

# DETOX REPORT 2018

**Machen  
macht  
den  
Unterschied.**



**Kaufland**

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### Abbreviations

<b>AP:</b> Alkylphenols
<b>APEO:</b> Alkylphenol ethoxylates
<b>GOTS:</b> Global Organic Textile Standard
<b>IPE:</b> Institute for Public and Environmental Affairs
<b>MRSL:</b> Manufacturing Restricted Substances List
<b>PFC:</b> Poly- and perfluorinated chemicals

"This report is intended to show the challenges we face along our supply chain and to highlight the progress we have made. Our aim is not only to meet our Detox commitments by 2020; we are also constantly striving to extend our commitment to sustainable working and production conditions. We firmly consider it our responsibility to protect mankind, animals and the environment, and as such we are constantly coming up with positive answers to new challenges on a daily basis."

– Stefan Bachmann, Management Procurement Non-Food International

### Contact

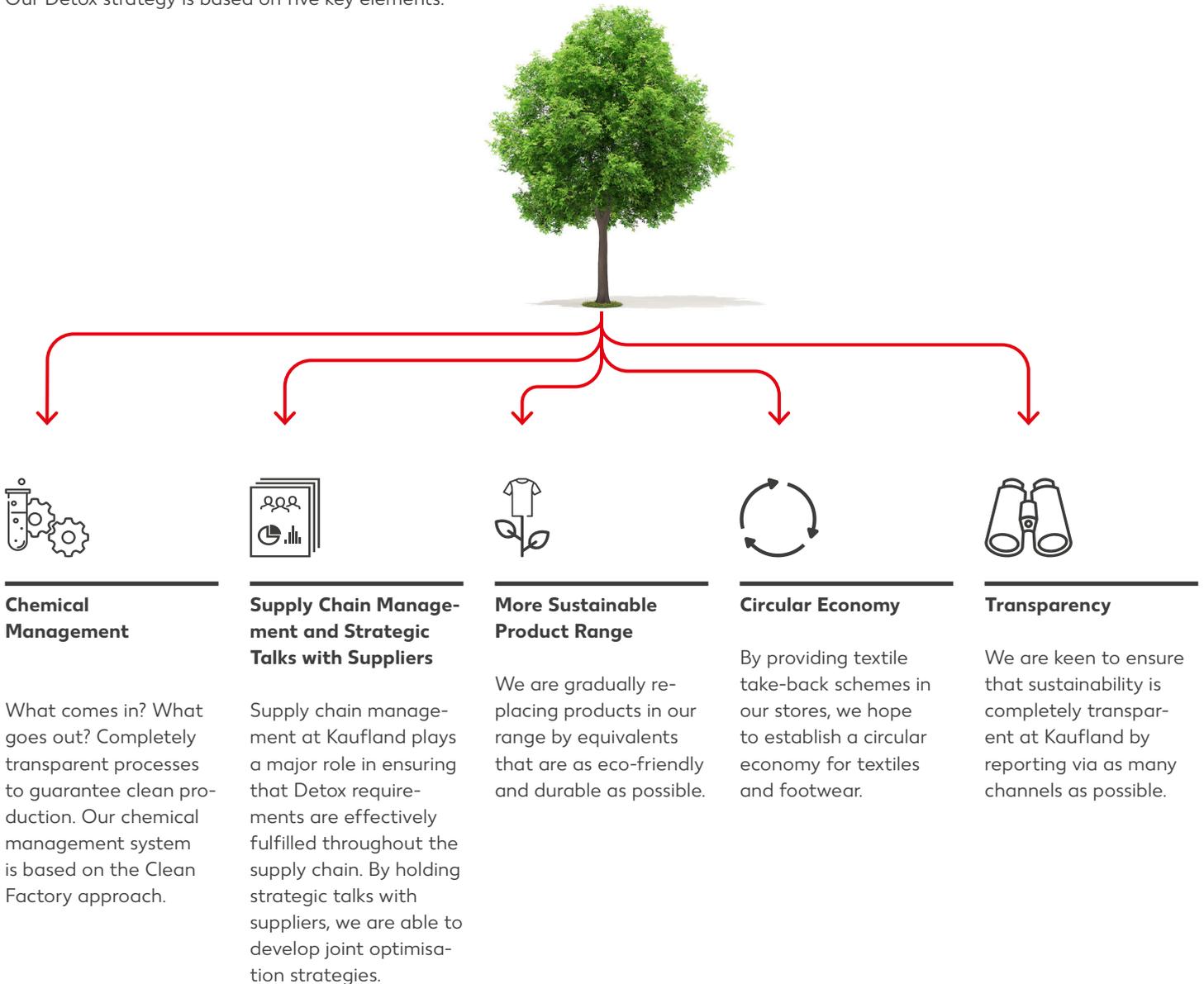
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# Our Detox Commitment and Strategy

## Key aims and content

Detox is a worldwide Greenpeace campaign seeking to eliminate chemicals that are hazardous to humans and the environment from manufacturing processes for textiles and footwear. In December 2015, Kaufland signed up to the Detox campaign with a pledge to eliminate environmentally hazardous chemicals from the manufacturing processes for our own brands and imports in the apparel, footwear, and home textile ranges by 2020. We are therefore demonstrating our commitment to producing and using textiles in an environmentally sound manner, with an emphasis on conserving resources. Since 2017 we have published an annual Detox Report to highlight the progress we have made as transparently as possible.

