing to do as a business, for our customers and colleagues and not least, for our planet.

Paul Marchant, CEO

3

WELCOME

to our 2020 Environmental Sustainability Performance Report

INTRODUCTION

A Better Future: Primark Cares



I am so proud to have worked with Primark on their Better Future Campaign. Primark's commitment to change is something that is truly in line with my personal beliefs. To work with such a big brand focusing on sustainability in such a public way felt like a natural partnership to me.

CONTENTS

- 5 INTRODUCTION
- 8 OUR APPROACH
- 12 RESPONSIBLE SOURCING
- CHEMICALS & POLLUTION MANAGEMENT
- ANIMAL
 WELFARE &
 BIODIVERSITY
- RESOURCES & WASTE
- ENERGY &
 GREENHOUSE
 GAS EMISSIONS
- WATER USE & CONSERVATION

The pandemic has had a devastating impact on the garment industry and the retail supply chain. Our employees, customers, suppliers and communities were all put under enormous pressure and although some uncertainty remains, our commitment to support the people who make our clothes and protect the planet has remained strong.

During this challenging time, we continued to advance our sustainability efforts, along with the launch of our first sustainable brand campaign: 'A Better Future'. As part of the Primark Cares initiative, in 2020 we made public commitments in three important areas.

- 1. WE WILL ELIMINATE ALL SINGLE-USE PLASTIC FROM OUR BUSINESS.
- 2. WE ARE COMMITTED TO SIGNIFICANTLY INCREASING THE USE OF RECYCLED MATERIALS ACROSS ALL OUR PRODUCT RANGES.
- 3. WE ARE COMMITTED TO IMPROVING THE LIVES OF OUR COTTON FARMERS THROUGH OUR SUSTAINABLE COTTON PROGRAMME.

In this report, you can find out how our culture has carried us through this challenging time and how our activities have helped continue to support our people, contribute to our communities and make positive steps towards reducing our impact.

KEY MILESTONES

Primark is an international retailer that offers the latest fashion, beauty and homeware at the best value on the high street; put simply, Amazing Fashion at Amazing Prices.

Primark opened its first store in Dublin in 1969 under the name Penneys and today operates in over 390 stores in fourteen countries across Europe and America.

As an international retailer with a complex supply chain we make a real effort to reduce our impact on the planet wherever we can. It all makes a difference. Our key milestones highlight the progress being made by Primark's Environmental Sustainability team.

2010

- Primark begins recycling unsold stock to support the The Newlife Foundation for Disabled Children
- Primark forms an internal Carbon Strategy Group in conjunction with the Carbon Trust
- Primark replaces all plastic carrier bags with recyclable paper bags
- Primark establishes a centralised recycling plant at our distribution centre, to reduce transport emissions
- Primark joins Business for Social Responsibility
- Primark announced as a leader by the Ethical Trading Initiative (ETI)

2012

- Primark is awarded the Carbon Trust Energy Standard
- Primark becomes a member of VGT, the Dutch industry association representing textile retailers
- Primark joins Partnership for Cleaner Textile (PaCT) to reduce the environmental impact of factories in Bangladesh
- Primark launches the Sustainable Cotton Programme in partnership with CottonConnect and the Self-Employed Women's Association

- Primark signs the Greenpeace Detox Commitment with the goal of 'zero discharge' by 2020.
- Primark signs the Accord on Fire and Building Safety in Bangladesh
- 2014
- Primark achieves Leadership Status at the Greenpeace Detox Catwalk
- Primark becomes a member of the industry working group the ZDHC Foundation
- Primark becomes a member of the Sustainable Clothing Action Plan (SCAP)
- Partnered with K.I.D.S Fashion Delivers in the US, donating all unsold goods to help people in need
- Primark joins the Sustainable Apparel Coalition
- Primark is awarded the Carbon Trust Energy Standard for Waste
- Primark publishes its first annual Environmental Performance Report
- Primark establishes an Energy Reduction Group to identify potential energy savings in our stores

2016

2018

- Primark signs up to the European Clothing Action Plan (ECAP) commitment
- Primark joins the German Partnership for Sustainable Textiles
- Primark wins 'Best Contribution to Corporate Responsibility' at The CIPS Awards
- Primark's Sustainable Cotton Programme awarded 'Runner-Up' in the National CSR Awards
- Primark begins working with the Institute of Public & Environmental Affairs (IPE)
- Primark wins three awards at the Corporate Engagement Awards for Primark's Sustainable Cotton Programme
- Primark launches first range of products made from its Sustainable Cotton Programme
- Primark bans the use of plastic in cotton buds & synthetic microbeads in own brand cosmetics

Primark joins Ellen MacArthur foundation's Make Fashion Circular initiative Primark publishes global sourcing map which includes factory information

- Primark publishes Animal Welfare Statement
- Primark begins working with Oritain to verify sustainable cotton
- IPE ranked Primark 4th in the Corporate Information Transparent Index
- The entire Primark 'PS Beauty' range is Leaping Bunny accredited and certified cruelty free
- Primark commits to training 160,000 farmers through the sustainable cotton programme by 2022
- Primark's Packaging Optimisation Programme Wins at the Supply Chain Excellence Awards
- Primark ranked in the top five by KnowTheChain's sustainable fashion supply chain assessment
- Primark's Environmental Sustainability Requirements & Guidance document is published to all Primark suppliers

2020

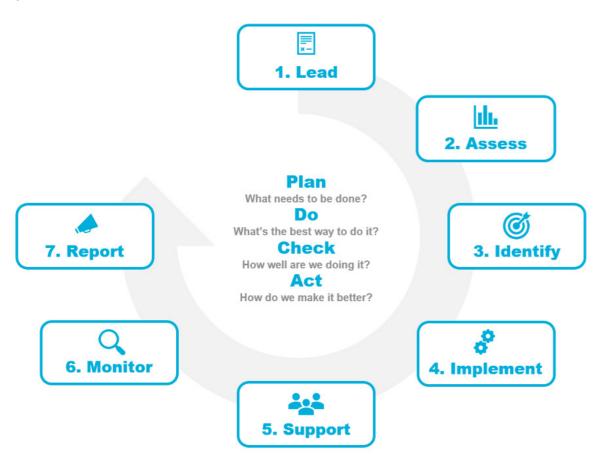
- Primark launches 'A Better Future' campaign
- Primark introduces a brand new fleet of 15 energy efficient Longer Semi Trailers (LSTs)
- Primark joins the United Nations' Fashion Charter (UNFCCC)
- Primark launches the clothes recycling programme in 190 stores across the UK with all profits donated to UNICEF



OUR APPROACH

Primark has long focused efforts on identifying, managing, and controlling environmental impacts associated with the sourcing and manufacturing of our products. Though 2020 was a unique year for our industry, what remained consistent was the continued support of Primark's senior business leaders and our approach of implementing programs that create long-lasting impact at scale.

