DETOX REPORT 2019/2020

FINAL REPORT

Machen macht den Unterschied.

Kaufland

Foreword

"Detox our water!" Back in 2011, Greenpeace used this slogan to rally society behind a "Wardrobe Revolution" and encourage the fashion industry to rethink their practices. Their aim was to eliminate hazardous chemicals from the manufacturing processes for textiles and footwear for the benefit of people and the planet by 2020. In December 2015, Kaufland signed up to the Detox campaign with a pledge to eliminate environmentally hazardous and toxic chemicals from the manufacturing processes of our apparel, home textile and footwear ranges for our own brands and imports by 2020. But what has been happening in the meantime?

Over the past five years, we have been addressing the challenges based on our Detox commitment and significant progress has been made. Since 2015, 545 wastewater tests have been carried out across 11 countries, and 90 audits and strategic meetings have been held with our suppliers. The success of this close-knit collaboration and ongoing engagement soon became apparent: in 2018, for example, 98% of the water samples from tests performed in our partners' wet processing facilities contained no AP/APEOs. We were able to eliminate this group of chemicals completely the following year and check through regular tests that it stays that way. The proportion of items made from GOTS-certified cotton across Kaufland's entire textile range has been increasing steadily, with many new certification labels coming on board over the years. The state-run "Grüner Knopf" (Green Button) label has been a particularly successful certification initiative and Kaufland was one of the first companies to receive it in 2019. Since the scheme was launched in September 2019, Kaufland Germany has sold 11 million items meeting the strict Grüner Knopf requirements.

We have learnt a great deal on this journey:

» Water tests have given us a comprehensive insight into chemical management across the supply chain, enabling us to introduce gradual improvements.

» In-depth training sessions in wet processing facilities have played a major part in the project's success. This has created awareness of the challenges and objectives on which we can build to develop shared solutions for the sector as a whole.

» Although we have successfully eliminated the majority of the 11 main hazardous chemical groups covered by the Detox commitment from our production processes, the sector is still facing a huge challenge with two particular groups of substances: heavy metals, which are found in dyes, and flame retardants are still present in most water samples. Kaufland is now involved in research projects with suppliers from the first phase in the quest for a solution to build a more sustainable future for the industry.

The quest continues

However, the journey isn't over yet, not by a long chalk. We have a clear vision for the future and intend to continue working towards more eco-friendly textile production beyond 2020. We will look beyond the narrow topic of chemical management and strive for holistic environmental protection, covering a whole range of relevant areas, starting with water and soil, but also looking at biodiversity and broader climate issues. "Detox to zero" remains our overriding aim. To this end, we intend to work alongside our partners throughout the world and our colleagues in the industry to come up with pioneering solutions. There's a lot to do, but we are confident we can achieve a great deal.

"To make real progress, we need to stand back and look at the bigger picture. We have set ourselves considerable aims, but we are capable of achieving them: reducing the amount of chemicals we use, cutting our water consumption and putting an end to the waste of finite resources. Here at Kaufland, we feel compelled to do more and to report on our findings and successes as we go. By so doing, we can work together to create a better world for each and every one of us."
– Philipp Maximilian Sohler, Board Member – International Non-Food, Kaufland

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AP: Alkylphenols
APEO: Alkylphenol ethoxylates
GOTS: Global Organic Textile Standard
GPEP: Global Pilot Education Project
GRS: Global Recycled Standard
IPE: Institute for Public and Environmental Affairs
MRSL: Manufacturing Restricted Substances List
OCS: Organic Content Standard
PFC: Poly- and perfluorinated chemicals
RSL: Restricted Substances List
SCCP: Short-chain Chlorinated Paraffins
WHO: World Health Organisation
WPF: wet processing facilities
ZDHC: Zero Discharge of Hazardous Chemicals

"If nothing else, the corona virus pandemic has demonstrated just how important business partnerships are. We need to work with our partners to identify new solutions to get through these difficult times, yet also remain competitive in the future. Our aim remains the same: to promote a sustainable and circular textile industry. At the same time, the pandemic has given us the opportunity to rethink the way we operate: to strive for a future in which the environment, social issues and the economy work in harmony."
– Tamara Wulf, Senior Project Officer, Sustainable Textile Solutions

"In times of crisis, it is particularly important that we support each other. Close collaboration between suppliers, laboratories and buyers is essential if we are to survive the pandemic together."
– Mominul Islam, Senior Manager Analytical Lab, Intertek

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Our Detox Commitment and Strategy

Key aims and content

As part of Greenpeace's worldwide Detox campaign, we are committed to the eco-friendly and resource-efficient production and use of textiles. Since 2017 we have been publishing an annual Detox Report to highlight the progress we have made as transparently as possible.

Our Detox strategy is based on five key elements:

Chemical Management

What comes in? What goes out? Completely transparent processes to guarantee clean production. Our chemical management system is based on the Clean Factory approach.

Supply Chain Management and Strategic Talks with Suppliers

Supply chain management at Kaufland plays a major role in ensuring that Detox requirements are effectively fulfilled throughout the supply chain. By holding strategic talks with suppliers, we are able to develop joint optimisation strategies.

A More Sustainable Product Range

We are gradually replacing products in our range by equivalents that are as eco-friendly and durable as possible.

Circular Economy

By providing textile take-back schemes in our stores, we hope to establish a circular economy for textiles and footwear.