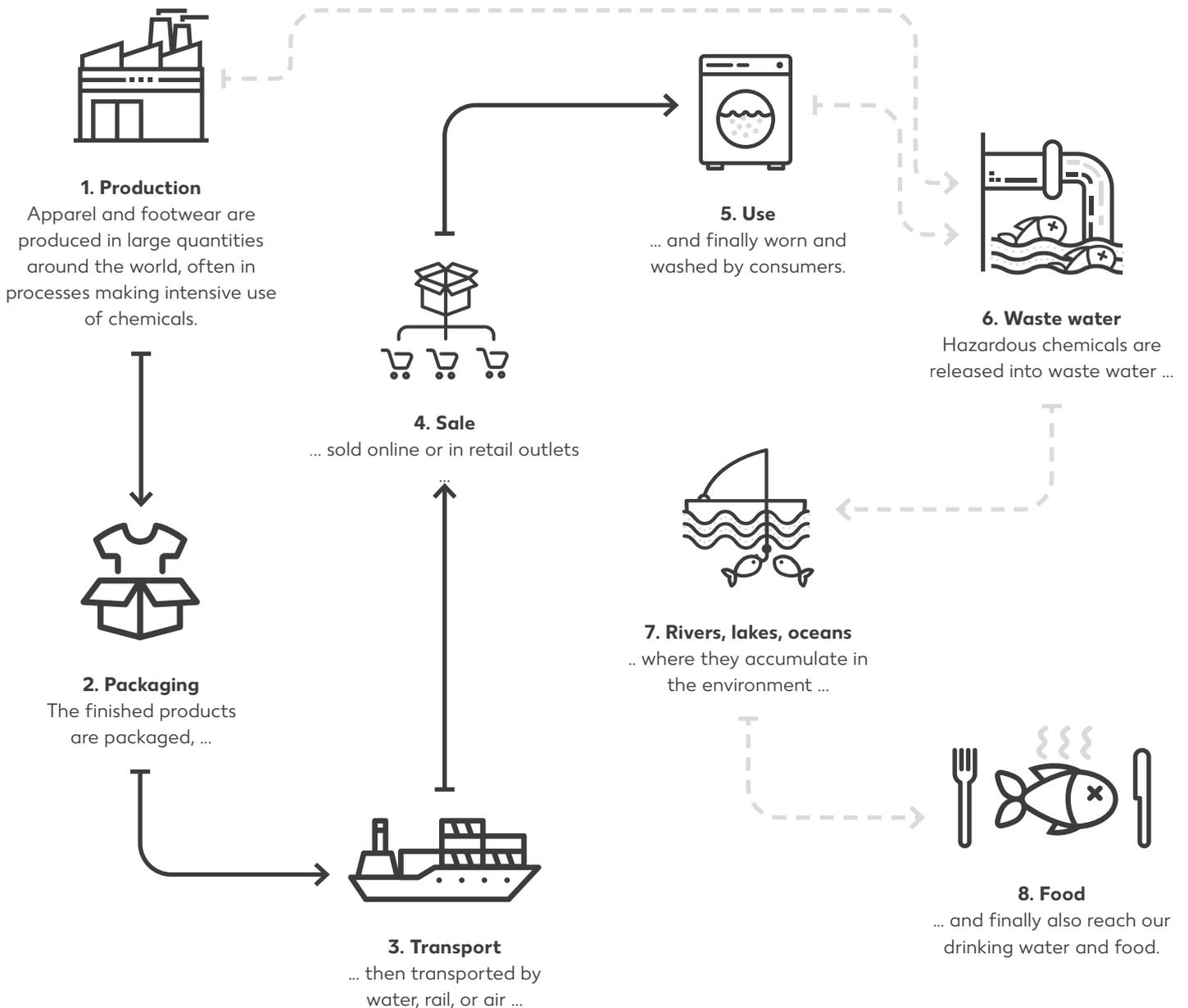
Our Detox strategy is based on five key elements:



# Challenges

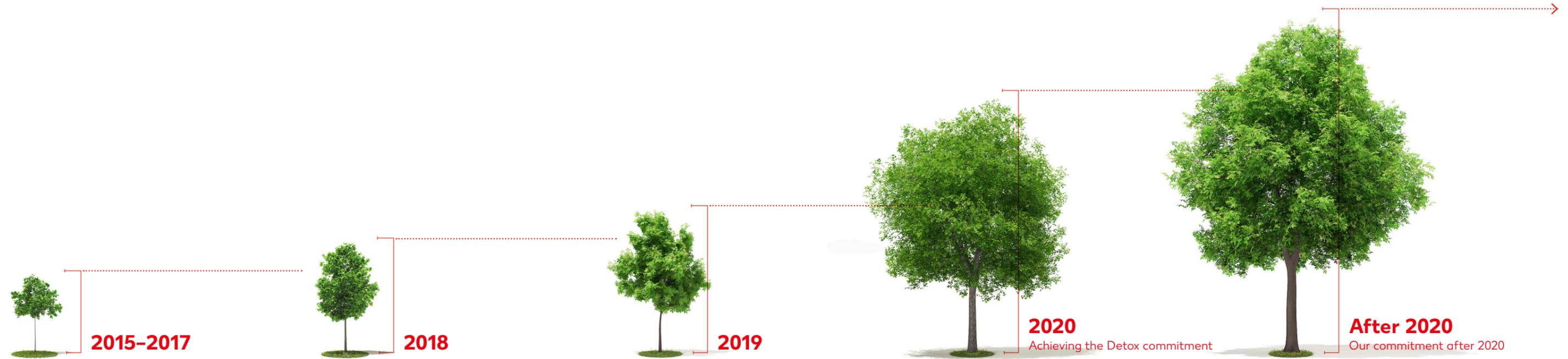
## The way of hazardous chemicals in the textile industry

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.