We believe that employing systems thinking can help us find answers to solving complex environmental questions, both within our own business as well as across our global supply chain. Our general approach can be summarised below;



- 1. Leadership Our Environmental Policy represents the environmental intentions of our senior leaders, and it continues to represent that foundation of our work. It outlines our commitment to environmental sustainability and signals our direction of travel to the business and the industry.
- 2. Assessment We use a data-led methodology to assess the environmental impacts of our business. This annual process is an important part of our program, recognising that as new data and insights become available, we must continue to assess our environmental impact and modify our programs accordingly.

- 3. Identification We identify our most significant environmental impacts and use this to shape the strategic direction of our environmental sustainability program and inform the wider Primark business strategy.
- 4. Implementation With a strategic direction in place, our global team of experts works in collaboration with several business functions to implement actions to achieve our environmental objectives.
- 5. Support We provide guidance to key stakeholders to provide clarity on Primark's expectations. Training and awareness materials help us communicate and engage with wider Primark functions and our supplier base.
- 6. Monitoring We monitor our progress against key performance indicators, developing these as we learn and improve. We are especially focused on our supply chain, where we are developing innovative ways to engage our suppliers and improve performance.
- 7. Reporting By reviewing and reporting on our progress, we are able identify challenges and identify potential steps for improvement. Once complete, we begin the cycle again and return to step 1.

OUR FOCUS AREAS

Responsible Sourcing

branded products

Resources & Waste

Chemical & Pollution

Take responsibility for the chemicals used in our supply chain and continue to scale the implementation of

Management

Primark's Chemical & Pollution Management programme

Energy & Greenhouse Gases

Take responsibility for our greenhouse gas emissions and improve energy efficiency across our business and supply chain

Animal Welfare & **Biodiversity**

Respect the humane treatment of animals and work to improve biodiversity across all aspects of our business and supply chain

Water Use & Conservation

MONITORING OUR SUPPLY CHAIN



Primark does not own any factories and the standards we expect of our suppliers are set out in our strict Code of Conduct, which we require all suppliers to comply with as a condition of doing business with us. Our Code, which is available on our website here, is in line with international labour standards and sets out core principles regarding working conditions including working hours, wages, and workers' rights. It is based on the Ethical Trading Initiative's (ETI) Base Code, which is founded on the conventions of the United Nations International Labour Organisation (ILO). The Code sets out 13 core principles, including our expectation that every factory should be maintaining appropriate environmental practices.

Standards in our supply chain are monitored by our team of over 120 local specialists – many of whom are based in our main sourcing countries – as well as third party auditors approved by Primark. The team carries out over 3,000 audits per year. They visit and review our suppliers' factories unannounced, at least once a year, to review working conditions against our Code of Conduct. Importantly, the Primark Environmental Policy is referenced within our Code of Conduct.

We recognise the impact our products can have on the environment and are committed to reducing this whenever we can. This includes minimising the environmental impacts of our own operations, including our network of stores, offices, transport, and distribution centres, while also aiming to ensure that our products are manufactured in an environmentally responsible way.

In January 2020, we communicated our updated 'Environmental Sustainability Requirements' to our suppliers. These requirements help Primark achieve our environmental sustainability objectives, as well as help us meet our commitments to industry initiatives and standards. These requirements form the basis against which suppliers and sites will be monitored as part of Primark's environmental sustainability programme. Our suppliers and their manufacturing sites must adhere to these as part of our Environmental Policy, which is referenced within our Code of Conduct.

Primark is committed to improving the environmental impact of our products at every stage of manufacturing from raw materials through to recycling and reuse. We expect our suppliers to share this commitment with us through adhering to our Environmental Sustainability Requirements, Environmental Policy and Position Statements, which can be found here.

We remain fully engaged with other businesses to address systemic social and environmental supply chain issues and believe that industry-wide monitoring and performance improvement initiatives are an important way to improve environmental management. We are also prepared to develop our own solutions where necessary and have a track record of doing so in areas like fire safety, building integrity and our Sustainable Cotton Programme.

INDUSTRY COLLABORATION

Primark recognises the critical importance of industry collaboration. We continue to strengthen our partnerships and collaborations with stakeholders in our industry, recognising that in a shared supply chain it is essential that all brands are actively working to address common challenges in a coordinated way. In support of this philosophy, we are active members of several key organisations, such as the Zero Discharge of Hazardous Chemicals (ZDHC) Foundation. A full list of our partners can be found here.

















RESPONSIBLE SOURCING

We aim to buy materials and products from sustainable and traceable sources in our supply chain. We consider the environmental impact of materials and products in the procurement of goods and services for our business operations.

OUR COMMITMENT TO TRANSPARENCY

Traceability and transparency of our supply chain is paramount. In 2018 we first published our <u>Global Sourcing Map</u> on our website and since then we have continued to work hard to improve the traceability of raw materials.



We have prioritised traceability of cotton as this is the most commonly used fibre in the products we sell. The Primark Sustainable Cotton Programme enables us to work directly with cotton farmers and our suppliers to ensure traceability from farm to store. Since 2018, we have been working with Oritain to verify the cotton we sell from our programme, using forensic science to analyse its intrinsic properties and validate its source.





OUR GOAL

Our long-term ambition is to ensure all the cotton in our supply chain is from more sustainable sources; either recycled, organic or from Primark's Sustainable Cotton Programme.



OUR COMMITMENT

We are committed to training 160,000 farmers through our sustainable cotton programme by 2022.

From 2013 to 2019, cotton farmers in India saw an average of:



+200%

Profit increase



+14%

Yield increase



-41%

Reduction in chemical pesticide use



-26%

Reduction in chemical fertiliser use



-10%

Reduction in water use

COTTON

Cotton is an essential raw material for Primark, representing around half of our total fibre mix in 2020.

In 2013 we partnered with agricultural experts <u>CottonConnect</u> and the <u>Self-Employed Women's Association</u> (SEWA) to create the Primark Sustainable Cotton Programme. The programme launched with 1,251 female farmers in Gujarat, India and saw transformative results.

Since then, we have significantly expanded the programme to three regions in India and to Pakistan, with our local partner REEDS (Rural Education and Economic Development Society).

CottonConnect work with local implementation partners who then train farmers on the most appropriate farming techniques for their land, from seed selection, sowing, soil, water, pesticide and pest management, to picking and storage of the harvested cotton. As well as reducing environmental impact, the programme improves the livelihoods of the cotton farmers through increased income, achieved by the increase in their cotton yields as well as the reduction in input costs which include electricity to pump water, chemical fertiliser, and pesticides.



VINOBHABEN'S STORY

Vinobhaben cultivates cotton in her 3.5-acre farm and has been part of the Primark Sustainable Cotton Programme since 2019. After just one year of being in the programme, she has seen better yields. With her increased earnings, she has been able to invest more money in her children's education, and has also purchased a cow, which will provide supplemental household income through the sale of milk and additional nutrition for her family. She turns the cow dung back into compost which she uses on her farm.