Transparency

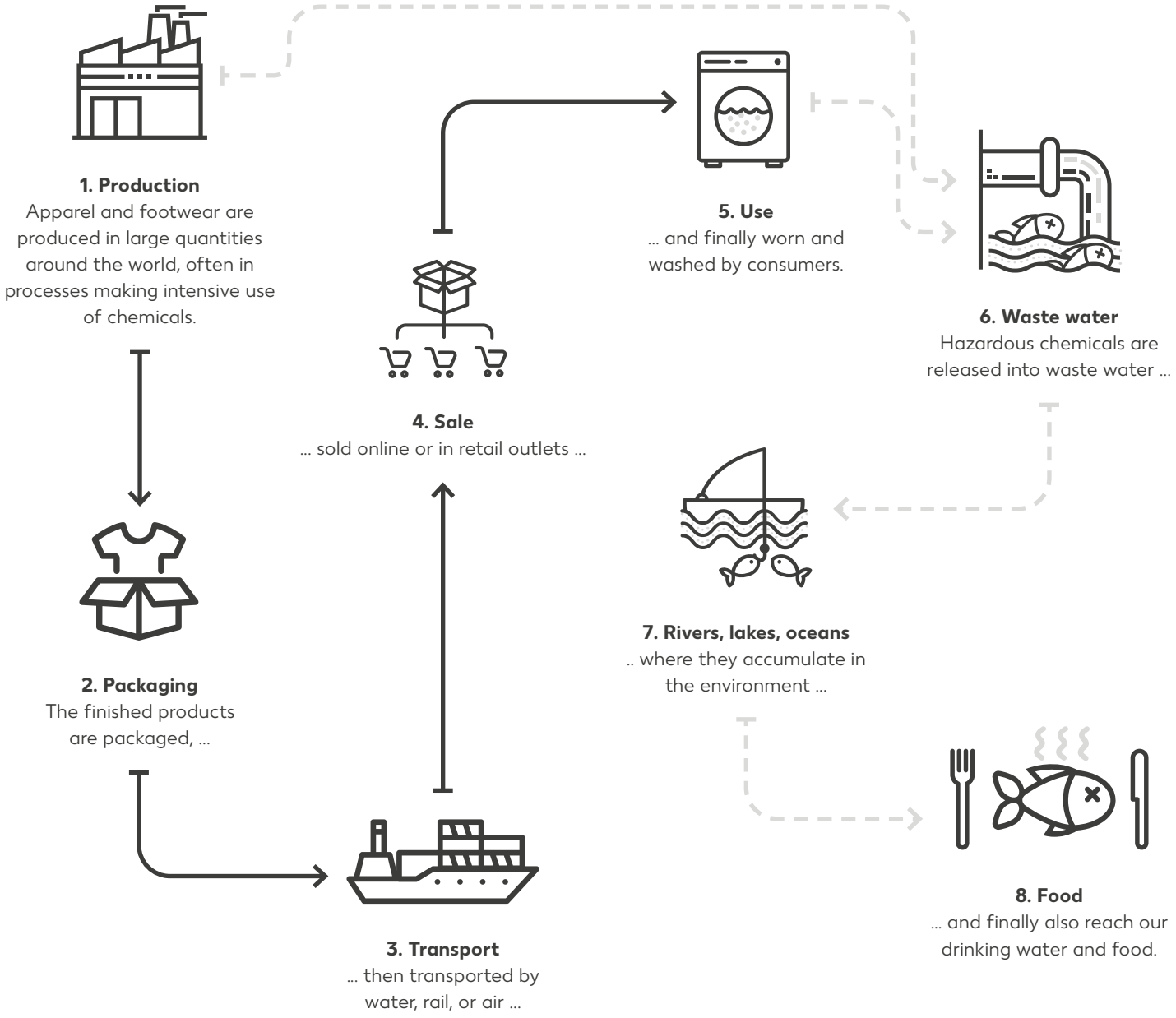
We are keen to ensure that sustainability is completely transparent at Kaufland by reporting via as many channels as possible.

Strategic talks with suppliers have developed from training sessions and audits: we are currently in an advanced stage of the development phase with our suppliers and partners in the wet processing facilities. During the initial years of rolling out our Detox strategy, we found that training sessions were the best way to set this important process in motion and offer our suppliers the means to help themselves. By holding strategic talks with suppliers, we have been able to work with them to make processes eco-friendlier and more efficient with a broader social impact. In previous years this led to a close-knit exchange of views, allowing us to respond promptly and flexibly to individual audit and test results, and to take action if the results in question do not meet our expectations. In terms of the Kaufland Detox Report, this means that, since the 2018 Detox Report, the sixth element (Training and Audits) of our Detox strategy has no longer been shown separately.

Challenges

The way of hazardous chemicals in the textile industry

Chemicals used in the textile industry can be hazardous to humans, animals and the environment – which is precisely why it is so important to rethink how we manufacture textiles and footwear.



Detox in Numbers

2/3

Two thirds of Kaufland's textile products in 2019 were made from GOTS-certified cotton.

100%

Since 2017, we have been providing 100% transparency in the supply chain by recording all preliminary phases of our textile and footwear suppliers.

90

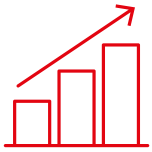
Between 2015 and 2019, 90 audits and strategic meetings were held on suppliers' premises.

545

Since the start of our Detox commitment, 545 wastewater tests have been carried out across 11 countries.

100%

A great success: in 2019, 100% of our water tests showed no signs of AP/APEOs.



97%

Between 2016 and 2020, the proportion of all water tests showing no PFCs rose by 11 percentage points to 97%.

12

Twelve students from the Daffodil University in Dhaka (Bangladesh) took part in the Global Pilot Education Project (GPEP), launched by Kaufland in 2019.

11,000,000

In 2019 and 2020, Kaufland Germany sold approximately 11 million items meeting the rigorous "Grüner Knopf" requirements.

Milestones

Key progress

2015–2018

- Detox commitment signed
- Kaufland MRSL compiled, published and updated
- Detox audits and training sessions initiated, enhanced and developed
- Case studies for PFCs and AP/APEOs
- Commitment by all suppliers to disclose production processes in wet processing facilities
- Training for workers in all wet processing facilities
- Suppliers and wet processing facilities published on the Kaufland website
- Start of Clean Factory approach
- Significant increase in the proportion of eco-friendly and resource-efficient textile products
- Introduction of textile take-back schemes operated by a service provider in stores to return old textiles and footwear
- Complete supply chain transparency achieved by recording all preliminary phases performed by textile and footwear suppliers
- Kaufland receives GOTS certification
- Assessment of wet processing facilities and suppliers based on the results of water tests in line with the Kaufland Action Plan and using a traffic light system
- Focus on testing for heavy metals and flame retardants

2019–2020

- Measuring performance and gradual optimisation with a view to eliminating more hazardous chemicals from the production process
- Multi-stakeholder initiatives based on projects in Asia to find the causes and reduce/eliminate substances from the 11 main hazardous chemical groups defined by the Detox campaign
- Kaufland receives GRS certification
- Kaufland receives Grüner Knopf (Green Button) certification
- Kaufland receives OCS certification
- Introduction of a Kaufland complaints scheme as part of our commitment under the Grüner Knopf initiative and in line with our responsibility to our production plants
- Work exclusively with clean factories
- All hard goods suppliers published on the website in 2020 alongside textile and footwear suppliers
- Updated list of wet processing facilities and textile and footwear suppliers on the Kaufland website
- Major overhaul of training for Kaufland employees and business partners and for workers in the manufacturing countries

Outlook

- Constantly committed to ensuring that socially and environmentally compatible chemicals are used to produce our own brands
- Annual update of the Kaufland RSL and MRSL, plus the list of wet processing facilities, textile, footwear and hard goods suppliers published on the Kaufland website
- Extended commitment to more sustainable working and production conditions in addition to our focus on chemical management
- Further gradual increases in the proportion of eco-friendly and resource-efficient materials
- Ongoing packaging optimisation, e.g. by using recycled plastic
- Extension of Detox 2030 to additional product groups by way of pilot projects
- Continuous promotion of the circular economy concept for our business practices

Chemical Management

Clean Factory approach. What comes in? What goes out? Completely transparent processes to guarantee clean production

Our aim isn't merely to improve production lines used to manufacture products for Kaufland. It goes a lot further than that: we want to improve the entire chemical management system from initial input, through handling and storage, right up to disposal. Which is why we use the Clean Factory approach. This is a multi-stage system to ensure complete transparency and control with the aim of guaranteeing clean production. We can achieve this by defining the chemicals we input into the system. By analysing suppliers' chemical inventory lists, Kaufland has been able to draw up a Manufacturing Restricted Substances List (MRSL) to specify which input chemicals are prohibited. This list is reviewed annually and adapted accordingly. The updated list is sent to all suppliers and partners and also published on the Kaufland website for information purposes.