# Milestones

Key progress



- » Detox commitment signed
- » Kaufland MRSL compiled and published
- » First Detox water tests in China
- » Start of Detox audits and consulting
- » Case studies on PFC and AP/APEO
- » Commitment by all suppliers to disclose production processes using wet processing facilities
- » Training for all wet processing facilities
- » Disclosure of suppliers
- » Start of Clean Factory approach
- » Assessment of wet processing facilities
- » Increase in the proportion of eco-friendly and resource-efficient textile products
- » More in-depth Detox audits
- » Introduction of textile take-back schemes operated by a service provider in stores for our customers to return old textiles and footwear

- » Introduction of a system to evaluate the results of product and water tests at supplier level
- » Achieving complete transparency of the supply chain by recording all preliminary stages performed by suppliers
- » Continuous development of our training and audit procedures
- » Update of Kaufland MRSL
- » Kaufland receives GOTS certification
- » Wet processing facilities published on the Kaufland website
- » Traffic light system for assessing suppliers, based on the water test results
- » Focus on testing for heavy metals and flame retardants

- » New emphasis on synthetic fibres complements the previous focus on natural materials
- » Multi-stakeholder initiative based on projects in Asia to identify causes and reduce or eliminate hazardous material groups
- » Update of wet processing facilities and suppliers on the Kaufland website
- » Update of Kaufland MRSL
- » Kaufland complaints mechanism introduced

- » Elimination of hazardous chemicals from the production process with traceable limits based on the latest technology at that time
- » Promote a circular economy
- » Collaborate exclusively with clean factories
- » Update of Kaufland MRSL
- » Update of wet processing facilities and suppliers on the Kaufland website
- » Training for Kaufland employees and business partners and for workers in production countries

- » Constantly strive to fulfil our Detox commitment to guarantee that socially and environmentally compatible chemicals are used to produce our own brands
- » Annual update of the Kaufland MRSL as well as wet processing facilities and suppliers on the Kaufland website
- » Extend our commitment to more sustainable working and production conditions in addition to our focus on critical chemicals
- » Increase in the proportion of eco-friendly and resource-efficient textile products
- » Ongoing packaging optimisation
- » Extend the Detox principles of transparency in the supply chain and elimination of toxic chemicals to other non-food product groups



# Chemical Management

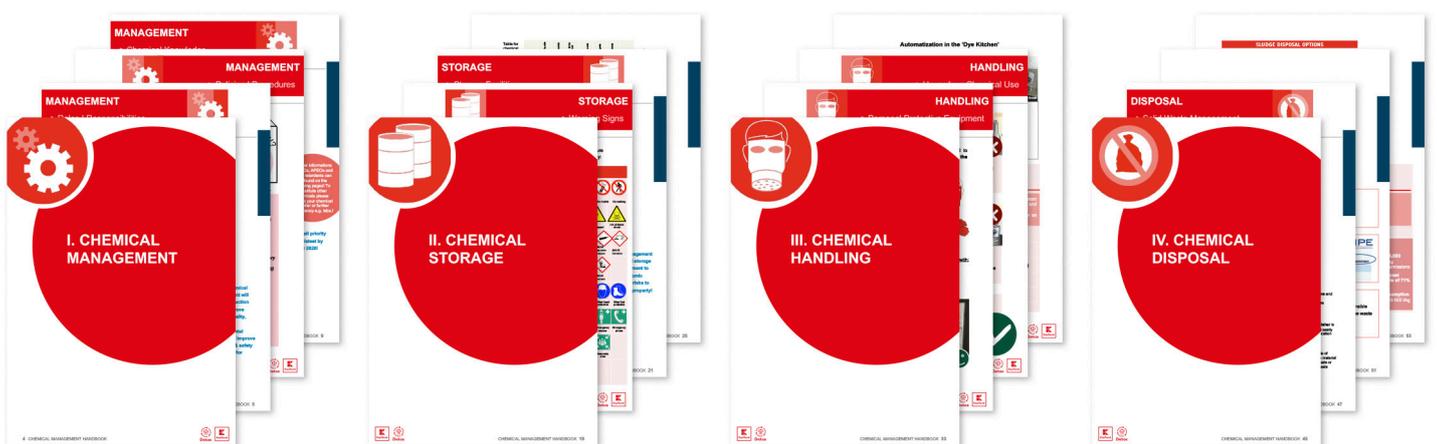
Clean Factory approach: What comes in? What goes out? Completely transparent processes to guarantee clean production

Kaufland applies the Clean Factory approach, as our aim isn't merely to improve production lines used to manufacture products for Kaufland, but to improve the entire chemical management system from initial input, through handling and storage, right up to disposal. The Clean Factory approach 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 its suppliers' chemical inventory lists, Kaufland has been able to draw up a Manufacturing Restricted Substances List (MRSL) to specify which input chemicals are prohibited. In 2018 we updated the previous Kaufland MRSL.

## CHEMICAL MANAGEMENT SYSTEM

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

We support our suppliers in developing a chemical management system. All Kaufland suppliers receive our Detox commitment, along with the 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. Where waste water quality is found to be unsatisfactory, it can only be improved if our production partners adapt their production practices accordingly. Kaufland provides its 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 illustrates best current practices to encourage improvements in wet processes.



