

Chemical Management at Tesco F&F clothing – our Detox progress.

August 2019 update



Introduction

At F&F, we believe it is possible to offer our customers great quality, affordable fashion and at the same time reduce our environmental impact. We work hard to manage the sustainability challenges facing the fashion industry. These core values have guided the way we source and manufacture our products. This includes minimising the impact of chemicals used in the production of fabrics and clothing on the environment, workers and communities in our supply chain and driving innovation in the textile and clothing industry.

We believe it is essential to build greater transparency in our global supply chain and have full visibility of the chemicals used in our products and factories. We apply a precautionary approach to chemicals management, prohibiting the use of substances which could potentially cause harm to human health or the environment and proactively working with our suppliers to move towards more sustainable chemistry.

In 2018/2019, we have continued our systematic approach to chemical management through three key areas:

1. Transitioning from a focus on outputs (i.e. limiting pollution) to a focus on inputs (e.g. better chemical management and the use of safer alternatives).
2. Using our strong relationships with suppliers to improve performance and transparency.
3. Working with industry and sector initiatives to drive best practice.

This update outlines our progress in ensuring effective chemical management in our supply chain in 2018/19, as well as progress against the Detox Commitment to promote sustainable chemical use.



Our sustainability journey.

2008

Established Product Restricted Substance List (RSL)

2012

Signed up to Sustainable Clothing Action Plan (SCAP). Launched Partnership for Cleaner Textiles (PaCT)

2015

Signed up to the Zero Discharge of Hazardous Chemicals Programme (ZDHC) and committed to the joint roadmap

2016

Published Bangladesh F&F factories list, Signed up to CanopyStyle initiative to protect ancient and endangered forests, Joined WWF Ganges Leather Buyers Platform

2017

Signed up to Greenpeace Detox commitment, Published integrated restricted substances list (RSiT), Published all F&F garment and footwear factories list, Signed up to Sustainable Cotton Communiqué to achieve 100% sustainable cotton by 2025, Pledged to support Changing Market Foundation's Roadmap towards responsible viscose & modal fibre manufacturing

2018

PFCs fully eliminated from 2018 Spring/ Summer range. Disclose our strategic Tier 2 wet processing Units. Publish our China supplier list in IPE Green Supply Chain platform.

2019

Launched customer take back trial program in UK stores. Launched PaCTII with additional chemical module. Sign up to WWF Zero Impact to Fashion Project

1. Transitioning from a focus on outputs to focus on inputs chemistry

We believe that managing inputs is the most effective way to stop hazardous chemicals entering the environment. We have therefore focused our efforts on the elimination of hazardous chemicals, screening and use of more sustainable chemical alternatives.

Key highlights 2018/19

- We have made it mandatory for our key wet processing mills to subscribe to chemical inventory management platforms - [CleanChain](#) or [BVE3 Environmental Emission Evaluator](#) - which are based on data from the [Zero Discharge of Hazardous Chemical \(ZDHC\) Gateway](#). These platforms enable wet processing mills to manage their chemical procurement more proactively against the ZDHC Manufacturing Restricted Substances List (MRSL) and Tesco's Restricted Substances List (RSiT). We are also able to access data that our wet processing mills share through these platforms, helping us to monitor the chemical formulations they use and their move towards less hazardous and more sustainable alternatives.
- We have built on the [Production for Cleaner Textiles \(PaCTII\)](#) programme and worked with the International Finance Corporation (IFC) to introduce a Chemical Management module for our supply chain which includes training, continuous improvement implementation and monitoring at sites. Through this programme we have supported our wet processing mills to identify gaps in their current plans to eliminate hazardous chemicals and move towards industry best practice on using more sustainable chemistry. This is the first year of a two-year programme and we expect that mills will see benefits not only in terms of removing hazardous formulations, but also improved efficiency by reducing chemical, energy and water use in their sites.
- We have also worked with industry experts to develop business case studies to share learnings with our supply chain on screening their input chemicals and identifying the root cause of positive results found in wastewater testing. This will support elimination with best-practice solutions and selecting more sustainable chemicals.