We have teams in the UK and on the ground in our sourcing regions who work directly with our programme partners to ensure that the cotton grown by the farmers is brought into our supply chain and into Primark products.

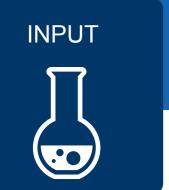
During the Covid-19 pandemic our programme partners adapted to deliver training through smartphones and moved from group training to individual training sessions where it has been safe to do so with social distancing. Additionally, CottonConnect continue to develop resources and raise awareness on practical measures to reduce Covid-19 transmission, such as social distancing and handwashing, through their "Mission Hope" Campaign.

We have also worked in partnership with St John's Hospital in Bangalore to conduct Covid-19 training for 90 spinners and ginners in both India and Pakistan. The interactive sessions included information on Covid-19 facts, preventative measures, as well as physical and mental health during the pandemic. We will continue to do this as long as required to support the health and safety of workers in the supply chain.

CHEMICAL AND POLLUTION MANAGEMENT

ENVIRONMENTAL POLICY

We will work with our supply chain to achieve zero use and discharge of substances deemed to be hazardous. We will also research safer alternatives in facilities manufacturing our products and materials and will seek to ensure that we have appropriate measures in place for pollution prevention and control.









OUR APPROACH

Primark's approach to managing chemicals is to restrict hazardous substances from the manufacturing process, in addition to focusing on the finished product. Our approach includes three core elements:

- Industry collaboration
- Supplier engagement
- Compliance and monitoring



OUR COMMITMENT

As an international retailer, Primark is committed to reducing the environmental impact of our products at every stage of their life. We recognise the importance of reducing the environmental impact throughout the manufacturing process, and for that reason, we are committed to continuously improving our chemical management programme, in line with evolving industry standards, product specifications and technological developments.

INDUSTRY COLLABORATION

In 2014, we signed up to <u>Greenpeace's Detox commitment</u> with the aim of going beyond EU and US legislation and working towards eliminating additional substances from our supply chain. Early on, we recognised that this would be challenging and to achieve significant impact, multistakeholder collaborations would be essential. Subsequently, in 2015, we became a member of the <u>ZDHC</u> (Zero Discharge of Hazardous Chemicals) Roadmap to Zero Programme.

Through ZDHC, we are working collaboratively with other brands and industry experts to develop appropriate solutions and encourage the adoption of these throughout our supply chain.

At Primark, we are pleased with our progress to date, but we know there is even more that we can do. We have therefore continued our engagement and commitment to ZDHC, beyond the 2020 Detox deadline. In line with this, we have continued to improve and implement the Primark Chemicals and Pollution Management (PCPM) Programme across our global supply chain. You can read ZDHC's 2020 Impact Report here.

THE CHALLENGE

Chemicals are essential to our industry and it is critical that effective programs are in place to mitigate the effects of improper use. Within our industry, chemicals are most likely to be used during the wet-processing stages of the raw material manufacturing process, which includes the dyeing, printing, bleaching and washing of materials; amongst other steps. These processes are mainly carried out upstream in our supply chain by factories with whom we do not have a direct relationship.

Primark's approach manages this in two ways:

- Increasing the traceability and transparency of our entire supply chain through bi-annual mapping.
- Providing our direct suppliers with the tools and training they need to help their factories achieve Primark's PCPM requirements. Suppliers are required to ensure their factories' successful implementation of our programme and this is reinforced by Primark's Terms and Conditions of Purchase of Goods for Resale, our Code of Conduct and Primark's Environmental Sustainability Commitment.

RESTRICTED SUBSTANCES LIST

A Restricted Substances List (RSL) is a list of chemicals restricted in consumer products, usually due to legal requirements.

Primark's RSL goes above and beyond legal requirements for finished products to also include restrictions on substances used in the manufacturing process. These restrictions are aligned to <u>ZDHC's Manufacturing Restricted Substances List (MRSL)</u>.

In November 2019, ZDHC released their updated MRSL version 2.0. To align with this as well as new legal compliance limits, we updated our RSL 2018 to include 70+ new restricted substances.

The <u>Primark RSL 2020</u> now includes over 300 restricted substances and has been implemented across our supply chains for both Goods for Sale and Goods Not for Re-Sale suppliers.

Primark's RSL

(Primark Restricted Substances List)

MRSL (Manufacturing Restricted

Restricts the intentional use of hazardous chemicals and limits impurities in chemical formulations used within the manufacturing process.

Substances List)

PRSL (Product Restricted Substances List)

Limits applied to finished product and/or materials used within Primark products.

CHEMICAL AND POLLUTION MANAGEMENT GUIDANCE

In 2018, Primark created an Implementation Toolkit, a series of guidance documents to support our supply chain with RSL implementation and chemicals management.

Following invaluable feedback from our suppliers, a much more comprehensive PCPM Guidance was launched. The PCPM Guidance now includes detailed technical support for suppliers and aligns to ZDHC's holistic approach to Chemicals management – <u>Input, Process and Output.</u> Primark's in-country teams and their experience on the ground were instrumental in the development of the guidance.

PRIMARK'S CHEMICALS AND POLLUTION MANAGEMENT GUIDANCE						
INTRODUCTION	Introduction to Chemicals and Pollution Management					
	Rethink: Circular Design Principles for Chemicals					
	Restricted Substances List (RSL)					
	Zero Discharge of Hazardous Chemicals (ZDHC)					
	Conforming with Primark's RSL					
INPUT	Purchasing MRSL Conformant Chemicals and Unfinished Materials					
	Chemical Inventory List (CIL)					
	Material Safety Data Sheets (MSDS)					
PROCESS	Higg Facility Environmental Module (FEM)					
OUTPUT	Verifying MRSL Conformance: Wastewater Testing					
	The Institute of Public and Environmental Affairs (IPE)					
	Verifying PRSL Conformance: Product Testing					
CHEMICAL FAILURE	Remediation for Chemical Failures; Finished Product and Wastewater					
REMEDIATION	Product and Wastewater Chemical Failures; Remediation Workshops					



CHEMICAL INVENTORY MANAGEMENT

By maintaining a Chemical Inventory List (CIL), suppliers and facilities can better understand and control what chemicals are being used in their production, thereby preventing product and wastewater testing failures, and better protecting workers.

Primark's requirement for suppliers and their factories to submit up to date CILs every 6 months was exempted in 2020 due to COVID-19, but we reintroduced the requirement in April 2021 with the release of an <u>updated CIL</u>, which now supports our supply chain in achieving ZDHC's Supplier to Zero Programme minimum CIL requirements and the <u>Higg Facility Environmental Module</u> (FEM) CIL requirements. Click <u>here</u> to read more about our commitment to Higg FEM.