## PERFORMANCE DATABASE

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

In 2018 we introduced a system to evaluate the results of product and water tests carried out at supplier level. Not only does the database allow us access to 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 share with our suppliers for training purposes. We also define specific actions based on data to help us achieve our Detox commitment. For example, we are able to define a number of key points based on our analyses. In 2018 we decided to focus on heavy metals and flame retardants for the first time.

## WATER TESTS BY COUNTRY

**8**

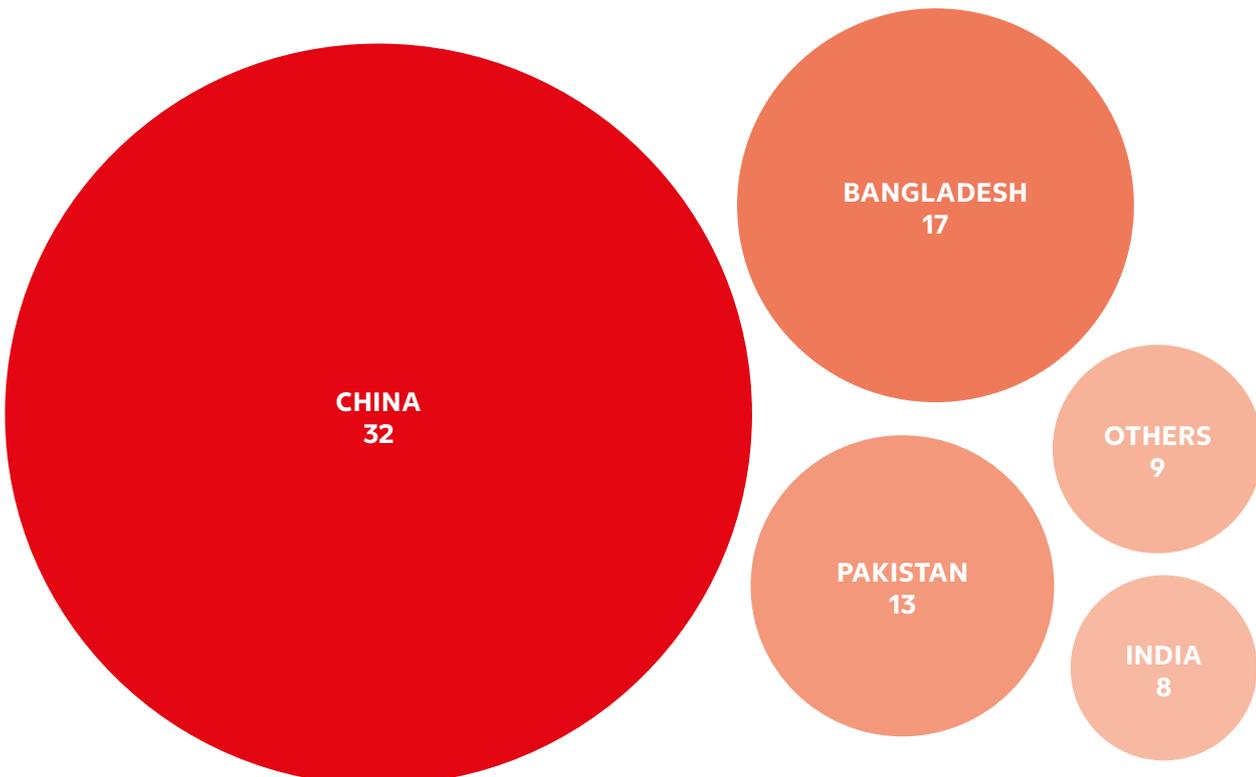
We have been publishing water tests by country since 2017. In 2018 Kaufland carried out tests in **8 countries...**

**79**

... at **79 wet processing facilities...**

**158**

... carrying out a total of **158 tests on water supplies and waste water\***



\* This covers water tests from all active wet processing facilities (water supply: 79 tests, waste water: 79 tests). The list also includes tests not commissioned by Kaufland, but which fulfil our requirements and were uploaded to the Institute of Public and Environmental Affairs (IPE) database.

## AP/APEO

# 155



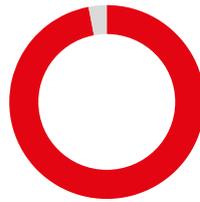
**155 water tests** showed no AP/APEO\*

**Reduction** in AP/APEO levels detected (13 threshold values exceeded in 2017)



### AP/APEO in the water supply\*:

- **79** threshold values complied with
- **0** threshold values exceeded



### AP/APEO in waste water\*:

- **76** threshold values complied with
- **3** threshold values exceeded

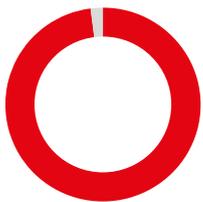
## PFC

# 154



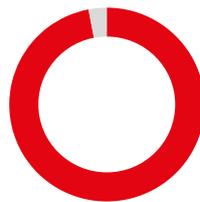
**154 water tests** showed no PFC\*

**Reduction** in PFC levels detected (10 threshold values exceeded in 2017)



### PFC in the water supply\*:

- **78** threshold values complied with
- **1** threshold value exceeded



### PFC in waste water\*:

- **76** threshold values complied with
- **3** threshold values exceeded

\* Data source: water supply 79 tests, waste water 79 tests, total: 158 water tests at 79 wet processing facilities.