Aims of chemical management:

- Protect the health of employees and ensure that they are safe
- Store chemicals safely
- Avoid polluting water
- Avoid waste and dispose chemical waste safely
- Comply with statutory regulations and any Kaufland requirements over and above these regulations

CHEMICAL MANAGEMENT SYSTEM

Developing structures and establishing processes – a systematic, step-by-step approach

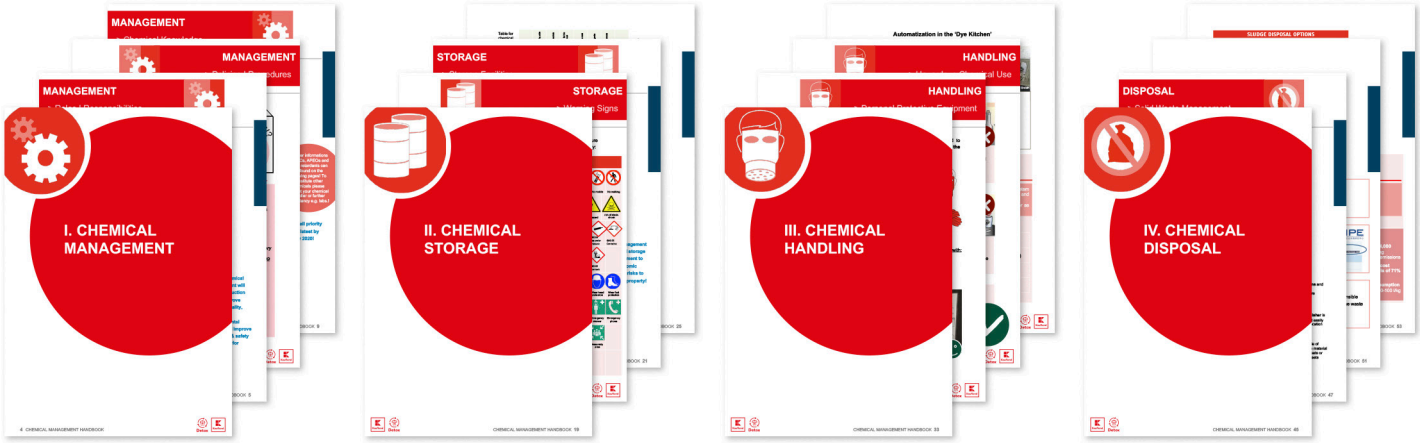
We help our suppliers to develop a chemical management system. All Kaufland suppliers receive the Kaufland Detox commitment and MRSL and are required to pass them on to their production and wet processing facilities. By signing the Kaufland Detox commitment, our suppliers are acknowledging that they accept our requirements.

Kaufland's chemical requirements state that any chemical used to manufacture products for our company must comply with the Kaufland RSL, MRSL or the GOTS Positive List.

Kaufland Action Plan
For structured processes: the Kaufland Action Plan sets out the actions to be taken when working with our suppliers to achieve the desired results. It covers 18 actions, which can be assigned to three areas: internal management tools, external information tools and technical support tools. In addition to providing a list of all wet processing facilities (see "Assessment of wet processing facilities", page 15), the "Detox Performance Summary" is one of the key internal actions. The results of the chemical tests on water supplies and wastewater before and after treatment are summarised in an analysis diagram. If wastewater quality is found to be unsatisfactory, it can only be improved if our production partners adapt their production practices accordingly. Kaufland provides suppliers with a chemical positive list for this very purpose.

Since 2018, we have also provided suppliers with the Kaufland Supplier Detox Chemical Management Handbook, which covers four key topics: chemical management, chemical storage, chemical handling and chemical disposal. The handbook shows current best practices with a view to improving production techniques.

The "Supply chain transparency tool" is essential for informing external stakeholders. It includes a list of all plants involved in the production process, from all stages from fibre processing, right up to the finished product.



PERFORMANCE DATABASE

This is how we collect and use detailed performance data for our suppliers and wet processing facilities

In 2018 we also introduced a system to evaluate the results of product and water tests carried out at supplier level. Not only does a database allow us to access detailed performance data for our suppliers and wet processing facilities, from which we can draw specific conclusions, it also helps us develop best-practice solutions, which we can then make available to our suppliers for training purposes. We also define specific actions based on this data to help us achieve our Detox commitment. For example, we are able to define a number of key points based on our analyses. Since 2018 our focus has been on heavy metals and flame retardants. It is still not possible to completely remove substances from these two substance groups from the production process using current technology. However, we are committed to continuing our search for potential solutions.

WATER TESTS BY COUNTRY
2019

111

In 2019 Kaufland carried out **111 supply and wastewater tests** ...

63

... at **63 wet processing facilities** ...

7

... across **seven countries.***

WATER TESTS BY COUNTRY
2020

74

Up to October 2020, **74 supply and wastewater tests** were carried out ...

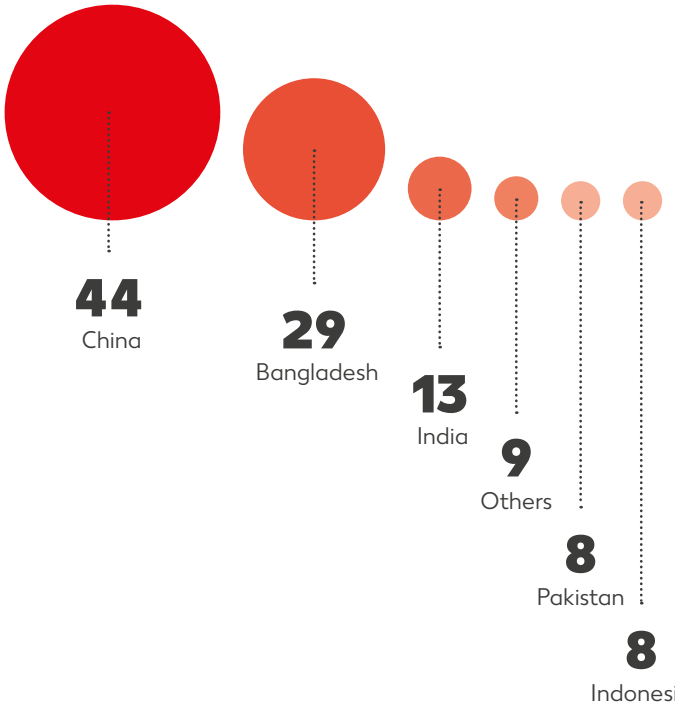
42

... at **42 wet processing facilities** ...

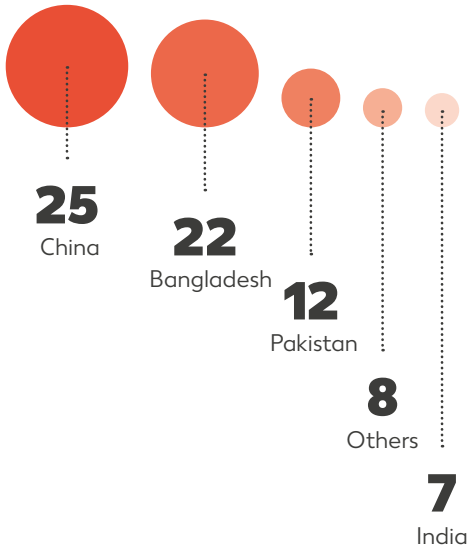
7

... across **seven countries.**

TOTAL NUMBER OF TESTS PER COUNTRY IN 2019



TOTAL NUMBER OF TESTS PER COUNTRY IN 2020
(up to and including October)



* These figures include water tests in all active wet processing facilities (2019: water supply 45 tests, wastewater 66 tests; 2020 (up to and including October): water supply 32 tests, wastewater 42 tests). These figures also include tests not commissioned by Kaufland, but where the results also meet our requirements.