CLEANCHAIN™ CHEMICAL MODULE



The <u>CleanChain™ Chemical Module</u>, developed in partnership with ADEC Innovations, is a software tool for suppliers and factories to manage their chemical inventory lists, in a simpler and faster way.

The tool is linked electronically to the ZDHC Gateway, a platform we require our supply chain to use, as it ensures that they are only sourcing ZDHC MRSL conformant chemicals.

In 2020, we provided free licenses for the CleanChain™ Chemical Module, to a number of our strategic global suppliers.

Although roll-out to cover more of our supply chain was slowed by COVID-19 in 2020, we managed to fast-track our progress in 2021.

This is a key milestone achievement as it means that all priority Top 100 suppliers' factories, who make up around 80% of Primark's business volume, now have free access to the CleanChain™ Chemical Module.

WASTEWATER TESTING PROGRAMME

≋

Testing wastewater is an effective way to verify conformance to the ZDHC MRSL.



Primark requires our supply chain to test to the <u>ZDHC Wastewater Guidelines</u> and disclose test results on the ZDHC Gateway- Wastewater Module.



In Bangladesh where we closely monitor our supply chain's wastewater testing, we supported ZDHC's decision to reduce the frequency of testing from twice annually to once annually in 2020, in recognition of the impact of COVID.



This enabled us to continue scaling up the number of factories in Bangladesh that carry out testing from 32 in 2019 to 37 in 2020, which now covers all our key suppliers. In April 2021, ZDHC reverted requirements to testing twice annually and Primark is aligning to this change.

PRODUCT CHEMICAL TESTING - REMEDIATION PROGRAMME

Primark operates a stringent Chemical Compliance Testing Programme for finished products. When Primark identifies a finished product, which does not meet our RSL requirements, the supplier and their factory responsible for the product are required to remediate by conducting rootcause analysis and developing a corrective action plan to ensure that failures does not reoccur. In January 2021, we increased the scope of our testing programme to cover all high-risk chemical groups beyond our Detox priorities of APEOs, PFCs and Phthalates. The programme now also covers Chlorinated Organic Carriers, Formaldehydes, Heavy Metals (Lead, Nickel, Chrome VI), Organotins and Polycyclic Aromatic Hydrocarbons failures.

PRODUCT DUE DILIGENCE TESTING PROGRAMME

Going beyond compliance testing, Primark continues to conduct a due diligence testing programme to ensure that our supply chain complies with all the chemical restrictions outlined in our RSL. This programme allows us to further evaluate the compliance and safety of our products.

SUPPLIER TRAINING PROGRAMME

In each of our main sourcing regions, we have teams of in-country environmental sustainability experts who develop and deliver training on Chemicals and Pollution Management to our suppliers and their factories. In 2020, following many factory closures as a result of COVID-19, our training programme was regrettably suspended.

We resumed training in February 2021 with the addition of 2 new training modules 'How Chemical Inputs Impact: Finished Product Compliance, Wastewater and Air Emissions' and 'Process Specific Training for Dyeing, Printing Mills and Washing Units'. To accelerate our reach, we also extended training to cover Tier 1 (product assembly) and Tier 2 (wet processing) factories.

CHEMICAL INVENTORY MANAGEMENT

Product: Textiles **SVHC Identified**: Octamethylcyclotetrasiloxane

CHALLENGE:

Earlier this year, we carried out a due diligence check on our supplier's chemical inventories, focusing specifically on Substances of Very High Concern (SVHC). We identified just one SVHC and worked with the supplier to eliminate this.

RESULT:

Supplier found a safe, OEKO-TEX® approved, alternative formulation and provided an up-to-date material safety data sheet which we were satisfied with. The supplier confirmed that no more stock of the SVHC was being held and the new alternative formulation would be used.

WASTEWATER TESTING PROGRAMME

Product: Textiles
Water Parameter failure:
Chemical Oxygen Demand (COD) and
Biochemical Oxygen Demand (BOD)

RESULT:

In line with Primark's Wastewater Testing Failures - Remediation Process, the supplier conducted a root-cause analysis of the failure and developed a corrective action plan which ensures that the failures do not reoccur. The supplier identified that the water in their Effluent Treatment Plant (ETP) exceeded capacity by 2.5 m3/day, which led to the failures. As part of their corrective action plan, the supplier built a water reservoir with a capacity of 1.99m3/day and now recycle this water for daily use. As well as remediating the failures, the supplier's initiative has enabled them to reduce their overall amount of water use. Further to this, the supplier obtained up-to-date material safety data sheets from their chemical suppliers, so they can better understand and manage the COD for the chemicals they use. What's more, as part of Primark's remediation requirements, all the factories used by the supplier were asked to confirm that they had read and understood the following sections of Primark's Chemicals and Pollution Management Guidance: 'Main Causes of Chemical Failures' and 'How to Prevent Chemical Failures'.



SUPPLIER TRAINING PROGRAMME

We interviewed one of our key suppliers based in Zhejiang, China. They produce women's shoes, supplying over 200,000 pairs annually.

What have you learnt from Primark's Chemicals and Pollution Management Training Programme?

"Firstly it is the technical knowledge about hazardous chemicals, which includes: 1) the hazards that chemicals impose to the human body and the negative impacts that chemical brings to the environment; 2) How to prevent and control the chemical hazards in the workshop, like correct storage and handling, emergency response procedures, proper treatment and dispose of waste chemicals etc. Secondly, the Programme helps to raise the awareness of the chemical management among factories and in particularly workers. Since then, from the trainings provided, the factory has set the chemical management as one of the priority work in daily operation, which helps to reduce the risk and protect workers from being harmed."

How did you ensure successful implementation of our requirements, at the factories which you work with, for Primark production? Additionally, can you tell us what improvements you have seen in the factories?

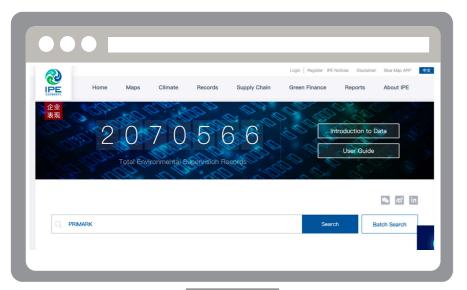
"Our factory top management have committed to establish a chemical management system. As a start, the factory has developed a chemical procurement e.g. the glues. The Primark Chemical Inventory
List Template has been identified as a very useful
tool to help the factory understand which chemicals
indeed are in use, but more importantly which
hazardous chemical shall be prioritized based on
their hazards, and quantity. This sets a foundation
of developing a detailed hazard monitoring and
controlling strategy and enable factory to identify
the potential safer alternatives. Onsite training has
also been provided to our workers on the hazards
of the chemicals used and potential risk of improper
handling practices."

How have the workers in the factories benefited from our training?