NEW: HEAVY METALS

33

33 water tests showed no heavy metals\*



Heavy metals in the water supply\*:

- 10 threshold values complied with
- 69 threshold values exceeded



Heavy metals in waste water\*:

- 23 threshold values complied with
- 56 threshold values exceeded

NEW: FLAME RETARDANTS

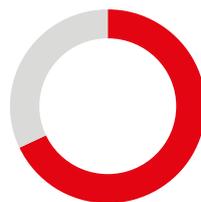
106

106 water tests showed no signs of brominated and chlorinated flame retardants\*



Brominated and chlorinated flame retardants in the water supply\*:

- 52 threshold values complied with
- 27 threshold values exceeded



Brominated and chlorinated flame retardants in waste water\*:

- 54 threshold values complied with
- 25 threshold values exceeded

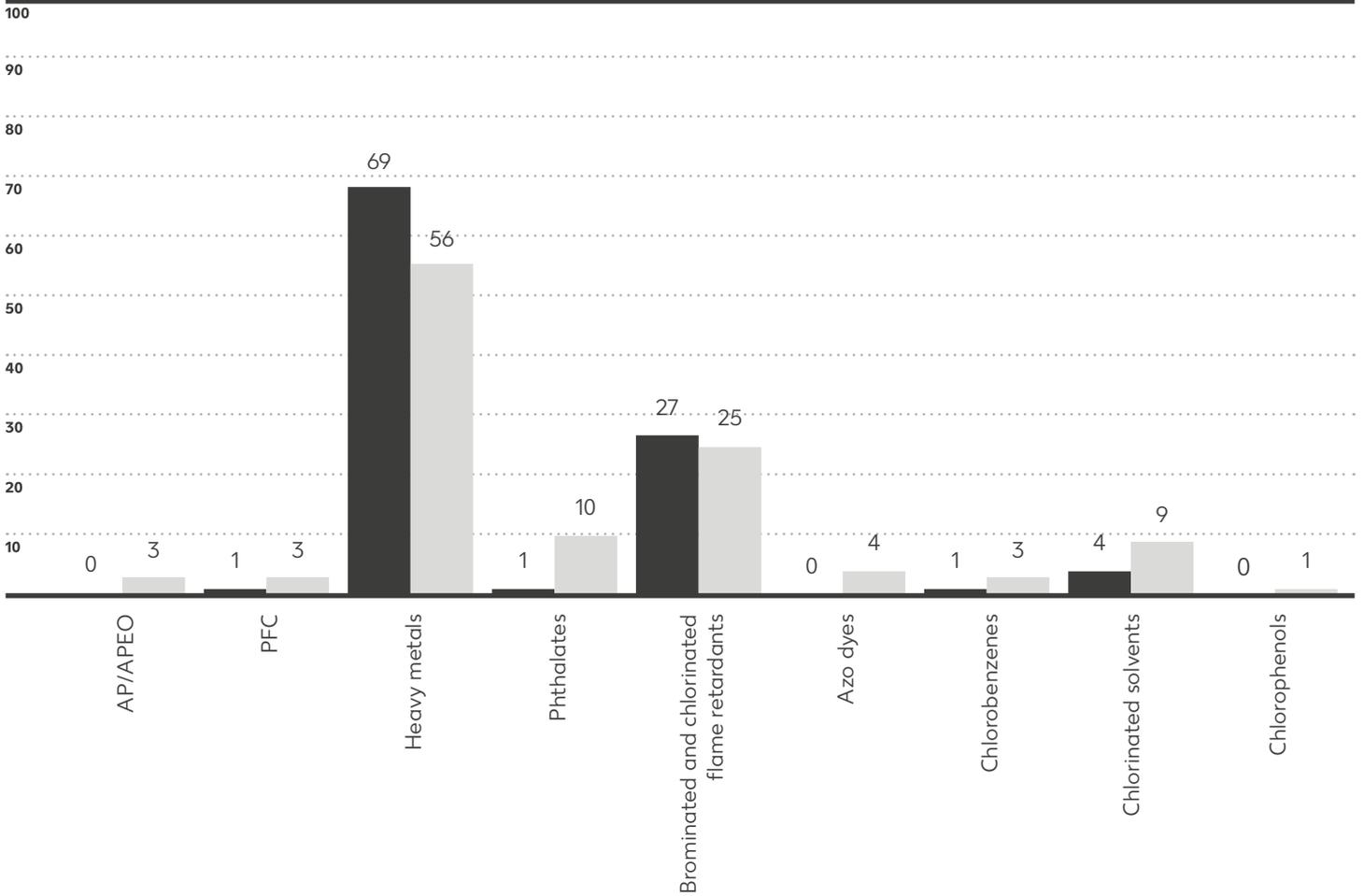
\* Data source: water supply 79 tests, waste water 79 tests, total: 158 water tests at 79 wet processing facilities.

# 158

In 2018 all **158 water tests** were published in the Institute of Public and Environmental Affairs (IPE) database.

## Instances where chemicals exceeded the permitted limits, based on water supply and waste water\*:

■ Water supply ● Waste water



\* Data source: water supply 79 tests; waste water 79 tests. This diagram only shows the hazardous chemical groups where thresholds were violated. No thresholds were violated in the other hazardous chemical groups.