AP/APEOs
2019

111

111 water tests showed no AP/APEOs*

Reduction in the levels of AP/APEOs detected (2018: limit exceeded in 3 tests)

AP/APEOs in water supply*:
- **45** limit complied with
- **0** limit exceeded

AP/APEOs in wastewater*:
- **66** limit complied with
- **0** limit exceeded

AP/APEOs
2020 (up to and including October)

73

73 water tests showed no AP/APEOs*

AP/APEOs in water supply*:
- **32** limit complied with
- **0** limit exceeded

AP/APEOs in wastewater*:
- **41** limit complied with
- **1** limit exceeded

PFCs
2019

109

109 water tests showed no PFCs*

Reduction in the levels of PFCs detected (2018: limit exceeded in 4 tests)

PFCs in water supply*:
- **44** limit complied with
- **1** limit exceeded

PFCs in wastewater*:
- **65** limit complied with
- **1** limit exceeded

PFCs
2020 (up to and including October)

70

70 water tests showed no PFCs*

PFCs in water supply*:
- **30** limit complied with
- **2** limit exceeded

PFCs in wastewater*:
- 40 limit complied with
- 2 limit exceeded

* Data source: 2019: water supply 45 tests, wastewater: 66 tests; total of 111 water tests in 63 wet facilities: 2020 (up to and including October): water supply 32 tests, wastewater 42 tests, total of 74 water tests in 42 wet facilities.

HEAVY METALS
2019

15

15 water tests showed no heavy metals*

Reduction in heavy metals detected (2018: limit exceeded in 125 tests)

Heavy metals in water supply*:
- **11** limit complied with
- **34** limit exceeded

Heavy metals in wastewater*:
- **4** limit complied with
- **62** limit exceeded

HEAVY METALS
2020 (up to and including October)

9

9 water tests showed no heavy metals*

Heavy metals in water supply*:
- **5** limit complied with
- **27** limit exceeded

Heavy metals in wastewater*:
- **4** limit complied with
- **38** limit exceeded

FLAME RETARDANTS
2019

51

51 water tests showed no signs of brominated or chlorinated flame retardants*

Brominated and chlorinated flame retardants in water supply*:
- **25** limit complied with
- **20** limit exceeded

Brominated and chlorinated flame retardants in wastewater*:
- **26** limit complied with
- **40** limit exceeded

FLAME RETARDANTS
2020 (up to and including October)

56

56 water tests showed no signs of brominated or chlorinated flame retardants*

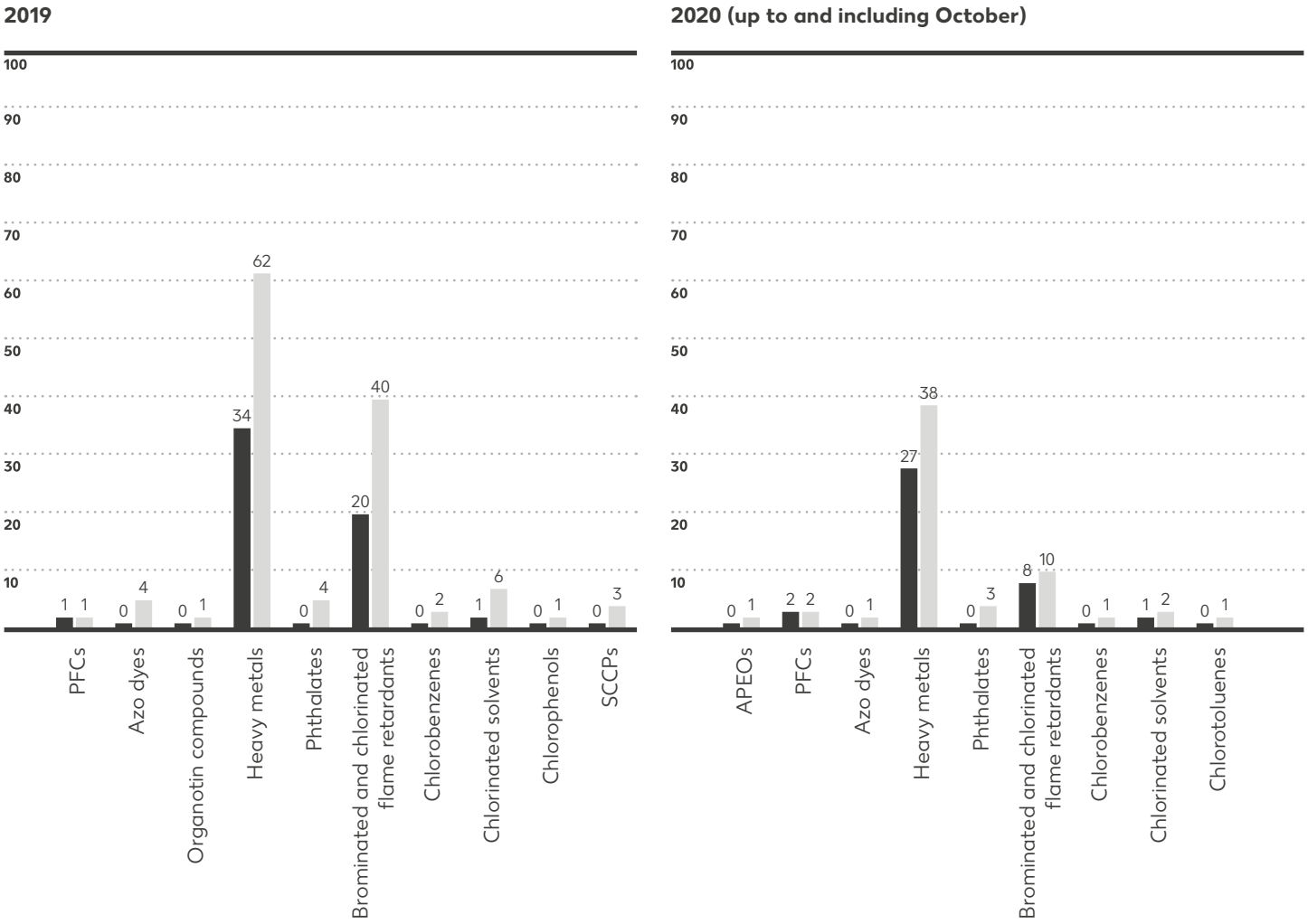
Brominated and chlorinated flame retardants in water supply*:
- **24** limit complied with
- **8** limit exceeded

Brominated and chlorinated flame retardants in wastewater*:
- **32** limit complied with
- **10** limit exceeded

* Data source: 2019: water supply 45 tests, wastewater: 66 tests; total of 111 water tests in 63 wet facilities: 2020 (up to and including October): water supply 32 tests, wastewater 42 tests, total of 74 water tests in 42 wet facilities.

Instances where chemicals exceeded the permitted limits, based on water supply and wastewater*:

● Water supply ● Wastewater



* Data source: 2019: water supply 45 tests, wastewater 66 tests; 2020 (up to and including October): water supply 32 tests, wastewater 42 tests. This diagram only shows the hazardous chemical groups where limits were exceeded. No limits were exceeded in the other hazardous chemical groups.

