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## CHAIN

### **Our Priorities**

- 1. Making Our Products Ethically and Responsibly
- 2. Upholding Human Rights
- 3. Advancing Economic Security for our Partners' People
- 4. Amplifying Workers' Voices
- 5. Responding to COVID-19

### MAKING OUR PRODUCTS ETHICALLY AND RESPONSIBLY

### SUPPLIER WORKPLACE STANDARDS PROGRAM

### SETTING THE FOUNDATION

We aim to work with best-in-class finished goods and fabric suppliers, defined by the quality of product and by how they work. The human rights and environmental performance of our partners are part of our on-boarding assessment and overall supplier scorecards.

We partner with non-profit organizations and industry experts specializing in labour rights and supply chains to regularly review and evolve our Supplier Workplace Standards Program.

### Onboarding

Responsible sourcing decisions are made at both a federal and factory level. Before determining whether to conduct business in a production market, Aritzia has a cross-functional country analysis process, which includes a review of the human rights guidelines and the environmental context. This approach allows us to integrate sustainability into our decision-making from the very start.

Each new facility is assessed against our <u>Supplier Code of Conduct</u>, which outlines our requirements on:

- Employment practices
- Labour rights
- Working hours
- Wages
- Freedom of association
- Health and safety

The <u>Supplier Code of Conduct</u>, which is signed by our supply chain partners, aligns with leading standards in the fashion industry, including established international frameworks such as the <u>International Bill of Human Rights</u>, the <u>International Labour Organization's Fundamental Principles and</u> <u>Rights at Work</u> and the <u>Ethical Trading Initiative Base Code</u>.

### Monitoring

Once a facility is on-boarded, we continue to assess supplier performance against our <u>Supplier Code of</u> <u>Conduct</u>, using local and independent specialists. In an effort to build relationships based on transparency, we prefer to conduct announced audits and have done so for all of our audits to date. Our teams also conduct visits to build relationships and trust with our partners and to ensure that

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remediation and improvements are both sustainable and upheld.

When we find opportunities for improvement, we work collaboratively to develop a corrective action plan. When needed, Aritzia provides additional support in the form of consulting with local expert organizations and online training. Specific topics that we provide training on include, but are not limited to:

- Factory Assessments
- Transparency & Ethics
- Corrective Action Plans
- Health and Safety Management Systems
- Working Hours
- Creating Motivating Wage Systems
- Giving Workers the Best Possible Start
- Fire Safety
- Environmental Protection
- Managing Energy & Greenhouse Gas Emissions
- Managing Waste

If a manufacturer is unable or unwilling to rectify issues, we'll reconsider our business relationship with them while ensuring that the rights and best interests of their workers are upheld.

In 2021, notable metrics across our suppliers' finished goods facilities include:

- Gender split of production workers was 72% female and 28% male
- 100% were audited by third-party for Supplier Workplace Standards
- 100% of newly on-boarded facilities were offered social and environmental training courses

### INCREASING OUR IMPACT

#### Our Partnership with ILO Better Work

We've partnered with the <u>ILO-IFC Better Work Programme</u>, which signals to supply chain partners, governments and workers that labour rights and decent working conditions are a necessary precondition for Aritzia. Approximately 80% of our suppliers' facilities operating in Better Work Countries (Cambodia, Vietnam and Indonesia) are members of Better Work.

Better Work is a partnership between the United Nations International Labour Organization (ILO) and the International Finance Corporation (IFC), a member of the World Bank Group. Better Work is a comprehensive program that brings all levels of the global garment industry together to improve working conditions and respect labour rights for workers while boosting the competitiveness of apparel businesses.

In their supplier engagement services, Better Work provides an assessment process, advisory services and training. Better Work Advisors work in partnership with facilities on an on-going basis to build longterm, sustainable solutions to improve working conditions. Experienced in local and national laws, Better Work Advisors establish trusted relationships with facilities and foster strong, effective dialogue between workers, trade unions and management.

#### **Deepening Our Focus**

We're committed to conducting our work in a respectful way that aims to understand and address systemic industry challenges. Our Supplier Workplace Standards Program reviews and analyzes workforce demographics to understand where gaps may be and how to support workers in our supply chain in an equitable and fair manner. This includes personal and professional development opportunities for the people across our supply chain.