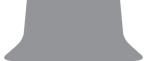
"The workers have realized through our training that the chemicals they contact day to day can potentially be harmful if it is not properly handled and they don't protect themselves. The programme also enables the factory to have a trained worker specialist that can share the knowledge learned from Primark to other workers. The worker specialist helped to be a role model and make our workers aware of PPE precautions against hazardous chemicals in manufacturing processes and protecting their health."

INSTITUTE OF PUBLIC AND ENVIRONMENTAL AFFAIRS

Primark has worked with <u>China's Institute of Public and Environmental Affairs</u> (IPE) since year 2016 to improve the environmental performance of all suppliers and facilities beyond our first tier in the region.







- IPE is a non-profit environmental research organisation who has developed online database and tool called Blue EcoChain.
- The tool can automatically scan and provide instantaneous updates of suppliers' environmental performance both with regards to violations of legal emissions standards in the real-time monitoring data where available across the country.
- Primark adopts IPE's Blue EcoChain to encourages suppliers to take ownership of their own supply chains and manage their impact on the environment. In 2020, Primark maintained its top 10 rank in IPE's Corporate Information Transparency Index (CITI), which was developed by IPE and the <u>Natural Resources Defence Council (NRDC)</u> to assess 400+ brands' environmental management of its supply chains.
- Primark is also recognized one of the leading brands who encourage suppliers to publicly disclose their environmental data on IPE platform, which includes water and energy consumption, wastewater discharge and air emissions as well as to set GHG emission reduction goals.

IPE Achievements	2017	2018	2019	2020
Primark ranking on IPE amongst brands	Top 30 out of	Top 10 out of	Top 10 out of	Top 10 out of
in China	267 brands	306 brands	438 brands	538 brands
Number of sites Primark has reviewed through IPE's database	462	623	1000+	1500+
Number of priority sites who have				
disclosed Pollution Release and	3	19	38	70
Transfer Register (PRTR) data on IPE				

CASE STUDY

A key finished product factory located in Shanxi, North China. It produces glassware for Primark with an annual production capacity of 1.2 million pieces.

With the help of Blue Ecochain, Primark identified that factory had several violation records in IPE database between 2016 and 2018. The factory had not completed a legal procedure for environmental approval and failed to monitor and control the waste gas emissions generated by the painting and drying process. Primark immediately contacted the factory and met with the management representatives to agree on a timeline of corrective actions.

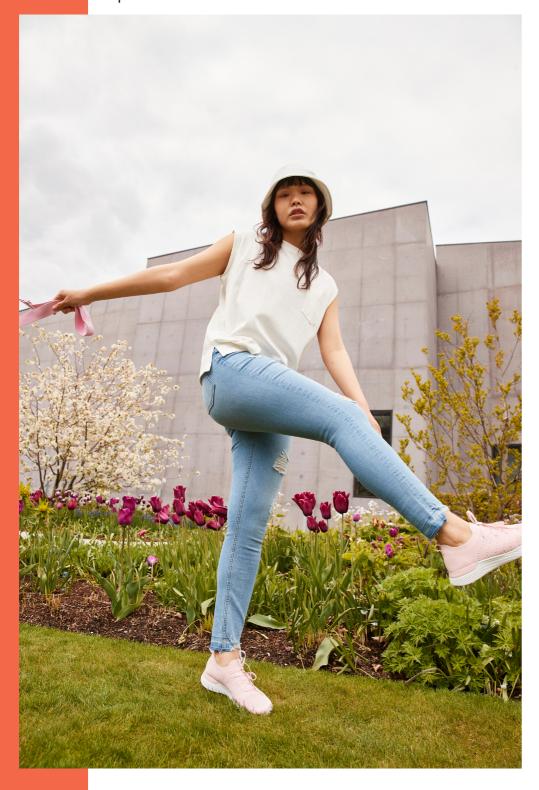
From 2019, Primark has supported the remediation process by inviting the factory to participate in several training courses including environmental management and data reporting as well as environment laws and regulations.

Since then, the factory has installed waste gas carbon filter & UV photolysis treatment equipment in the painting workshop, delivered training to their workers on the best practices to operate and maintain the equipment. Additionally, the factory has also set up an internal environmental inspection procedure to make sure the waste gas does not exceed the local emission standards. Continuous improvement actions are being undertaken, which include fixing of the ceiling to cover their painting workshops and prevent waste gas leakage and assign a third party to conduct regular testing. The factory has assigned an employee to check, record and report their waste gas treatment running status every day.

Following the demonstration of above improvements, IPE removed the factory's violation records in late 2020.

ANIMAL WELFARE AND BIODIVERSITY

We work with our supply chain to respect the humane treatment of animals in the production of our products and seek opportunities to enhance biodiversity in our business operations.





ANIMAL WELFARE

Primark shares the concerns of our customers towards the fair and ethical treatment of animals and we believe all animals should be treated humanely. We are also committed to reducing our business impact on the environment. As part of our Primark Cares initiative, we are committed to a better, more sustainable future. We take our responsibility seriously and will keep moving towards a better future for people, planet and animals. Primark's Animal Welfare Statement is reviewed regularly to ensure it is current, fit for purpose and appropriate to our business.

Primark's own branded cosmetics are not tested on animals and are certified under the Leaping Bunny accreditation by <u>Cruelty Free International</u>. Cruelty Free International is the leading organisation working to end animal experiments worldwide and is one of the world's longest standing and most respected animal protection organisations. It is widely regarded as an authority on animal testing issues and is called upon by governments, media, corporations and official bodies for advice or expert opinion.

We will continue to work with expert organisations to understand and promote best practice in animal welfare standards and traceability systems in our supply chain.

INDUSTRY COLLABORATION





At Primark, we recognise the urgent need to address biodiversity loss and begin to restore nature. As a business we have partnered with <u>Biodiversify</u> to conduct a comprehensive biodiversity risk assessment across our entire supply chain.

Biodiversify is a nature conservation consultancy which advises a range of private, public and third sector clients who want to act positively towards nature. This risk assessment will inform our future work in tackling biodiversity impacts in our supply chain.