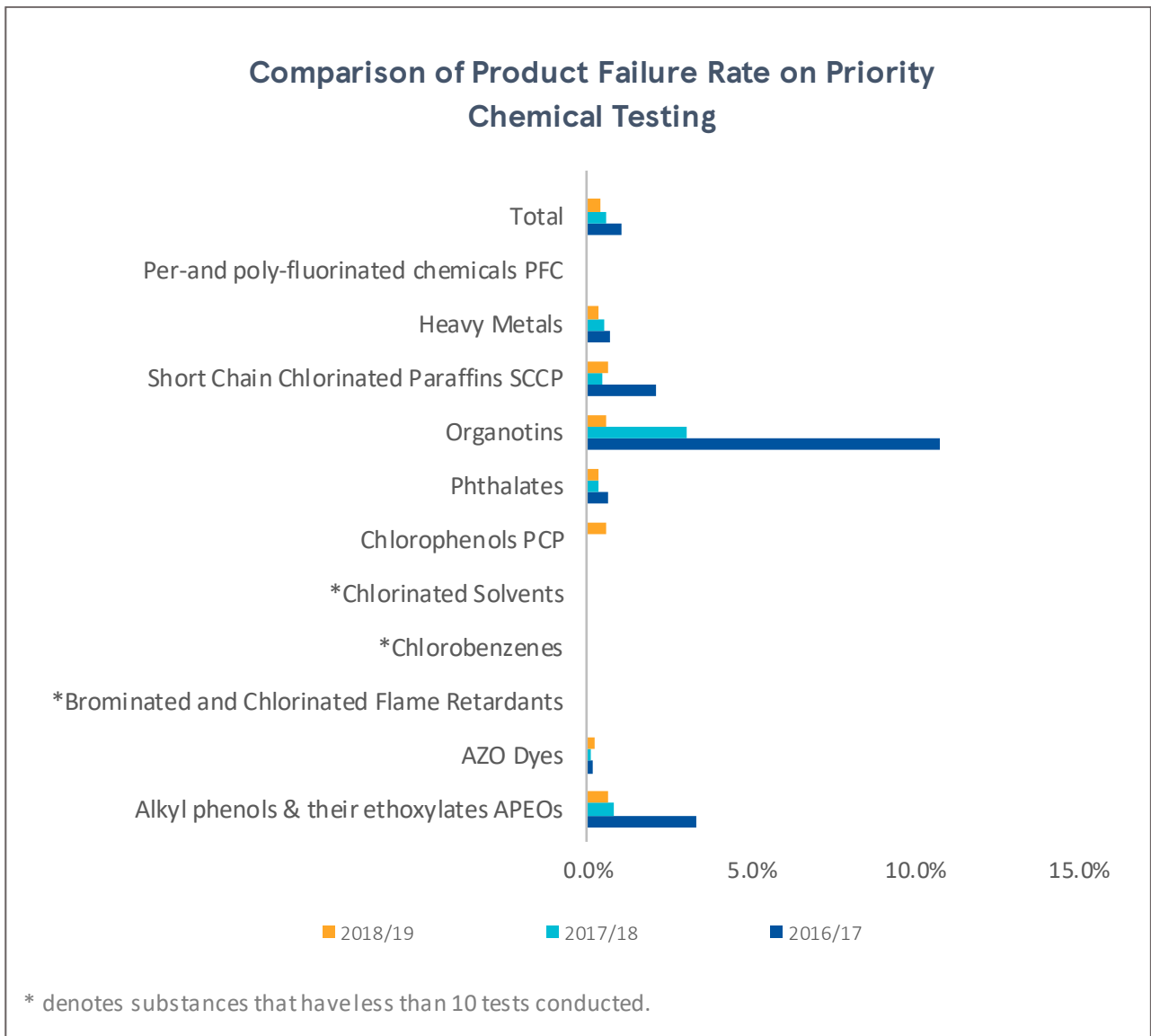
2. Using our strong relationships with suppliers to improve performance and transparency

We work in partnership with our suppliers to build long term relationships and provide ongoing training and guidance to upskill and improve performance. This enhances trust and increases transparency, making full mapping of our supply chain more feasible.