#### **Expanding Our Reach**

With a robust Supplier Workplace Standards Program for our finished goods facilities established, we're

now expanding our focus. Since 2021, we've been developing a Supplier Workplace Standards Program for our strategic fabric and trim suppliers, which will allow us to build deeper relationships and expand our impact even further.

### UPHOLDING HUMAN RIGHTS

We're committed to upholding human rights in line with international standards and best practices. We use the <u>United Nations Guiding Principles for Business and Human Rights</u> as the basis of our approach. In 2021, we conducted a Human Rights Impact Assessment across our value chain — the results inform our programming and guide us as we update our mitigation strategies to focus on addressing the most critical human rights issues.

Throughout this work, we'll continue to review our human rights impact and adjust our work as needed.

### ADVANCING ECONOMIC SECURITY FOR OUR PARTNERS' PEOPLE

Everyone has a right to economic security. We recognize this complex topic requires collaboration from multiple stakeholders. We're committed to

- Working with suppliers to ensure our <u>Supplier Code of Conduct</u>, human rights and best industry practices are upheld and respected.
- Collaborating with appropriate stakeholders and experts to develop strategies that advance economic security in our supply chain.
- Reviewing our practices and encouraging two-way dialogue with our suppliers to collaboratively develop a roadmap toward economic security.

Since 2020, we've been developing a data collection methodology and framework to support our information gathering and wage analysis, which is part of deepening our understanding of wages throughout our supply chain. With this information, we're building wage ladders throughout our supply chain and defining next steps.

### AMPLIFYING WORKERS' VOICES

Effective and accessible communication channels are key to informing how we work. Supporting our supply chain partners in maintaining appropriate communication channels that allow for anonymous feedback and two-way dialogue is a top priority. Our <u>Supplier Code of Conduct</u> requires our suppliers to offer grievance management systems which we regularly monitor.

Over the past year, we've examined opportunities to inform us as we work to amplify the voices of those who work in our supply chain. The information we gathered fueled our development of a tailored multi-stakeholder Worker Voice Pilot Project, which will be launched in select facilities in 2022. Once the project is implemented, we'll share more information on our partners, our approach and our learnings.

### **RESPONDING TO COVID-19**

Aritzia has partnered closely with our finished goods suppliers to understand and monitor the impact of COVID-19 on their business and employees. We're committed to sharing available and relevant resources, especially related to the best health and safety measures. We continue to adhere to the national Health and Safety COVID-19 protocols as we monitor labour standards.

COVID-19 has significantly impacted millions of aarment workers in countries dependent on the textile

and apparel industry. The ILO issued a global call to action, <u>COVID-19</u>: Action in the Global Garment <u>Industry</u>, to protect workers' income, health and employment. Already aligned with the principles and actions outlined in the Statement — which includes paying for finished goods, not cancelling any orders already in production, promoting health and safety standards and emphasizing social protection for workers — we formally endorsed it. Together, we continue to progress toward a more sustainable clothing industry. Since signing this commitment in 2020, Aritzia has maintained our promise outlined in the statement and will continue to do so.

## OUR PRODUCT ENVIRONMENTAL IMPACT

**Our Priorities** 

- Adopting More Sustainable Raw Materials
- Monitoring Supplier Environmental Performance
- Identifying and Reducing Water and Chemical Impacts
- Taking a Circular Approach

### ADOPTING MORE SUSTAINABLE RAW MATERIALS

Across our business, raw material production is one of the most significant environmental impacts, which means it's one of our biggest opportunities to reduce our greenhouse gas emissions, biodiversity impacts and water usage. We've made significant improvement through adopting sustainable alternatives for our top raw materials and we're committed to scaling our progress.

To identify more sustainable raw materials, Aritzia refers to the Textile Exchange's preferred fibre or material definition: A fibre or material that is ecologically or socially progressive and has been selected because it has more sustainable properties in comparison to conventional options.

To achieve a preferred status, the fibre or material must be independently third-party verified. The sustainability criteria for these materials must also be developed through a formalized multi-stakeholder process, which includes objective tests to verify its superior sustainability attributes, such as a peer-reviewed Life Cycle Assessment.

Aritzia has been a member of Textile Exchange since 2019 and completes the Corporate Fibre and Materials Benchmark annually. The results from our 2019 and 2020 reporting cycles can be <u>found here</u>.