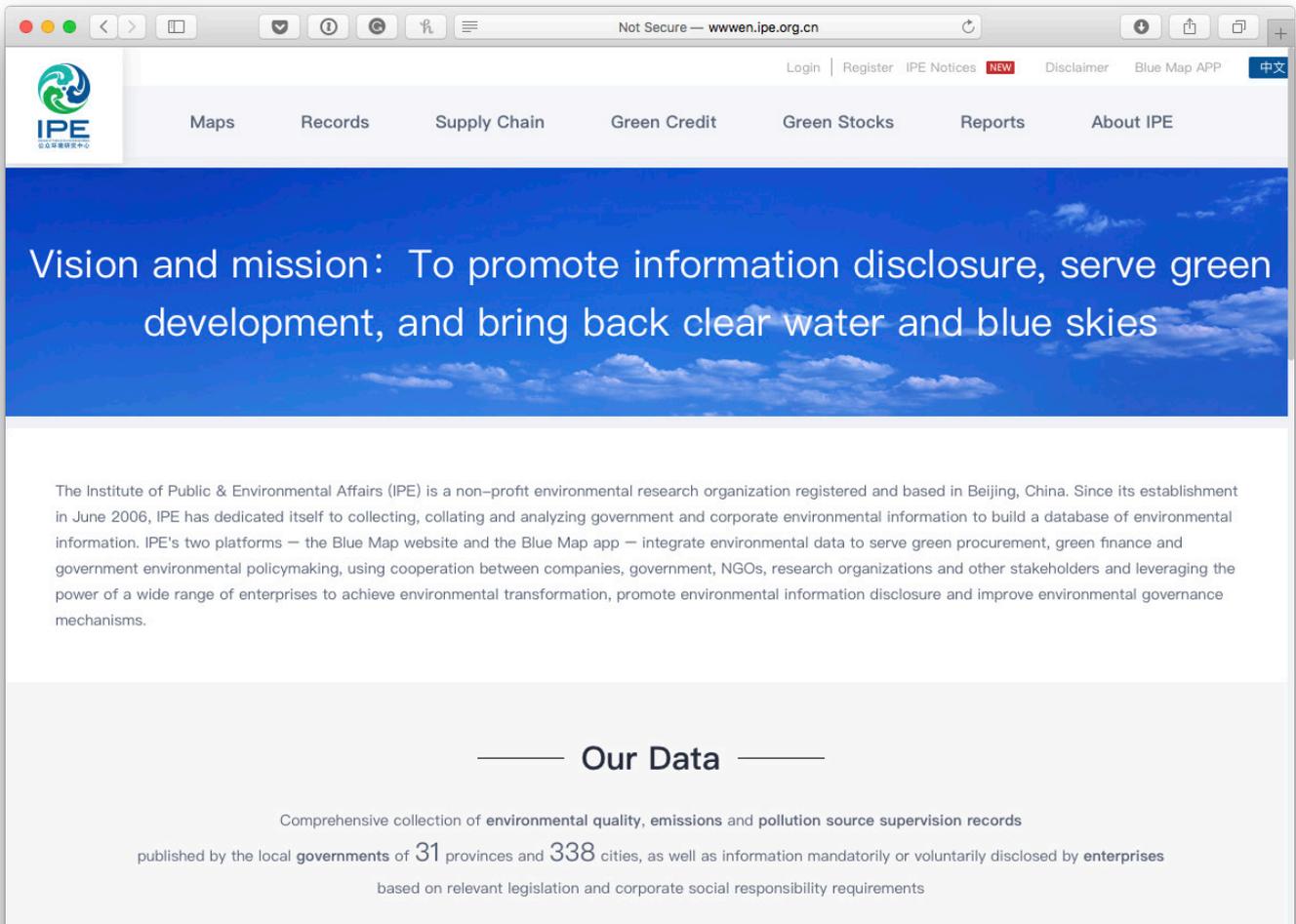


# Supply Chain Management and Strategic Talks with Suppliers

Global supply chain as a challenge – we are optimising our textile supply chain by introducing a high-performance supply chain management system and holding strategic talks with suppliers

Supply chain management at Kaufland plays a major role in ensuring that Detox requirements are effective throughout the supply chain. It is based on four key elements: communication, training, documentation and transparency. If we are to eliminate hazardous chemicals from the entire supply chain, it is crucial that our supply chain is as transparent as possible. Our target for 2018 was to achieve complete transparency throughout the supply chain by recording all wet processing facilities. Mission accomplished. 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 the future.

It goes without saying that our claim to transparency also extends to our customers and stakeholders: since 2017, we have been publishing the names of all our textile and footwear production sites for our own brands and imports on our website each year. In 2018 we extended this list to include wet processing facilities.



## STRATEGIC TALKS WITH SUPPLIERS

Driving change – effectively and individually

In 2018 we introduced a so-called capacity building programme to prepare our wet processing facilities for forthcoming changes to their chemical management systems and provide support for the changeover to non-hazardous alternatives. For this purpose, we carried out audits in our wet processing facilities during the first half of the year up to April 2018. Starting in May, we introduced strategic talks with suppliers instead of audits. Using the audit results as a starting point, we set up joint working groups with our suppliers to discuss where there was potential for optimisation, e.g. technical improvements. We are now gradually implementing those changes. This also ties in even more effectively with our Clean Factory approach, as the strategic talks with suppliers help us identify weak points even more efficiently for each individual supplier. These specific issues can then be targeted and optimised.

**24**

Number of audits  
(until April 2018)

**51**

Number of strategic talks with  
suppliers (from May 2018)

## ASSESSMENT OF WET PROCESSING FACILITIES

Comparability via the traffic light system

We use a traffic light assessment system to compare wet processing facilities. We adapted this system to assess the results of the water tests in 2018. In this system, we classify wet processing facilities as green, amber or red (see graphic). This makes sure that we only work with the very best companies.