Key highlights 2018/19

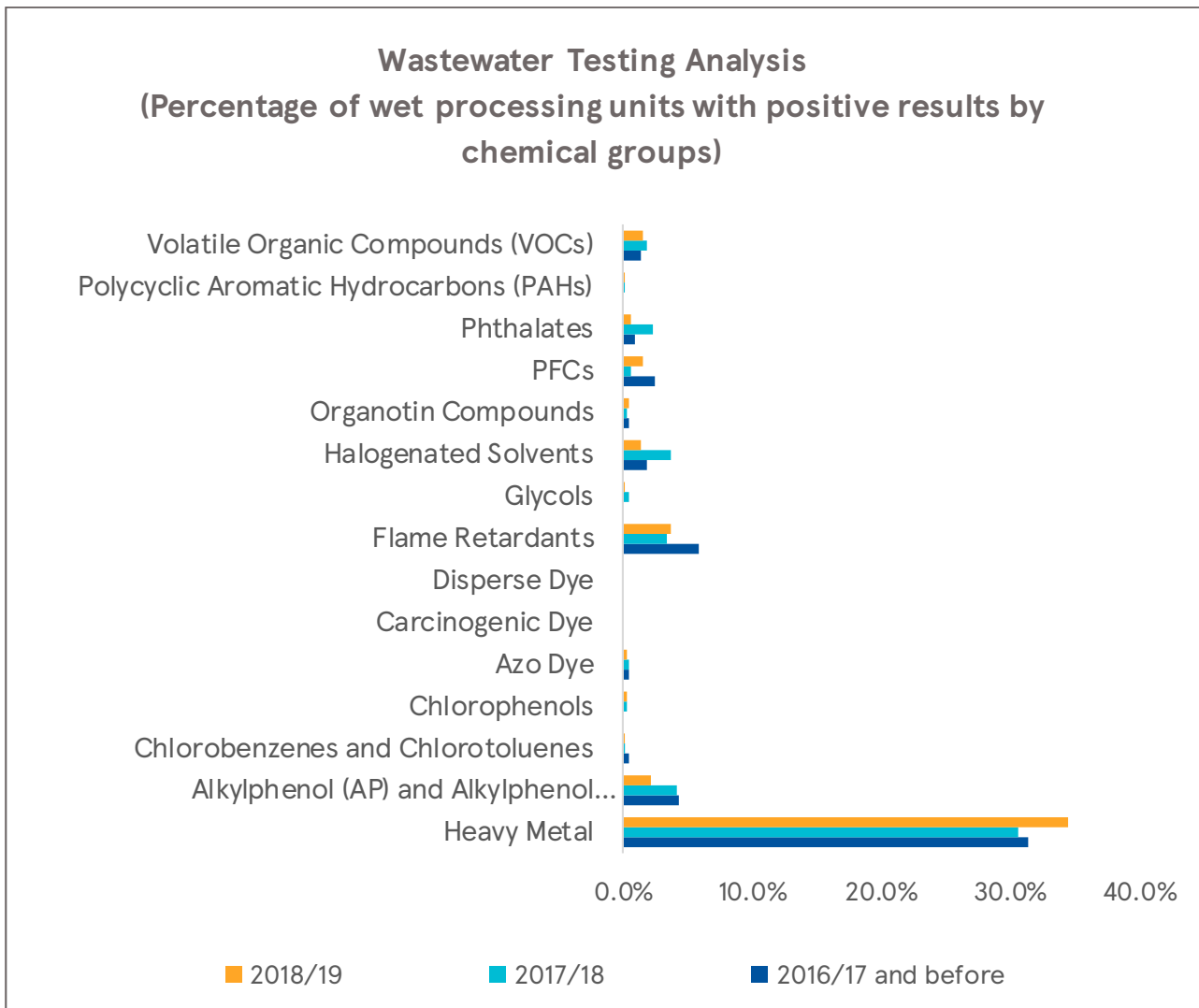
- This year we have hosted a series of webinars through our Supplier Network Platform on chemical compliance, ZDHC standards and tools to support implementation. We have also held 12 classroom training sessions for suppliers with 257 participants, which means that since 2014 we have reached over 1,000 participants with practical training on moving towards more sustainable chemicals. In addition, we have worked with experts to develop e-learning on wastewater and effluent treatment. This is currently being used to upskill our regional technical teams and will be expanded to our suppliers to support them in implementing our mill standards.
- In order to accelerate and scale up our efforts to build a more sustainable supply chain, we have expanded our training to our suppliers' technical teams, supporting them to take responsibility for managing their upstream supply chain. There are currently over 130 Tesco certified technical technologists employed by our suppliers and act as an extended team to implement our chemical management program. We will be starting a "train the trainer" program to further upskill them in 2019.
- We have continued to increase transparency beyond the first-tier of our clothing supply chain to fibre producers, particularly focusing on man-made cellulosic fibres (MMCF). We have improved the accuracy of our data mapping with a more stringent approach and introduced a Tesco sustainable MMCF sourcing policy which all new supply chain partners must agree to before beginning to supply Tesco. As well as publishing all tier 1 suppliers for F&F clothing and footwear, we have now also disclosed our second-tier wet processing units covering 81% of our global production. We aim to reach full transparency of for tier 2 wet processing mills in our clothing supply chain by 2025.

Improved product compliance



We continue to monitor levels of priority hazardous chemicals in final products, through our regular due diligence testing. The number of chemical tests on products has increased by 21.4% from 2017/18. Meanwhile, we have continued to see improvement in failure rates which have fallen from an average of 1.1% in 2016/17 to 0.4% in 2018/19. Organotin, APEOs and SCCP have also achieved a significant reduction to 0.5%, 0.6% and 0.6% respectively. In 2018/19, our testing program identified the presence of five hazardous chemical groups in products; PFCs, chlorinated solvents, chlorobenzenes, brominated and chlorinated flame retardants. All products which fail chemical testing are removed from production and shipment, and corrective and preventive action plans are put in place.