Supply Chain Management and Strategic Talks with Suppliers

Challenge for the global supply chain – with a high-performance supply chain management system and strategic talks with suppliers, we are optimising our textile supply chain

Supply chain management at Kaufland plays a major part in ensuring that Detox requirements are effective throughout the supply chain.

Our underlying supply chain management values

Communication:
Ongoing learning and open exchanges form the basis for successful supply chain management in the long term.

Responsibility:
We want to empower factories to manage chemicals independently and responsibly.

Transparency:
If we are to eliminate hazardous chemicals from the entire supply chain, it is crucial that all processes are as transparent as possible.

Since 2018 we have been able to guarantee complete transparency throughout our supply chain by recording details of all wet processing facilities. By requiring wet processing facilities to carry out water tests and upload the results to the IPE database, we have not only taken an important step towards ensuring transparency, but also created solid foundations that we can build on in future.

It goes without saying that our claim to transparency also extends to our customers and stakeholders. Since 2017 we have been publishing details of all our textile and footwear production plants for our own brands and imports on our website on a yearly basis. In 2018 we included wet processing facilities in this list for the first time, and hard goods suppliers will be added from 2020 onwards.

STRATEGIC TALKS WITH SUPPLIERS

Driving change – effectively and individually

Chemical management is a multi-stage process. Over the years, our wet processing facilities have built up a solid knowledge base. We launched our capacity building programme back in 2018 to support wet processing facilities in switching to non-hazardous alternatives. Strategic talks with suppliers were held in May after comprehensive audits in the first half of 2018. Using the audit results as a starting point, we set up joint working groups with the relevant plants to discuss where there was potential for optimisation, e.g. technical improvements, and we are now gradually implementing these changes. We know our suppliers, and over the years we have been able to establish a close working relationship with them, including an active exchange of ideas. As a result, we now have immediate, direct access to the relevant companies should any discrepancies arise in the test reports or if there is a risk that they may slip from "amber" to "red" in the assessment system. The aim is to work together to create individual ad-hoc solutions in each facility. For example, we can pursue our Clean Factory approach on a more targeted basis by identifying individual weak points more effectively, allowing us to put optimisation measures in place. In 2020 the corona virus pandemic has unfortunately prevented us from visiting our suppliers on their premises. However, desktop reviews, internal workshops and corresponding online meetings, as required, have enabled us to meet our responsibilities despite the pandemic. This meant we were still able to support our partners on their journey from "Detox to zero". Beyond 2021, the aim is to offer one workshop and one training session every six months and to resume strategic talks with suppliers. We have also come up with a video training programme this year which should be rolled out to all new employees starting in 2021. The Sustainability section is primarily concerned with chemical and environmental management.

90

Number of audits and strategic meetings (from 2015 to the end of 2019): 90

ASSESSMENT OF WET PROCESSING FACILITIES

Comparability via the traffic light system

We use a traffic light assessment system to compare wet processing facilities. This allows us to classify wet processing facilities as green, amber or red (see graphic). In turn, this ensures that we only work with the very best companies. Kaufland updates and publishes the list of major manufacturers of apparel, home textiles and footwear along with their wet processing facilities (WPFs) annually. We pay particular attention to WPF groups with critical results and take appropriate follow-up actions. After several years' work in this area, we have succeeded in creating a pool of WPFs for internal use. This includes wet processing facilities that share our commitment and have got to grips with the associated challenges. They display a consistently high level of performance. Our aim is to extend this pool still further so that we can support our suppliers on the "Detox to zero" road.

Assessment standards

Category
Green: free from hazardous chemicals (limits not exceeded)
Amber: hazardous chemicals detected, but no critical chemicals*
Red: critical chemicals detected* > no production

* According to the traffic light assessment system, critical chemicals include APs, APEOs, PFCs and flame retardants.

RESEARCH AND DEVELOPMENT

Transfer of knowledge to the decision-makers of the future

Kaufland's mission is to make the process of manufacturing clothing more environmentally-friendly. Protecting water supplies and preventing water pollution are key topics in this process. And yet, this is no easy feat in the fashion industry: both flame retardants and the heavy metals used in dyes pollute groundwater and rivers, and there are currently no technological solutions to address this problem. This is precisely why Kaufland set up the Global Pilot Education Project (GPEP) in 2019. As part of this scientific project, 12 students from the Daffodil University in Dhaka (Bangladesh) have been carrying out research into wastewater contamination by heavy metals. In this project prepared and supported by Kaufland consultants, wastewater samples were taken from selected plants and causal analyses were carried out. One of the plants in which the students were able to put their newly found knowledge into practice was a facility belonging to Impress-Newtex Composite Textiles Ltd. This company has signed up to a number of well-known initiatives such as ZDHC and Amfori BEPI, and it is also certified according to ISO 14001 and STeP by OEKO-TEX. Experts from international testing organisations Intertek and Sustainable Textile Solutions were also on hand to support the research project, which ran for a total of six months.

"I feel incredibly lucky and grateful to Kaufland for giving me this fantastic opportunity to acquire so much experience during this project. It has also made me even more determined to find a career where I can promote sustainability in the industry. I have already found a job where I can put my newly found skills to use."
– Moshiur Rahaman, Student at Daffodil University, Dhaka (Bangladesh)

"The project has made me realise just how hazardous wastewater from the conventional textile industry is for the environment. We learnt how wastewater limits can be observed by using water treatment plants and non-hazardous chemicals."
– Anisur Rahman, Student at Daffodil University, Dhaka (Bangladesh)

One of the most notable findings from the joint project was just how complex this whole issue is. There was a clear consensus among the project participants that it needs to run for longer if we are to gain a satisfactory overview of the subject. The search for technical solutions is therefore set to continue. Not only has the GPEP managed to show the decision-makers of the future what problems they need to overcome in their own countries, it has also empowered them to play an active role in the process. Unfortunately, due to the pandemic, it has not yet been possible to implement the next steps scheduled for 2020. We are still confident, however, and are looking forward to taking up where we left off in the project phase and promoting exchanges with universities, experts from the worlds of research and engineering, and the industry as a whole. If we are to respond to the most pressing challenges facing the textile industry and bring about systemic changes, we need to rely on expert knowledge based on economic and environmental evidence. We are keen to pass on our experience to future generations and to empower them to learn the necessary skills so that they can bring about the transformations required. This is why we are always pleased to work with partners who share our aim of bringing about change through knowledge.

"By working alongside these committed students and enjoying many lively discussions, we are confident that the decision-makers of the future have a keen interest in promoting the use of sustainable concepts in Bangladesh."
– Faizul Haque, Consultant, Sustainable Textile Solutions

"I am absolutely certain that the development of sustainable products is key to protecting the environment and will play a hugely beneficial role in our society."
– Anwar Hossain, Deputy Manager – HR/Admin and Compliance, Impress-Newtex Composite Textiles Ltd.

A More Sustainable Product Range

We are gradually replacing products in our range with more eco-friendly and resource-efficient equivalents.

Systemic social transformation is essential if we are to make sustainable changes in our consumer society. As a retailer, we see it as our responsibility to encourage our customers to shop more responsibly, with increased awareness of the relevant issues. This is precisely why we are gradually replacing products in our range with equivalents that are as eco-friendly and durable as possible.