#### **RECYCLED MATERIALS**

Using recycled polyester and nylon reduces its carbon footprint and puts waste back to use. We source post-consumer recycled polyester from used plastic bottles, recycled nylon from discarded fishing nets and fabrics and use materials made with ECONYL® regenerated fibre all of which are certified by the <u>Global Recycled Standard (GRS)</u>.

In Fall 2020, we released our most sustainable Super Puff<sup>™</sup> yet – The

super (Re)FUTT — cratted using ECONTL® yarn, a 100% regenerated fibre made from pre- and post-consumer recycled materials such as fishing nets, fabric scraps and carpets otherwise destined for the landfill.

As agricultural production can have a significant impact on the biodiversity and the climate, we also source recycled wool, cashmere and cotton.

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### FROM FOREST TO FABRIC

Forests are key to global biodiversity, which is why responsible forest management is integral to the wellbeing of our planet. To protect endangered and ancient forests, Aritzia has committed to source viscose and related wood-based materials like TENCEL<sup>™</sup> modal, TENCEL<sup>™</sup> lyocell and triacetate materials from more sustainable sources, including Forest Stewardship Council (FSC) certified fabrics.

Canopy is a non-profit organization focused on the protection of ancient and endangered forests. When Aritzia signed onto the Canopy commitment, we set a target to source 100% of our wood-based cellulosic fibres from forests that are not endangered or ancient. We met this target by mapping our resources of wood-based cellulosic and working with our supplier partners to ensure that raw materials came from providers with an ancient and endangered forest policy — as confirmed by Canopy.

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### ORGANIC MATERIALS

Organic materials are grown without synthetic pesticides and fertilizers, reducing greenhouse gas emissions associated with raw material production. It's better for the soil, the environment and workers' health. A number of our linen and cotton products — including nearly all of our Denim Forum brand — are certified to the <u>Global Organic Textiles</u> <u>Standard (GOTS)</u> or the Organic Content Standard (OCS).

#### **RESPONSIBLE DOWN**

Down is a key material in our outerwear program. We use goose down because it's one of the world's best insulators. Down is biodegradable, renewable and recyclable — and it lasts for decades.

We exclusively source goose down that's certified to the <u>Responsible</u> <u>Down Standard (RDS)</u>. Every step of the supply chain, down to the farm, has been inspected by an accredited independent certification body that upholds the RDS's strict requirements — ensuring our down is sourced from geese who receive adequate food, space, shelter and fresh water, and who are never force fed or live plucked.

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### **RESPONSIBLE WOOL**

Wool is a naturally sustainable and biodegradable material, constructed to last, providing unparalleled warmth and luxurious softness. Aritzia acknowledges that the quality of wool we use is as important as the animal welfare standards and land management practices. The Responsible Wool Standard (RWS) certifies wool farmers, ensuring that wool comes from farms with a progressive land management approach and from sheep that have been treated responsibly.

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#### MORE SUSTAINABLE COTTON

Cotton is one of our most important raw materials. While cotton is a renewable and natural commodity, conventional production uses high quantities of water, pesticides and fertilizers, which has a significant impact on our planet. For 2020, we set a target to make 50% of our cotton more sustainable and are proud to have surpassed this target, achieving 57% — with 50% Better Cotton\*, 7% organic cotton and <1% recycled cotton. We're committed to this cause and continue to work to further increase our impact.

\* Cotton sourced through the Better Cotton Initiative (BCI) is mixed with other cotton on its journey

from the field to the final product. By sourcing cotton through BCI, we're supporting cotton production standards that reduce negative impacts to the environment and improve farmer livelihoods. See <u>bettercotton.org/massbalance</u> for details.

### RESPONSIBLE SOURCING TECHNIQUES AND ANIMAL WELFARE

Aritzia aims to offer a wide range of products that cater to their large, diverse client base. We develop garments across our collections that have the functionality and look of leather, suede or down but aren't derived from these traditional animal sources.

We don't use fur or angora on the basis of animal welfare and have banned garment sandblasting based on impacts to worker health, adhering to a comprehensive Materials Sourcing Policy and Animal Materials Sourcing Policy, to which we hold our suppliers accountable. These policies cover our standards for materials, worker health, animal welfare, fabric processes and treatments, and raw material origin and traceability. We obtain chain of custody and facility certification documents to validate all claims that we make on our products.