BIODIVERSITY REPORTING

The <u>University of Cambridge Institute for Sustainability Leadership</u> (CISL) has led work examining the evidence for improving the environmental outcomes of cotton production

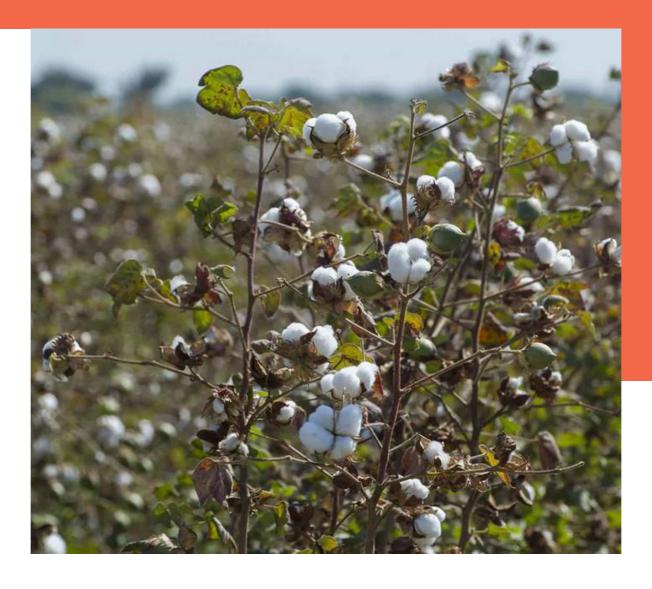
In 2020 CottonConnect and CISL collaborated on the development of indicators to measure the environmental impact of the Primark Sustainable Cotton Program. Simple metrics were developed, based upon the best available scientific evidence of the impact of the different sustainable practices encouraged under the programme. These metrics measure the number of practices that farmers are implementing that have been proven to benefit biodiversity, soil and water on cotton farms.

COTTON CONNECT

The largest environmental impacts of a company are often a result of raw material production. At Primark we recognise cotton sourcing, is a key part of our environmental footprint.

Cotton production is known to have several impacts on biodiversity, soil and water. However, cotton also requires a heathy, functioning environment for optimal production. For example, soil biodiversity is important for maintaining healthy and fertile soils, which also supports water retention. Such dependencies illustrate the operational importance of ensuring a healthy environment.

By working in partnership with <u>CottonConnect</u>, the Primark Sustainable Cotton Program (PSCP) has been able to access their extensive farm-level data to develop key performance indicators to measure and track the environmental performance of the programme in relation to outcomes for biodiversity, soil and water.



DATA

Data was provided by 1408 farms from Gujarat in India, including 100 farms not participating in the programme. We found that PSCP farms outperformed Control farms over all key performance indicators. On average, compared with the control sample, PSCP biodiversity scores were 22 percent higher, soil 13 percent higher and water 17 percent higher.

ANALYSIS

The analysis highlighted key opportunities for improving the environmental outcomes of the programme. Opportunities included targeting farmers with low uptake of sustainable practices and encouraging uptake of management interventions that are not widely used but are known to be impactful e.g. growing a rotation of different crops in different years, during different seasons to improve long-term soil fertility and nutrition and to enhance biological control.

FUTURE

There is potential to develop the approach in future, by using information on the specific context in which PSCP farmers operate to target and prioritise training and improvements. The CISL's report highlighted opportunities to improve the metrics through the additional data collection from farmers on a small number of additional management practices such as crop rotation.

RESOURCES AND WASTE





OUR GOAL

Primark's goal is to minimise waste across business operations and our supply chain, retain the value of a material for longer, and where possible, use waste as a resource. As stated in Primark's Environmental Policy, we are committed to:

- Reducing the amount of non-renewable material in our products
- Reducing our packaging ratios
- Looking at opportunities for product reuse and recycling



OUR COMMITMENT

As part of our Primark Cares initiative, we are committed to eliminating the use of single-use plastics throughout our business.

PRIMARK SUPPORTS THE FIGHT AGAINST COVID-19

During the pandemic, Primark supported a variety of hospitals, first responders and charities working around the world.

Primark was proud to announce that we have donated 400,000 everyday Primark products as part of a global volunteer effort by hundreds of Primark employees.

These donations include 74,000 products delivered to the NHS Nightingale Hospital in London in response to urgent calls for everyday items for the busy NHS staff. The delivered care packs were filled with items including underwear, leggings, t-shirts, footwear, and towels. This donation forms just one part of our global effort to support those at the forefront of the fight back against COVID-19.



Thank you to Primark for their wonderful donation, their support comes at a time when everyday items are in such high demand. NHS Nightingale staff will find these packs of great use when finishing a shift and getting ready for another one. This gesture means the world to our teams and is a great example of the generosity that has been shown to the hospital since it opened."

Matthew Trainer
Deputy CEO, NHS Nightingale



In FY2019/20, we recovered, reused, or recycled:



45,022

Tonnes of cardboard



5,363

Tonnes of plastics



3,117

Tonnes of hangers



>18

Tonnes of textile product

OUR PROGRESS

In FY2019/20, 96% of all waste generated by direct operations was diverted away from landfill.

In FY2019/20 Primark removed: around 175m units of plastic which includes hangers (27.5m), hooks (61.9m), backing cards (64.7m), barbs (16.6m) and packaging (4.4m).

In FY2019/20 Primark removed 86 million single-use labels and stickers from products. Next year Primark aims to remove another 300 million.

WASTE MANAGEMENT

The continued use of our own dedicated Resource Recovery Units (RRUs) at our distribution centres in the Czech Republic, Germany, the Netherlands and the UK has contributed significantly to the improved performance in this area. In these units, the cardboard, plastic and hangers collected at our Austrian, Belgian, Dutch, French, German and UK 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 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. We now have 5 RRUs in separate distribution centres throughout Europe and more than 260 stores are participating in the backhauling process.

As part of our Primark Cares initiative, we are committed to eliminating the use of single-use plastics throughout our business. Since banning the use of plastic in our cotton bud stems and synthetic microbeads in Primark cosmetic products in 2017, we are continuing to take steps to reduce plastic throughout our business.

TEXTILE RECYCLING

At Primark, we want to find a good home for any clothes that we don't sell. In Europe we have been donating our unsold clothing and buying samples to the charity <u>Newlife</u> since 2010. Newlife specialises in providing support for disabled and terminally ill children and their families by funding equipment and providing specially trained nurses to help with children's care. Newlife collect, sort and recycle these clothes to raise funds for the important work that the charity does. Our partnership has so far raised over €3 million for Newlife.

In the U.S. we partner with a not-for-profit organisation called <u>Delivering Good</u>. Our U.S. stores donate unsold clothing to the organisation, which then redistributes the items to those in need around the world. This could be to families who have been displaced following a natural disaster.



In July 2020, we announced our in-store recycling scheme, with collection boxes available in all 190 stores across the UK.

We work with a partner, Yellow Octopus, who supports us in ensuring all donations are reused, recycled or repurposed, with nothing going to landfill. Yellow Octopus is a recycling specialist which has a 'no landfill' policy across the 21 countries it operates in, diverting around one million garments from landfill every month. The company aims for as many donations as possible to be worn again, with the remainder being repurposed into new products such as insulation, toy stuffing and mattress fillers.

Profits from the scheme will go to <u>UNICEF</u>. Primark's global charity partner, in support of its education programmes for vulnerable children around the world.

INDUSTRY COLLABORATION

In 2015 we became a member of the <u>Sustainable Clothing Action Plan</u> (SCAP), the industry-wide commitment led by WRAP to collectively reduce the carbon, water and waste impacts of the clothing industry. In 2020, this initiative came to an end. We have made good progress on our targets, particularly reducing our carbon footprint, but recognise that we have more work to do on reducing waste. The table below highlights SCAP headline results for 2012 – 2019.