Natural fibres

Our aim is to use as many materials made from organically grown natural fibres as possible. We have consistently been able to increase our proportion of GOTS-certified textiles: in October 2020, 98% of our cotton textiles were GOTS-certified. When measured against all own brand and self-imported textile items (excluding footwear), this corresponds to an overall figure of 66%. Since 2018 Kaufland has been a GOTS-certified member of the Kaufland group of companies. The GOTS re-audit took place in September 2020 and once again we passed with flying colours. That same month, our organic cotton products were also certified compliant with the Organic Content Standard (OCS), enabling us to prove that our entire cotton range is from organic cultivation.

GOTS

Textile labels provide information about social and environmental criteria in production processes. The Global Organic Textile Standard (GOTS) is recognised throughout the world as a leading standard for processing textiles made from organically produced natural fibres. This high-level standard defines environmental requirements along the entire textile production chain and also sets out the social criteria to be met. Quality assurance is guaranteed by independent certification throughout the textile supply chain. Any company wishing to be GOTS-certified must comply with all criteria set out in the standard – without exception. Using the belt and braces principle, GOTS is based on a dual system of inspections in the production plants and residue analyses to make absolutely certain that the criteria are met.[1]

Recycled materials

The use of recycled materials for artificial fibres is another of Kaufland's Detox commitment targets. Polyester is often used, especially when manufacturing functional garments; this artificial fibre is made from crude oil in a CO_2-intensive process. Instead of using new polyester fibre, we therefore try to use recycled plastic wherever possible. This has many benefits:

- Plastic can be recycled
- Does not use any further crude oil
- Reduced CO_2 emissions
- Uses less energy

GRS

Traceability and transparency: the Global Recycled Standard (GRS) allows companies to record the precise amounts of recycled material they use in a product and to track these figures along the production chain. GRS products also have regulated amounts of additives. Likewise, the company is required to follow GRS guidelines for environmental management and social responsibility.

The aim of the international product standard, which is a voluntary scheme for companies, is to increase the proportion of recycled materials in a product. Kaufland sought GRS certification for the first time in August 2019 but underwent the first re-audit in September 2020. We are delighted to announce that our first products displaying the GRS logo will be available in January 2021.

Global Recycled Standard

Certified to the GRS
Made with recycled Polyester
CU1000035

1 https://www.global-standard.org/de/the-standard/general-description.html

Recycled sports collection
Kaufland's first sports collection made from recycled plastic (PET) bottles, fishing nets and plastic waste arrived in stores in January 2020. This was a pilot project, but already satisfied GRS criteria. The sustainable fitness range was a resounding success for Kaufland. Good products, good sales figures – just two good reasons to look forward to the next collection. Due in early 2021, this new collection will be certified to comply with the Global Recycled Standard.

Durability
We employ a wide range of measures to make sure that our products are as durable as possible. From colourfastness via the durability of the material, right through to washing, ironing and general performance, we set standards, in the form of our Kaufland minimum requirements that are often way above the industry benchmark. This is in addition to using high-quality fibres (see "Natural fibres", page 18), of course.

Labelling and optimised packaging
Even the packaging and labels used on our products are put under the sustainability microscope. We use cardboard boxes instead of plastic bags, cotton thread in place of plastic tags, and cotton labels rather than the satin versions wherever possible. We've also taken a whole series of measures to eliminate plastic and optimise our packaging material.

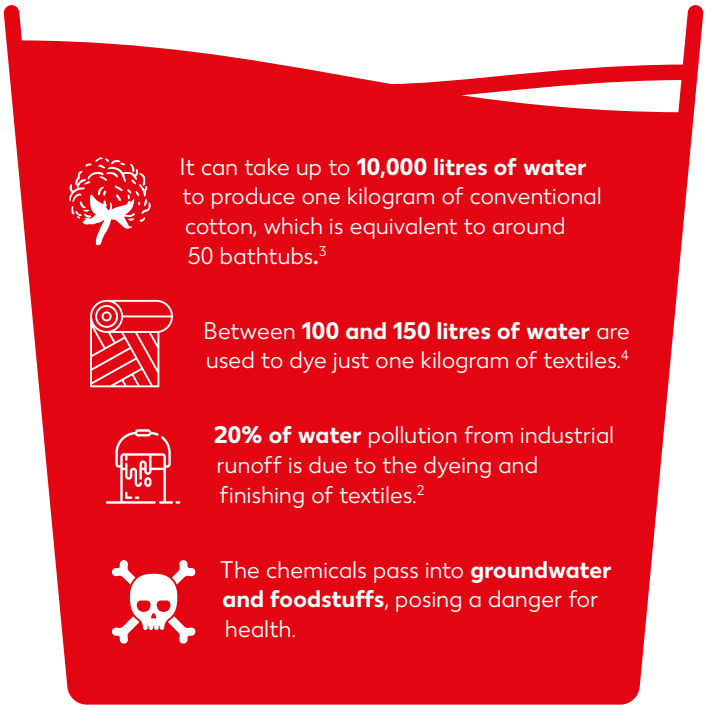
WIR FÜHREN PRODUKTE MIT DEM SIEGEL:
GRÜNER KNOPF
SOZIAL. ÖKOLOGISCH. STAATLICH.
UNABHÄNGIG ZERTIFIZIERT.

New: Grüner Knopf (Green Button)
Kaufland was one of the first companies to use "Grüner Knopf". We have held this state-run certification label since 2019. It is used to identify textiles manufactured in line with socially and environmentally sustainable principles and marketed by companies who act responsibly. A total of 46 challenging social and environmental standards must be met, ranging from wastewater standards to a ban on forced labour. Product criteria are primarily reinforced by recognised labels such as GOTS. In terms of individual fibres, the scheme considers the use of natural fibres from organic cultivation and sustainable procurement of artificial fibres. In September 2020, Kaufland became the first company to undergo a monitoring audit and to pass without any issues. Over the course of 2019 and 2020, Kaufland Germany sold approximately 11 million items certified under the state-run "Grüner Knopf" label.

WATER MANAGEMENT

Water is a vital resource for human life. And yet this valuable resource is under threat: according to the World Health Organisation (WHO), by 2025 half of the world's population will live in areas where water is a scarce commodity. The textile industry is one of the main culprits as the world's second largest water user and polluter.[2] Cultivation of raw materials, notably the water-intensive processes used when growing cotton, is the most detrimental activity, along with finishing processes such as dyeing. The secondary effects of the production processes used in the sector on the global water cycle are quite simply catastrophic: pesticides and herbicides in groundwater, while industrial waste contaminated with chemicals is discharged to rivers and oceans.

We are determined to play our part in protecting water as a resource. Our aim is to use as little water as possible in the production process and similarly to keep the amount of chemicals and energy we use to the lowest possible levels. In the long term, we want to see sustainable resource management so that future generations also have guaranteed access to clean water supplies.



This is how we intend to protect water as a resource:

» Regular water tests in our wet processing facilities are key to our chemical management system. They will enable us to find out whether and, if so, which chemicals are present in wastewater. We can then work closely with the companies in question to identify solutions to eliminate these substances from the water cycle.