### Assessment standards

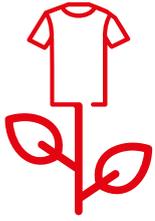
#### Category

**Green:** Free from chemicals (threshold values not exceeded)

**Amber:** Chemicals detected, but no critical chemicals\*

**Red:** Critical chemicals detected\* » no production

\* Critical chemicals according to the traffic light assessment system include AP, APEO, PFC and flame retardants.



# More Sustainable Product Range

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

Systematic 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 in a more responsible fashion, with increased awareness of the relevant issues. This is precisely why we are gradually replacing products in our range by equivalents that are as eco-friendly and durable as possible.

## Sustainable fibres/Raw materials

We claim to use natural fibres in as many materials as possible. In concrete terms, we were able to increase the proportion of GOTS-certified textiles and footwear we used in 2018: over 96% of our cotton textiles are GOTS-certified. When measured against all own-brand and self-imported textile items (excluding footwear), this corresponds to an overall figure of 63%. In 2018 the Kaufland Group also achieved GOTS certification. Even when we use synthetic fibres, we are still keen to seek out sustainable alternatives.

## Durability

We employ a wide range of measures to ensure that our products are as durable as possible. From colourfastness, through the durability of the material, right up to washing, ironing and laundry-washing durability, 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, of course (see Sustainable fibres/Raw materials).

## Labelling and optimisation of packaging

Even the labels we use on our products and the packaging for wrapping them come under the sustainability microscope. If at all possible, we use cardboard boxes instead of polybags, cotton cords instead of plastic tags and cotton labels rather than the satin version. That means we've taken a whole series of measures to eliminate plastic and optimise our packaging material.



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 on-site inspections and residue analyses to make absolutely certain that the criteria are met.\*

## Design of our product ranges

It goes without saying that the efforts we make to use sustainable types of fibre are also deeply rooted in our plans for designing new ranges and products. The managers responsible for developing promotional themes or products comply with this strategy. We are also currently working hard to ensure that our textiles are recyclable and making gradual progress in this direction.



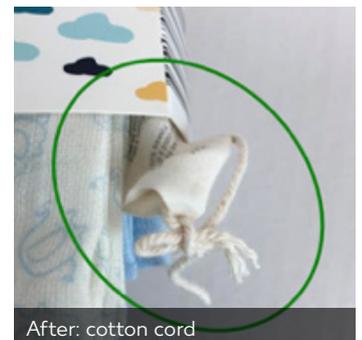
Before: satin label



After: cotton label

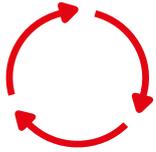


Before: plastic tag



After: cotton cord

\* <https://www.global-standard.org/de/the-standard/general-description.html>



# Circular Economy

The Kaufland take-back scheme – 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 the service provider with facilities for these take-back schemes in its stores or on store sites.

**304**

**304 out of 667 stores\* in Germany offer a textile take-back scheme**

One of the Detox commitment's targets was to "Reach 80% of Kaufland customers by the end of 2016"; unfortunately, we weren't able to meet this target due to restrictions by official bodies. However, since 2017, Kaufland customers have been able to take their old textiles and footwear back to Kaufland stores, where they have been accepted by an independent service provider. In 2018 the service provider installed 12 new textile banks in Kaufland stores.



\* As of 17 April 2019.



# Transparency

Reporting on progress helps us ensure that sustainability at Kaufland is completely transparent

We are keen to tell our stakeholders about the challenges involved in manufacturing clothing, textiles for the home and footwear in as many different ways as possible. These challenges may affect humans, animals and the environment, and we are determined to give stakeholders the opportunity to take their own decisions with a greater awareness of the issues at stake and the ability to make a difference. 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 MEASURES

- » Wet processing facilities published on the Kaufland website
- » Internal and external communication channels
- » Promoting sustainable textiles/footwear on the Kaufland website, in the K-Newsletter and in our customer magazine



## RECYCLING EMPLOYEES' OLD CLOTHING

10,000 blankets for people in need

In 2017, Kaufland supplied new GOTS- and Fairtrade-certified workwear to 130,000 store workers in Germany and six other European countries. Then, in 2018, Kaufland joined forces with GreenCycle GmbH to develop a scheme to turn employees' old workwear 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 Association) for use by people in need.

## COMPLAINTS MECHANISM

Online system for reporting breaches of human rights

Kaufland's complaints mechanism enables it to identify breaches of human rights quickly and to take direct action to counter them. It allows victims or witnesses to report possible breaches of human rights confidentially. The online system is available in more than 25 languages and can be accessed and understood by every potential user. Reports can be sent by e-mail, telephone or via the website. It goes without saying that any complaints will be treated with the strictest confidentiality and that a fair and predictable process will be used for dealing with complaints.