### MONITORING OUR SUPPLIERS' ENVIRONMENTAL PERFORMANCE

To monitor the environmental performance of our supply chain partners, we adopted the <u>Higg Facility</u> <u>Environmental Module (Higg FEM)</u> in 2018 – an industry tool created by the Sustainable Apparel Coalition. The Higg FEM is a self-assessment used by suppliers to report on their environmental management and performance against seven key areas: environmental management systems, water, effluent, chemicals, energy, emissions and waste.

Aritzia requires Higg FEM to be completed by

- Strategic finished goods facilities producing apparel.
- Strategic facilities producing accessories.
- Strategic facilities with higher and more complex water impacts due to wet processing, such as fabric suppliers, dye houses and finishing facilities.

In 2020, we met our target — 100% of our finished-goods facilities completed the Higg FEM assessment. As a result of our high level of supplier engagement, CDP rated Aritzia as an industry leader regarding supplier engagement on climate change.

To ensure that supply chain partners meet our environmental standards, we work collaboratively to develop Performance Improvement Plans based on the Higg FEM results. For example, one facility didn't provide regular training to all employees who work with hazardous waste; as a result of flagging this issue, the facility now provides training to all of these employees on a quarterly basis.

We're using Higg FEM to review our performance against the industry, and to inform how we work with our suppliers on environmental stewardship. We believe better environmental performance equals better business.

### Renewable Energy

In 2020, 64% of our product units were produced in manufacturing facilities that use on-site renewable energy, which represents 44% of our strategic suppliers.

# IDENTIFYING AND REDUCING OUR WATER AND CHEMICAL IMPACTS

Aritzia's main water impact takes place during raw material production and fabric processing. It's used for irrigation of agricultural raw materials in our products (like growing cotton), fibre and fabric washing, processing, dyeing and finishing. To date, our strategy to reduce water consumption has

focused on selecting more water-efficient raw material alternatives, which includes FSC certified wood-made cellulosics, more sustainable cotton, recycled materials and reducing water usage in highly water-dependent processes — like denim production.

We have a Restricted Substance List (RSL) in place that our suppliers must follow, outlining chemicals we've banned due to failure to meet environmental and safety performance standards. We're regularly expanding our sustainable chemicals program to align with industry practices, ensure safety and minimize toxicity to surrounding environments.

Denim Forum Does It Better

Aritzia's Denim Forum uses laser, nano bubble technology and GreenScreen Certified™ softeners to create an elevated aesthetic while reducing water usage.

For a mid-heavy wash, the industry average requires 60–100 litres per jean but our Denim Forum jeans only require 40–70 litres. With this improved processing technology, we're saving 8 liters of water (per pair) from Aritzia's conventional baseline.

Microfibre Research

Microfibres are a type of microplastic shed from textiles, largely during washing. Difficult to capture in current washing machine filters and wastewater treatment facilities, they often end up in natural ecosystems and are estimated to make up 35% of microplastics in marine environments.

In an effort to mitigate this problem, we've supported with the <u>Ocean Wise Plastics Lab</u> research team whose microfibre research will help to identify opportunities to improve our manufacturing and reduce the impact on our oceans.

### TAKING A CIRCULAR APPROACH

Aritzia's approach to circularity looks at three distinct stages of a product's lifecycle: design, use and end of life.

Design

From the initial design phase, we carefully consider the durability and timelessness of our products and their styles. We prioritize the use of recycled or regenerative input materials where possible — from the main fabrics we use, to the fill and trims that accompany them.

#### Use

Aware that caring for a product properly can extend its life, we prioritize education of the best washing and drying options — through our Style Advisors and product description section on aritzia.com — to ensure the longevity of our product.

End of Life

We engage with trusted Community partners like Good360, Dress for Success and Union Gospel Mission, to donate product that cannot be sold. For more information on our donations program, see <u>Our Community</u>.

In the rare occasion that products cannot be sold or donated, we work with <u>Debrand</u>, a Vancouverbased company that finds alternative uses for materials (such as building insulation and car-seat stuffing) or sends unusable materials to a waste-to-energy facility to generate electricity. As industryscalable technology for converting old textiles into new textiles is only just emerging, we continue to optimize our internal systems to avoid generating waste in the first place..

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