» Organic cotton cultivation practices need over 90% less water than conventional cotton cultivation. Nor do they use chemical fertilisers or synthetic pesticides. With effect from 2021, companies manufacturing the textiles sold by Kaufland for products that cannot be certified under the GOTS scheme will use organic cotton that meets OCS requirements. In other words, 100% of our cotton range will be made from organically certified cotton.

» By using more eco-friendly dyeing methods (e.g. dope dye), the manufacturers of the textiles we sell can avoid using water in this part of the process, either entirely, or at least to some extent. They also use fewer chemicals and less energy.

Dope dye is a so-called spun-dyeing process. This means that the fibres are dyed during the spinning process by adding the polymer with the dye granules and then spun. This in turn leads to considerable reductions in CO2 emissions during this stage of the process in addition to using significantly less water and energy. Kaufland's first product to be made using this water-saving dyeing method hit the shelves in November 2020. No water is used in the dyeing process when producing the two-part synthetic-fibre bedding.

2 Grüner Knopf (2020), https://www.gruener-knopf.de/fuer-verbraucherinnen
3 Umweltbundesamt (2017), https://www.umweltbundesamt.de/themen/verstecktes-wasser
4 Wirtschafts Woche (2014), https://www.wiwo.de/technologie/green/textil-revolution-startup-faerbt-stoffe-ohne-wasser-und-chemie/13568698.html
5 Soil Association (2015), https://www.soilassociation.org/press-centre/press-releases/cool-cotton-how-to-reduce-the-climate-change-impact-of-the-world-s-dirtiest-crop/

Circular Economy

Our way of promoting a circular economy

We are convinced that promoting a circular economy for textiles and footwear is an essential part of a sustainable approach. This is why we have joined forces with independent service providers to take back textiles and footwear from our customers. Kaufland provides these service providers with facilities for the take-back schemes in their stores or on store sites. Our Detox commitment aim was to reach 80% of Kaufland customers worldwide by the end of 2016. This was, and continues to be, unachievable, not least due to barriers in Germany caused by official requirements. However, we were able to chalk up at least one minor success in Germany in 2017. Our customers can now take their old textiles and footwear back to some Kaufland stores, where they will be accepted by an independent service provider. Unfortunately, there have been a few problems with this scheme, not least because the boxes tend to end up as repositories for general waste in addition to the returned goods. In order to make the recycling boxes easier to identify, we redesigned the existing ones at the start of 2020 and provided our customers with information on how to use them properly. Due to the problems we experienced, the project will not be extended to other countries for the time being.

FROM OLD TO NEW

Recycling employees' old uniforms

In 2017, Kaufland issued 130,000 store workers in Germany and six other European countries with new GOTS- and Fairtrade-certified uniforms. Then, in 2018, our company joined forces with GreenCycle GmbH to develop a scheme to turn employees' old uniforms into blankets. This led to the production of 10,000 blankets, which Kaufland went on to donate to the Arbeiter-Samariter-Bund (ASB) (German Workers' Samaritan Federation) for use by people in need. We are currently testing a new circular economy project involving employee uniforms – and look forward to providing updates in future Detox Reports.

Transparency

By reporting on progress, we can help make sure that sustainability at Kaufland is completely transparent

We are keen to use as many channels as possible to tell our stakeholders about the challenges facing people, animals and the environment as a result of the processes used to manufacture clothing, home textiles and footwear, while simultaneously giving them the opportunity to make better-informed decisions – and to feel they are changing things for the better. To promote awareness of increased sustainability in society, we are making our activities as transparent as possible. Telling our customers what we are doing in this area is just as important as getting the same message across to our employees.

COMMUNICATION ACTIVITIES

- Publication of all wet processing facilities and suppliers in the textile and footwear sectors, plus hard goods suppliers, on the Kaufland website
- Internal and external communication channels
- Promotion of sustainable textiles/footwear on the Kaufland website, in the Kaufland newsletter and in our customer magazine

COMPLAINTS SCHEME

Online system to report breaches of human rights

The Kaufland complaints scheme can be used to quickly identify breaches of human rights and take action to deal with the problem. It enables victims or observers to report potential breaches of human rights using a system that guarantees confidentiality for all concerned. The online system is available in over 25 languages, making it accessible and understandable for all parties who may need to use it. Breaches can be reported by e-mail, telephone or via the website.

Complaints management also forms part of the 20 corporate criteria to be met by companies wishing to be certified under the "Grüner Knopf" scheme.

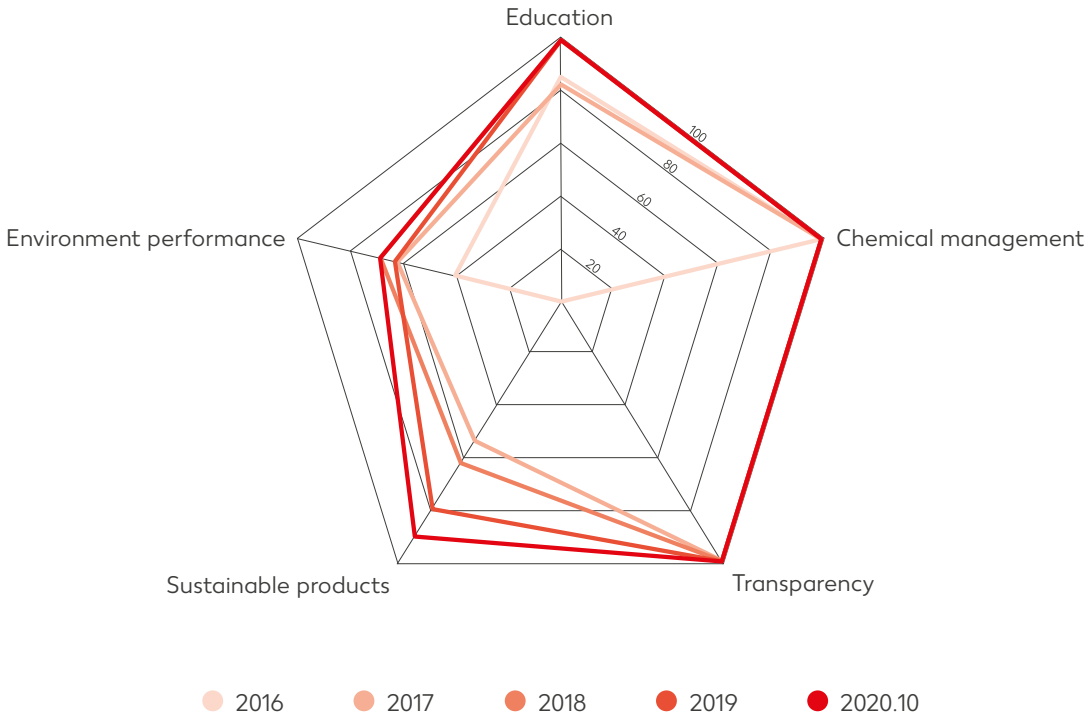
What do they need to do?

- Promote a fair, accessible and transparent complaints scheme for employees
- Set up specific internal procedures for handling complaints
- Offer corrective action and compensation for damage to people or the natural environment

We are committed to a range of multi-stakeholder formats to ensure that reporting systems are effective across the board and throughout the industry. The Kaufland complaints scheme is developed and improved on an ongoing basis.