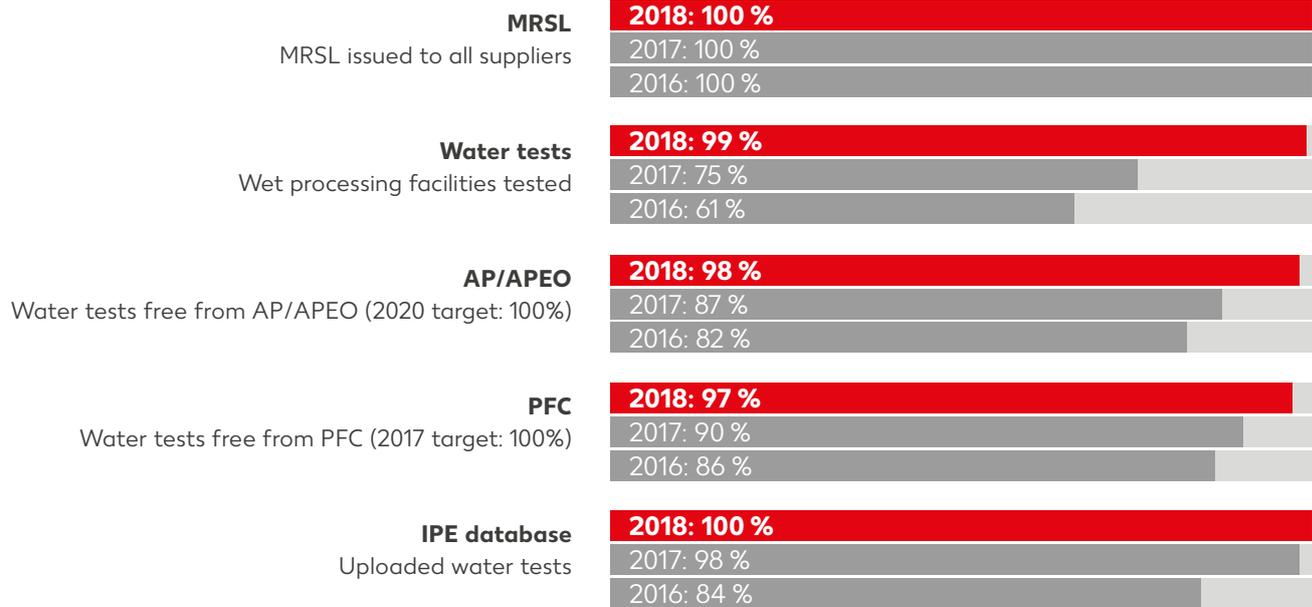
Since the complaints system was introduced in November 2019, one complaint relating to a labour law and human rights violation was received. This case was investigated and is being brought before a court of law.

In order to enhance the overall effectiveness of reporting systems, including across different industries, we are active in various multi-stakeholder formats. The Kaufland complaints system is being optimised on an ongoing basis. Training is being planned for Kaufland employees and business partners and also for workers in production countries

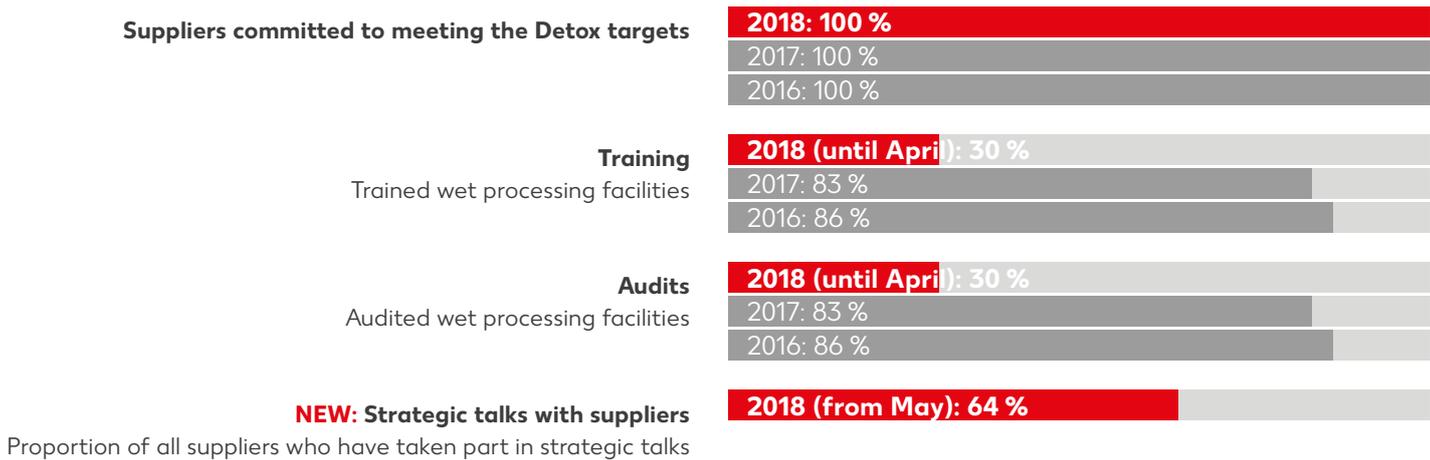
# Progress in 2018

All the results at a glance

## 1. CHEMICAL MANAGEMENT

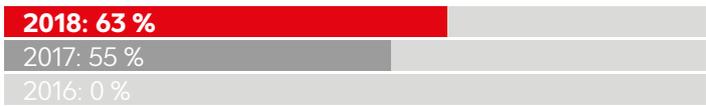


## 2. SUPPLY CHAIN MANAGEMENT AND STRATEGIC TALKS WITH SUPPLIERS



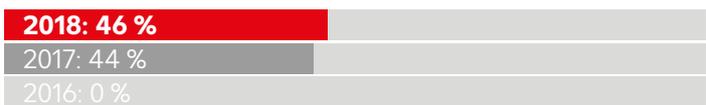
### 3. MORE SUSTAINABLE PRODUCT RANGE

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



### 4. CIRCULAR ECONOMY

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



### 5. TRANSPARENCY

**Production sites published on the Kaufland website**