Indicators	Targets	2016	2017	2018	2019
		% Reduction since 2012 reported in each year			
Carbon footprint (tonnes CO2e per tonne of clothing sold)	-15%	-10.6	-11.9	-13.4	-15.9
Water footprint (m3 per tonne of clothing sold)	-15%	-13.5	-17.7	-18.1	-19.5
Waste footprint (tonnes per tonne of clothing sold)	-3.5%	-0.8	-1.1	-1.4	-2.3
Clothing in household residual waste (tonnes)	-15%	-14%	Not updated	-4%	-4%

Building on the learnings and success of the SCAP 2020 initiative, we continue to support WRAP beyond the SCAP 2020 commitment and were among the first signatories to commit to <u>Textiles 2030</u>, the successor to SCAP. The initiative aims to accelerate the textile industry's movement towards circularity and system change by limiting the impact that clothes and home textiles have on climate change in line with the Paris Agreement and the UN Fashion Industry Charter for Climate Action.

Our commitment to Textiles 2030 includes sharing the ambition to create and deliver a UK wide roadmap for circular textiles by making more durable, recyclable and re-usable products and using more recycled, circular materials. Over the 9 years of this initiative, we will work with stakeholders across the manufacturing and reuse/recycling value chain, to bring circularity to scale.

Since 2018, we have been participants in the Ellen MacArthur Foundation's <u>Make Fashion</u> <u>Circular Initiative</u>. We support EMF's development of their "Vision of a Circular Economy for Fashion" and have ambitions to implement the key principles of circular fashion: that products are used more, made to be made again, and made from safe and recycled or renewable inputs.

THE FUTURE

Our goal is to become a sustainable and circular business. We have made some great progress to minimise and reuse our waste, but we know there is more to do, particularly when it comes to product. We know we cannot do this alone, so we will;

- Work with our industry to address the challenges of a circular system and find solutions
- Support the development of policy when it comes to a circular economy
- Design products to be more durable, reusable, repairable and recyclable
- Increase the use of recycled content in our products
- Take customers on the journey with us

CASE STUDY: It's A Wrap!

Our famous brown bags are made from a natural and renewable resource and are 100% recyclable. This results in the minimum amount of waste possible.





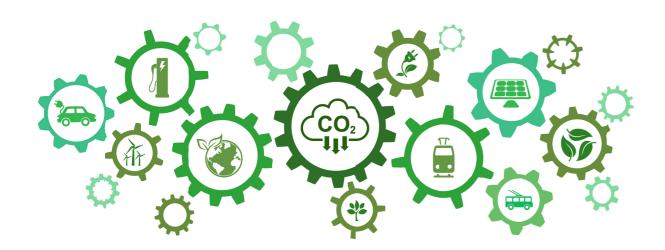
As part of our commitment to minimise and reuse waste, we are encouraging our customers to do the same. Last year, we were delighted to give our customers the option of reusing our iconic brown shopping bags. Printed in a fun and festive candy cane design, our bags were the perfect wrapping paper.

ENERGY AND GREENHOUSE GASES

THE CHALLENGE

Climate Change is the pre-eminent issue of our time. The release of greenhouse gases is a fundamental cause of climate change, with the fashion industry contributing significantly to annual global emissions.

In addition to climate change, the release of greenhouse gas emissions also has wider impacts, including contribution to disease and air pollution. It is therefore of strategic importance for Primark to address greenhouse gas emissions within our direct portfolio, and throughout our supply chain.





OUR GOAL

We will seek to improve the energy efficiency and reduce the greenhouse gas emissions of our stores, offices and distribution networks and will work with our supply chain to achieve energy efficiency improvements.



OUR COMMITMENT

Primark have committed to a 30 percent aggregate GHG emission reductions in Scope 1, 2 and 3 of the Greenhouse Gas Protocol Corporate Standard by 2030 against a baseline of no earlier than 2015.

INDUSTRY COLLABORATION

In October 2020 Primark joined the <u>United Nations' Fashion Charter</u> (UNFCCC), committing to a 30% reduction in greenhouse gas (GHG) emissions by 2030. The Fashion Charter recognises the incredibly important role fashion retailers play in reducing emissions and in joining the Charter, we are committing to tackling emissions from across our entire value chain, including beyond our own operations, or 'Scope 3 emissions', which make up the vast majority of our carbon footprint.

While we have already implemented several processes across our manufacturing, distribution, and store operations to identify and reduce our carbon footprint, we have also worked hard to measure our 'Scope 3 emissions' in order to identify further greenhouse gas reduction opportunities to effect positive change. In doing so we commissioned the Carbon Trust to provide an independent, limited level of assurance on the methodology and calculations undertaken. The engagement covered the verification of emissions from anthropogenic sources of greenhouse gases included within Primark's value chain as defined by the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. To date, this exercise has been completed for financial years 2018/2019 and 2019/2020.

We are delighted to be joining the UNFCCC and are committing to cutting our emissions across our value chain. As a global fashion retailer, we are passionate about finding solutions to the challenges of climate change and recognise that there is always more to do. While we have big ambitions to make our business more sustainable, we also know that even our small changes can make a big difference, simply because of our size. And we want to do all this without passing the cost on to our customers, as we believe that sustainable fashion shouldn't come with a big price tag."



Group Corporate Responsibility Director, ABF

BSR Value Chain Risk to Resilience

In late 2020 Primark joined the <u>BSR Value Chain Risk to Resilience</u> collaboration to begin to develop our approach to mitigating against the impacts of climate change. The BSR programme aims to radically increase the ability to diagnose physical climate risks and the understanding, adoption, and implementation of climate resilience measures throughout corporate value chains to deliver both societal and business value. Membership of this group enables Primark to:

- Assess climate risks along our value chains;
- Use output, outcome, and impact metrics to measure climate resilience;
- Develop programmatic work to address climate risks with other companies;
- Implement the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations on governance and enterprise risk management.

PACKAGING OPTIMISATION

Primark's Packaging Optimisation Programme has contributed to a reduction in CO2 emissions across its whole supply chain as a result of less packaging being produced, transported and processed as waste.

Primark, in partnership with the packaging optimisation company PAC-D, has developed a programme to train its suppliers' factories to accurately measure products and efficiently package them into shipping cartons, eliminating empty space. It also optimises the carton dimensions for maximum utilisation of space within ocean containers and warehouse pallets. To ensure the most impact, Primark started by training its largest suppliers, whose factories products make up 75% of Primark's inbound carton volume. Primark is now planning on rolling this programme out to more suppliers over the next year.

Over a nine-month period, the programme has led to:

- 3.8% reduction (over 90,000 cubic metres) in packaging volume shipped and received
- 4% reduction (2.26 million m²) of corrugate material being produced, shipped and recycled
- Reduction in CO2 equivalent of over 9 million kilograms through a combination of reduced material usage, transport and disposal.