Progress 2016–2020

All results at a glance



1. CHEMICAL MANAGEMENT

MRSL
MRSL issued to suppliers

- **2020.10*: 100%**
- 2019: 100%
- 2018: 100%
- 2017: 100%
- 2016: 100%

Water tests
Wet processing facilities tested

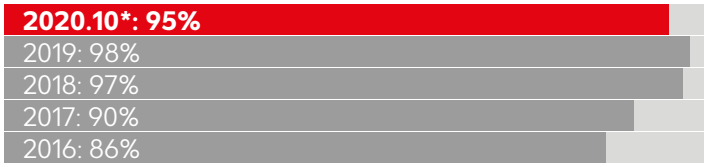
- **2020.10*: 62%**
- 2019: 100%
- 2018: 99%
- 2017: 75%
- 2016: 61%

AP/APEOs
Water tests free from AP/APEOs (2020 target: 100%)

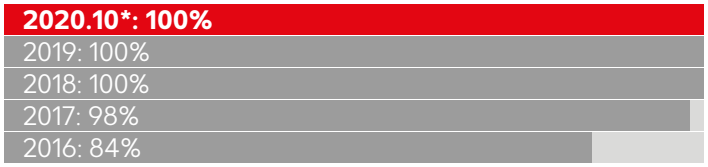
- **2020.10*: 99%**
- 2019: 100%
- 2018: 98%
- 2017: 87%
- 2016: 82%

* The figures for 2020 cover the figures for the January to October 2020 test period which were available when this Detox Report went to press.

PFCs
Water tests free from PFCs (2017 target: 100%)

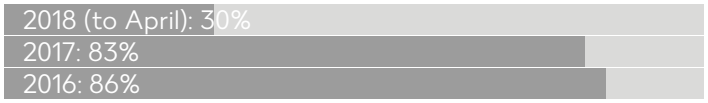


IPE database
Uploaded water tests



2. SUPPLY CHAIN MANAGEMENT AND STRATEGIC TALKS WITH SUPPLIERS

Training sessions
Trained wet processing facilities



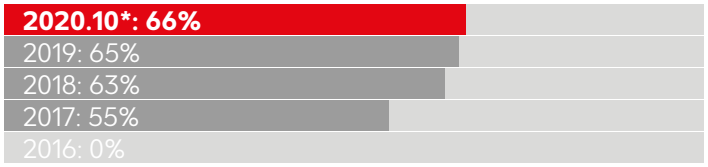
Audits
Audited wet processing facilities

Strategic talks with suppliers
Proportion of all suppliers who have taken part in strategic talks

A multi-stage process: we are currently in an advanced stage of the development phase with our suppliers and partners in the wet processing facilities. During the first years of our Detox strategy, we found that training sessions established a solid foundation and offered our suppliers the means to help themselves. Strategic talks with suppliers were held in May after comprehensive audits in the first half of 2018. Since 2019 we have had immediate, direct access to suppliers if individual performance data did not live up to our expectations. The aim is to work together to create individual ad-hoc solutions in each facility.

3. A MORE SUSTAINABLE PRODUCT RANGE

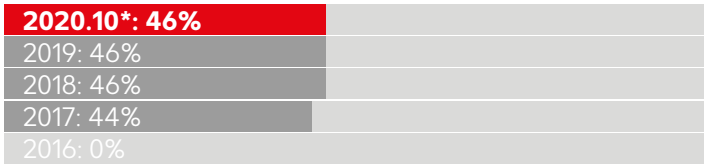
More sustainable textiles
GOTS-certified textiles (own brand and own imports, excluding footwear) (2017 target: 25%)



* The figures for 2020 cover the figures for the January to October 2020 test period which were available when this Detox Report went to press.

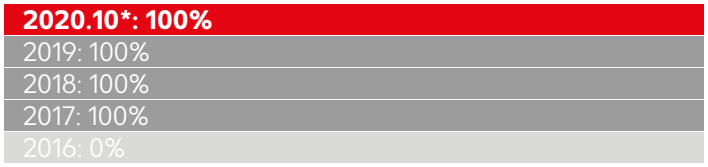
4. CIRCULAR ECONOMY

Textile take-back scheme
Proportion of Kaufland stores in Germany offering a textile take-back scheme



5. TRANSPARENCY

Production plants published on the Kaufland website



* The figures for 2020 cover the figures for the January to October 2020 test period which were available when this Detox Report went to press.

Outlook

Our aim is still to "Detox to zero". Even though the Greenpeace Detox campaign came to an end in 2020, our commitment to a clean textile industry and a universal future worth living carries on. The past few years have shown how much we can achieve when we work together. By working alongside Greenpeace and all the other companies involved in this process, we can develop solutions to prevent the chemicals on the Greenpeace list being used and released in the textile industry. We would like to take this opportunity to express our very special thanks to our employees and our partners in the factories. After all, they are the ones helping to make processes safer and more eco-friendly on the ground. We are determined to keep the momentum going and continue our campaign beyond 2020. The aim is to protect the environment and people's health on a worldwide scale by means of chemical management. But to do this, we all need to work together. We want to make the industry aware of the impact of certain production processes on the environment and on our health. We want to develop solutions and share our knowledge with the decision-makers of the future, making them active drivers of the movement for change.

But what does this mean in concrete terms? There are still some toxic substances, such as heavy metals and flame retardants, that cannot be eliminated from the production processes using current technology. However, we are trying to find solutions and are ready for the transformation in the industry when it happens. The research project carried out in conjunction with the Daffodil University in Bangladesh was one of the first steps in this process. Results and feedback from partners and students confirmed our belief that we need to pursue this avenue further.

It goes without saying that we want to build on the foundations that we have laid over recent years. To this end, we intend to carry on measuring our performance and gradually optimising achievements by working together with our suppliers. Knowledge is the cornerstone underlying this efficient process – which is precisely why we provide comprehensive online learning tools for Kaufland employees and business partners, as well as the workers in the manufacturing countries.

Working alongside clean factories that meet our high standards and requirements also plays a central role in our work. Another irrefutable benchmark of our activities is the transparent system used to publish the names of all the suppliers and wet processing facilities that work for us on our website, along with the Kaufland MRSL, to keep our customers and stakeholders up-to-date with progress and new developments.

Our primary concern continues to be our ongoing commitment to ensuring that the chemicals used to manufacture our own brands are environmentally compatible and do not pose a risk to health. By so doing we can continue to avoid any negative impact and reinforce our determination to act in a socially responsible and environmentally sustainable manner.

We won't stop here though and fully intend to carry on striving to make Kaufland's range of own brands even more sustainable. We regard this as another means of upholding our responsibility to make a positive contribution to protecting the environment and our society, and to do this even more comprehensively. The first products with the GRS logo and a range of textiles made from 100% organic cotton based on GOTS and OCS standards are just two of the highlights due to arrive in 2021. In future, we also intend to shift the focus of our corporate activities even more firmly in the direction of promoting a circular economy. One thing's for sure: we can't do it alone.

We have made a start, though. Our aim is to complete "Detox to zero" by 2030, not just in the textile sector, but also, little by little, in other product groups too. There is no doubt that chemicals are not the only story. It's all about water, soil, climate and biodiversity. Our planet's valuable resources are finite – and we won't stop until we'll have made sure they are preserved for future generations.