Cleaner wastewater discharged



We verify the successful implementation of our hazardous chemicals controls by regularly checking the wastewater from the wet processing factories operated by our suppliers. The number of wastewater tests conducted has increased 134% between 2016/17 and 2018/19 and now cover 90% of our production capacity. The wastewater testing results show a significant reduction of between 6 and 14% in Phthalates, APEOs, Flame retardants and halogenated solvents. We have worked with suppliers to develop solutions for these chemicals and produced business cases studies to share our findings. Heavy metals are the most challenging group of chemicals to address as there are fewer alternatives, and these chemicals therefore have the highest incidence in wastewater testing. We are engaging with chemical suppliers to develop solutions at an industry level.

3. Working with industry and sector initiatives to drive best practices

We recognise that we can only achieve the elimination of harmful chemicals and build a sustainable future by working in collaboration with other brands and retailers. We are members of a number of industry groups that are helping to establish common industry standards, provide tools to support implementation and share best practice.

Key highlights 2018/19

- We were one of the first UK supermarkets to join the Zero Discharge of Hazardous Chemicals programme (ZDHC) in 2015. We are actively engaged in the development of ZDHC tools and standards as a signatory contributor as well as through our position on the ZDHC Board.
- By facilitating industry agreement on common standards and tools, ZDHC has helped to achieve a paradigm shift in the industry, from reactive chemicals management to a more holistic approach. We actively engage our supply chain to implement ZDHC standards and make use of ZDHC tools, through the policies and requirements we set. These tools help us to monitor the implementation of sustainable chemical management. In 2018, wet processing units in our supply chain taking up around 90% of our production shared their chemical inventory list and wastewater testing results with us via the ZDHC Gateway.
- We also work with the [Institute of Public & Environmental Affairs \(IPE\)](#) and use their tools to improve our supply chain transparency and environmental compliance in China. We have seen improvements in our ranking on IPE's [Company Information Transparency Index \(CITI\)](#) assessment since 2016. We have moved up from 25th in the textile sector in 2016 to 17th in 2019. We have also shared our factory sites list for China via the IPE Green Supply Chain interactive [Brand Blue Map](#).
- We have recently joined WWF's 'Making Zero Impact Fashionable' project to support the reduction of greenhouse gas emissions and improve the efficiency of our supply chains in China and India. This is a two-year programme and we expect our key suppliers to share their learnings with others in the industry.

Progress against our Detox commitment.

The Greenpeace Detox Campaign aims to eliminate hazardous chemicals in the manufacture of clothing and textile products, and promote the adoption of business models to achieve more sustainable consumption of textiles. Our Detox commitment focuses on seven areas of action where our priorities align with those of Greenpeace.

1. Supply chain disclosure

We continue to publish and update our [Restricted Substances List in Textile, Leather & Footwear \(RSiT\)](#) on our website. We have disclosed 100% of our Tier 1 clothing and footwear suppliers and expanded our disclosure of Tier 2 wet processing suppliers from 32% in 2018 to 81% by production coverage. This can be found www.tescopl.com. Wet processing units representing 90% of our production capacity have tested their wastewater against our published requirements. We require them to publish their results on both the [IPE Detox Platform](#) and [ZDHC Wastewater Disclosure Portal](#). We continue to improve our transparency and aim to reach 100% coverage by 2025 for all our Tier 2 suppliers. We have also shared our list of suppliers located in China through the [Institute of Public Environmental Affairs \(IPE\) Green Supply Chain Brand Blue Map](#) and encourage them to disclose environmental data to the Pollutant Release and Transfer Registers (PRTR) on this platform.

2. Priority hazardous chemical groups elimination policy

Our chemical compliance policy has moved beyond elimination of hazardous chemicals in

outputs from the manufacturing process to focus on input chemistry. In addition to restricting or prohibiting priority hazardous chemicals, we have worked with our supply chain to start implementing best practices in chemical management through our Tesco Clothing and Footwear Mill Standard audit programme, which aligns with the ZDHC audit protocol. Through the [Partnership for Cleaner Textile \(PaCTII\)](#) initiative we have also developed a chemical management implementation module to optimise production processes and proactively encourage our supply chain to move towards more sustainable chemistry.