Primark's efforts culminated in the Supply Chain Excellence Awards naming Primark's Packaging Optimisation Programme as the winner of the 'Environmental Improvement' award at a ceremony in London on 5th November 2019.

Primark showed a strong initiative with ambition and scale.

The programme scored highly among the judges for its evidence of business benefits and for its performance management, with key metrics in place."

Christopher Walton
Judge & Editor, Logistics Manager Magazine





TRANSPORT EMISSIONS

In August 2020 Primark introduced a brand-new fleet of 15 Longer Semi-Trailers (LSTs). This addition to our transport fleet gives us the opportunity to significantly reduce the environmental impact of our logistics operations across the UK.

These LSTs each carry twice the volume of stock as our existing trailers and will result in 1,600 fewer trailer journeys annually. This equates to 728,000 fewer kilometres travelled each year and the elimination of 680 CO2 equivalent tonnes from our transport operation in the UK. Our new trailers measure 15.65 metres long, have two decks and are designed to carry larger volumes of both hanging garments and palletised products across the UK. These impressive numbers represent an amazing milestone for our business and would not have been achieved without the dedication and expertise of our logistics teams.

In addition, and as a further commitment to reducing our environmental impact, store deliveries in the UK will now see the introduction of 10 new energy-efficient trucks, which are fuelled by liquified natural gas (LNG), a more environmentally friendly and cost-effective alternative to traditional diesel fuels. Not only being better for the environment, these delivery trucks will also produce significantly less noise and emit 60% less nitrogen oxide into the environment.

This work in the UK follows on from the successful introduction of LNG trucks into our Spanish logistics fleet in 2016, which are used to distribute merchandise to stores in Madrid and Barcelona. Similar double-decker trailers were previously introduced to our Northern European logistics operations also with countless benefits for our depot and store teams, and of course the environment.



WATER USE AND CONSERVATION



OUR GOAL

We will work with our supply chain to improve water efficiency in agricultural and manufacturing processes as well as operating efficiently in our own business operations.





Recognising the importance of responsible water stewardship, Primark have recently joined the <u>Alliance for Water Stewardship</u>.

AWS is a global membership collaboration comprising businesses, NGOs, and the public sector. AWS members contribute to the sustainability of local water-resources through their adoption and promotion of a universal framework for the sustainable use of water – the International Water Stewardship Standard, or AWS Standard – that drives, recognizes, and rewards good water stewardship performance.

DRIP IRRIGATION IN PRIMARK'S SUSTAINABLE COTTON PROGRAMME (PSCP) – UMABAI'S EXPERIENCE.



Umabai Mahhale joined PSCP in 2019, she owns a two and a half acre farm in Nyagyvhan village in Maharastra, India. Her main source of income is cotton cultivation.



A key component of the training provided through PSCP program is better water management practices. In 2020, with money she earned from the previous year's harvest and a government's subsidy, she installed a drip irrigation system on her land and adopted alternate furrow irrigation.



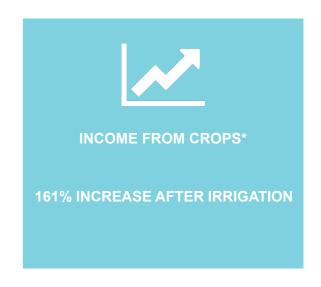
As a result of adopting efficient water management practices, she has been able to conserve water to grow an extra crop (wheat) in the dry season. This provides a much need source of extra income, but also a source of food for her family.



In addition to better water management practices, she has also benefited from other better agricultural practices resulting in further diversification of crops, as well as better utilisation of her farm. Since the drip irrigation was installed Umabai has more than doubled her income and is using the extra income for her children's education.

UMABAI'S CROP PRODUCTION DETAILS

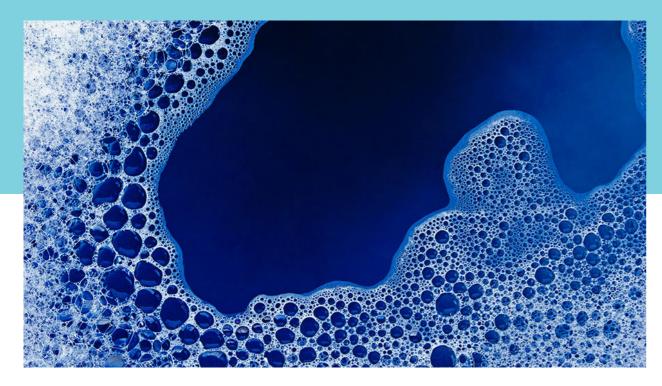




^{*}Income yield increase is attributed not only to an increase in income from cotton, but also the ability to grow two more cash crops: wheat (second crop) and red gram (intercrop)

CLEAN BY DESIGN

Primark works with the <u>Apparel Impact Institute (Aii)</u>, through the Clean by Design program (CbD), to reduce the environmental footprint of supplier factories.



- The program improves industrial process efficiency and provides a comprehensive system that reduces energy, water, and chemical use in textile mills (the apparel and footwear industry's most resource intensive production segment), with an approach that focuses both on increasing production efficiencies and reducing operational costs.
- Primark supported three Chinese mills in Zhejiang and Shandong provinces through the program from year 2018 to 2020. Participating mills have completed online training courses, attended workshops and met with our in-country teams and Aii's industry experts. This allowed them to develop and implement action plans to address opportunities identified in accordance with NRDC's 10 best practices on energy and water management. The Implementation plans from 3 mills resulted in 29 retrofit projects, requiring \$2.17M total investment from mills, with an average payback of only 12 months.
- These retrofit projects by the participating mills together contributed to the saving of 3,330 tce (ton standard coal) of energy and 275,524 m3 water annually. Based on the results, Primark has decided to continue to support another three mills in Zhejiang and Anhui province for the next phase.



CASE STUDY

Supplier Mill S, is based in Shandong, China and produces dyed yarn for several Primark sweater factories. It has a production capacity of 300,000 tons annually with the main manufacturing processes including spinning and dyeing.

With the support of energy and water management experts and technical know-how provided by the CbD program, the mill has implemented 8 projects. Highlights include:

- Optimizing water usage in the dyeing process
- Adding pipe insulation which deliver condensate, cooling water, and hot water in the workshop

These actions have in total resulted in annual savings of 7,517 tons steam, 250,000 kwh electricity and 49,600 m3 water, with 5.1% of energy efficiency and 7.3% of water efficiency improvement rate.

Based on the learnings from the program, the mill has also set up an energy and water management system, committed to conducting full review of factory production, utility equipment, and management procedures, in addition to identifying continuous improvement opportunities.

Having integrated resource efficiency practices into business operation guidelines, all levels of the workforce effectively understand the value of this effort and support the implementation of energy and water saving initiatives in their daily works.