3. Alkyl phenols & their ethoxylates (APEOs) elimination policy

We have achieved 100% elimination of intentionally added APEOs. As APEOs are widely used in the industry, some contamination issues remain and are being investigated. Our product testing shows that the occurrence of APEOs has reduced from 3.3% in 2016/17 to 0.6% in 2018/19. We continue to work with industry experts to support our suppliers in screening their chemicals and sharing their learnings with others in the supply chain through case studies which are included with this report.

4. PFCs – Perfluorocarbon / Polyfluorinated Compounds elimination policy

Tesco has followed the Detox recommended approach by listing all relevant individual PFCs in its list of restricted substances. PFCs are banned for use in our production

according to our chemical compliance policy. From Spring-Summer 2018, all of our products which require water repellent properties have used PFC-free finishes. Our product testing shows 100% compliance in 2018/19.

5. Targets for other hazardous chemicals

Our [Restricted Substances List in Textile, Leather & Footwear \(RSiT\)](#) is reviewed and updated every 6 months and can be found on our website. We ensure it does not only meet the minimum legal requirements of the regions in which we sell our products in but that it goes beyond these by adhering to voluntary industry standards. Our latest list was published in August 2019 with 15 new chemicals added. Our Manufacture Restricted Substance List is aligned with [ZDHC MRSL v1.1](#) and will be updated again in early 2020 to reflect any new chemicals added to the ZDHC MRSL v2.0 in 2019.

6. Responsible consumption or living (closed-loop operations across global supply-chain and product lifestyles)

As part of our Little Helps Plan, we are committed to reducing the environmental impact of our supply chains, promoting closed loop systems and encouraging responsible consumption. We know that these are issues that our customers care strongly about and we want to make it easier for them to play their part by recycling unwanted clothing. In April 2019, we launched a clothing take back scheme in 86 stores across the UK. Customers can donate clothing, shoes and textiles from any brand and of any quality in our conveniently located collection units at the front of the store. On

average we are collecting 1.5 tonnes per week from these stores. So far, over 24 tonnes of clothing, shoes and home textiles were collected, and customer and colleague feedback has been very positive. We will be reviewing the trial in the summer and looking at how we can take this scheme into more stores. Furthermore, one of the three pillars of our new partnership with WWF is to help our customers eat more sustainable diets, such as plant-based products.

7. Self-reporting on the DETOX Commitment

This report is our principal account of our work to deliver our [DETOX commitments](#) and we will continue to report against our progress.



Future Priorities.

We have made good progress in the transition towards a focus on input chemistry and in increasing visibility and transparency of chemicals used in our supply chain. However, we recognise that there is still more to do.

- We will continue to monitor our supply chain through wastewater testing with the aim of reaching 100% coverage by 2025. In addition to existing tier two mills, we also aim to engage further upstream in our supply chain. We have already fully mapped our man-made cellulosic fibre supply chain (MMCF) and are working with our peers to begin assessment of their fibre production sites. We plan to start including MMCF producers in the list of supplier sites we publish by 2020.
- We have continued to share processes and learnings on sustainable chemical management from our clothing supply chain, with our home and nursery textile supply chain. Although there are challenges as these approaches are relatively new to this sector of the industry, we believe we can use our position to help bring about a shift in this supply chain. For example, our technical teams in Pakistan, India and UK have been working with our key towel suppliers to ensure they have a robust chemical management approach and that they are not using hazardous chemicals in their facility. We convened a supplier workshop in China to engage suppliers in the wet processing stage of

our supply chain, who are traditionally hard to reach. Our aim is that by 2022 home and nursery textile strategic wet processing mills accounting for at least 80% of our production will follow the same approach to eliminate priority chemicals in production and will disclose their supplier mill list.

- We will continue to play an active role in industry collaborations to bring about more sustainable clothing supply chains. Efforts to eliminate the 11 priority groups of hazardous chemicals will need to continue beyond the 2020 deadline, and we believe that collaboration through ZDHC can help to accelerate industry-wide implementation. As a supermarket clothing brand, F&F will continue to set new stretching goals and aim to raise the bar within our sector.



Key links.

Detox Commitment

[Restricted Substances list](#)

[Clothing supplier list](#)

2018 Technical case studies on chemical substitution:

- [Substitution Case Study for Carcinogenic aromatic amines](#)
- [Substitution Case Study for Chlorophenols](#)
- [Substitution Case Study for Organotin](#)

2017 Technical case studies

- [Substitution Case Study for APEOs \(a\)](#)
- [Substitution Case Study for APEOs \(b\)](#)
- [Substitution Case Study for Chlorinated Compounds](#)
- [Substitution Case Study for Phthalates](#)
- [Substitution Case Study for Naphthylamine](#)