

## DISCLOSURE MATERIALS

Certified B Corporations must complete a Disclosure Questionnaire to identify potentially sensitive issues related to the company (e.g. historical fines, sanctions, material litigation, or sensitive industry practices).

This component does not affect the company's score on the B Impact Assessment. If the company answers affirmatively to any items in the Disclosure Questionnaire and B Lab deems them to be material, the company must:

- 1) Be transparent about the disclosure issues identified on the company's public B Impact Report
- 2) Describe how the company has addressed this issue.
- 3) Demonstrate that management systems are in place to avoid similar issues from arising in the future.

In all cases, the Standards Advisory council reserves the right to refuse certification if the company is ultimately deemed not to uphold the spirit of the community.

In addition to the voluntary indication of sensitive issues in the Disclosure Questionnaire, companies pursuing Certification also are subject to background checks by B Lab staff. Background checks include a review of public records, news sources, and search engines for company names, brands, executives/founders, and other relevant topics.

Sensitive issues identified through background checks may or may not be within the scope of questions in the Disclosure Questionnaire, but undergo the same review process and are subject to the same possible review by the Standards Advisory Council, including ineligibility for B Corp Certification, required remediation, or disclosure.

**This document contains a copy of the company's completed Disclosure Questionnaire and related disclosure documentation provided by the company.**

## DISCLOSURE QUESTIONNAIRE

Company Name: Cia. Hering

Date Submitted: 11/01/2021

Industries & Products	Yes	No
Please indicate if the company is involved in production of or trade in any the following. Select Yes for all options that apply.		
Animal Products or Services		✓
Biodiversity Impacts		✓
Chemicals	✓	
Company Explanation Of Disclosure Item Flags		✓
Disclosure Alcohol		✓
Disclosure Firearms Weapons		✓
Disclosure Mining		✓
Disclosure Pornography		✓
Disclosure Tobacco		✓
Energy and Emissions Intensive Industries		✓
Fossil fuels		✓
Gambling		✓
Genetically Modified Organisms		✓
Illegal Products or Subject to Phase Out		✓
Industries at Risk of Human Rights Violations		✓
Monoculture Agriculture		✓
Nuclear Power or Hazardous Materials		✓
Payday, Short Term, or High Interest Lending		✓
Water Intensive Industries	✓	
Tax Advisory Services		✓

Supply Chain Disclosures	Yes	No
Please indicate if any of the following statements are true regarding your company's significant suppliers.		
Business in Conflict Zones		✓
Child or Forced Labor		✓
Negative Environmental Impact		✓
Negative Social Impact		✓
Other		✓

Outcomes & Penalties	True	False
Please indicate if the company has had any formal complaint to a regulatory agency or been assessed any fine or sanction in the past five years for any of the following practices or policies. Check all that apply.		
Anti-Competitive Behavior		✓
Breaches of Confidential Information		✓
Bribery, Fraud, or Corruption		✓
Company Explanation Of Disclosure Item Flags		✓
Company has filed for bankruptcy		✓
Consumer Protection		✓
Financial Reporting, Taxes, Investments, or Loans		✓
Hazardous Discharges Into Air/Land/Water (Past 5 Yrs)		✓
Labor Issues		✓
Large Scale Land Conversion, Acquisition, or Relocation		✓
Litigation or Arbitration		✓
On-Site Fatality		✓
Penalties Assessed For Environmental Issues		✓
Political Contributions or International Affairs		✓
Recalls		✓
Significant Layoffs		✓
Violation of Indigenous Peoples Rights		✓
Other		✓

Practices	True	False
Please indicate if the following statements are true regarding whether or not the company engages in the following practices. Check all that apply. If the statement is true, select "Yes." If false, select "No."		
Animal Testing		✓
Company/Suppliers Employ Under Age 15 (Or Other ILO Minimum Age)		✓
Company Explanation Of Disclosure Item Flags		✓
Company prohibits freedom of association/collective bargaining		✓
Company workers are prisoners		✓
Conduct Business in Conflict Zones		✓
Confirmation of Right to Work		✓
Does not transparently report corporate financials to government		✓
Employs Individuals on Zero-Hour Contracts		✓
Facilities located in sensitive ecosystems		✓
ID Cards Withheld or Penalties for Resignation		✓
No formal Registration Under Domestic Regulations		✓
No signed employment contracts for all workers		✓
Overtime For Hourly Workers Is Compulsory		✓
Payslips not provided to show wage calculation and deductions		✓
Sale of Data		✓
Tax Reduction Through Corporate Shells		✓
Workers cannot leave site during non-working hours		✓
Workers not Provided Clean Drinking Water or Toilets		✓
Workers paid below minimum wage		✓
Workers Under Bond		✓
Other		✓

## B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:

Cia. Hering

UPDATED AS OF:

11/01/2021

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Environmentally Intensive Industries
<b>ISSUE DATE</b>	Ongoing
<b>TOPIC</b>	Water Intensive Industries
<b>SUMMARY OF ISSUE</b>	"Cia. Hering is a textile manufacturer in Brazil. Cia Hering monitors water consumption per part produced and, it registered: in 2019: 40.91L/piece; in 2020, 32.30L/piece and in 2021, 22.26L/piece."
<b>SIZE/SCOPE OF ISSUE (e.g. \$ financial implication, # of individuals affected)</b>	In 2020, 1.08 million m <sup>3</sup> of water were consumed by the company. The region is served by the Water Treatment Plant – ETA II, the main water treatment plant in the municipality. The ETA II catchment site is located on the banks of the Itajaí-açu River, the main river in the Itajaí River Hydrographic Basin, which is the largest basin of the Atlantic Stream in the State of Santa Catarina. The company states that they are not located in a water stress area.
<b>IMPACT ON STAKEHOLDERS</b>	The textile industry consumes 15% of all industrial water in the world. The use of water is fundamental for the processing steps of purging, merchandising, desizing, bleaching and dyeing. The dyeing sector mainly concentrates activities characterized by high water consumption and, consequently, high generation of industrial effluents, in addition to high energy demand mainly due to the need for heating and cooling baths in the dyeing and washing processes.
<b>IMPLEMENTED MGT PRACTICES</b>	<p>"Cia. Hering has an internal effluent treatment station. The station was modernized in 2019, ensuring lower consumption of chemicals, more efficiency and better quality of the effluent released back to the river. The largest consumption of water at Cia. Hering occurs at the Iitororó unit, in Blumenau (SC). The unit represents 83% of the company's total water consumption. The production processes are concentrated in this location, and there water is supplied from a water collection center installed in Ribeirão do Gato. This stream passes through an area belonging to the company, with 4 million square meters of preserved Atlantic Forest.</p> <p>The management of water resources at Cia. Hering is done through an Internal Commission for the Conservation of Engineering and the Environment (CICE). CICE monitors and deliberates on the environmental aspects of all Cia. Hering units and gives the projects the scope of environmental responsibility, in addition to technical quality and financial efficiency.</p> <p>From 2019 to 2021, Cia. Hering reduced its consumption of treated water in production by 35%, implementing processes such as the quicker removal of cylinder sludge, reduction in water consumption in washers and dryers, use of timers in cylinder washers and improvements in the soaping processes, using less water and differentiated dyes. New machines were also acquired with a lower dye bath ratio - this reduction in the bath ratio also implies a reduction in chemical consumption.</p> <p>From the baseline year 2019, the company plans to reduce this consumption by a further 45% by 2025, reaching up to 50%. Cia. Hering hired an external consultancy in 2021, that supports the water resources management plan. According to analyzes by this consultancy, Cia. Hering has efficient water use compared to their competition, with one of the lowest dye bath ratios in the market.</p> <p>The main risk scenarios for water supply at Cia. Hering, especially at the Iitororó unit are presented below:</p> <ul style="list-style-type: none"> <li>➤ Changes in the quality of water in the abstraction (turbidity, chemical products, etc.);</li> <li>➤ Interruption of energy supply in the capture;</li> <li>➤ Interruption of power supply to the unit;</li> <li>➤ periods of drought;</li> <li>➤ Periods of flood (flood);</li> <li>➤ Sedimentation of the capture point.</li> </ul> <p>In order to contain these risks, Cia. Hering ensures constant monitoring of the quantity and quality of the water collected, both upstream and downstream. The branch also has a raw water reservoir, 2 treated industrial water reservoirs and 1 treated drinking water reservoir. For periods of drought, Cia. Hering establishes, in partnership with industries in the region, a plan for alternating collection times, to balance consumption peaks. They also monitor the siltation of the Ribeirão near the catchment point. As the accumulation of sand in the stream is identified, the municipal environmental agency is required to obtain proper authorization to carry out the sand removal around the collection point, as well as cleaning the water passage tank, where the collection pumps suck the water to send it to the raw water reservoir at Cia. Hering - Iitororó branch."</p>
<b>REPORT</b>	<a href="https://relatoriosustentabilidade.ciahering.com.br/">https://relatoriosustentabilidade.ciahering.com.br/</a>

## B Corp Certification - Disclosure Questionnaire Documentation

PROVIDED BY:

Cia. Hering

UPDATED AS OF:

11/01/2021

<b>DISCLOSURE QUESTIONNAIRE CATEGORY</b>	Chemicals Intensive Industry
<b>ISSUE DATE</b>	Ongoing
<b>TOPIC</b>	Cia Hering uses chemicals in their dyeing processes.
<b>SUMMARY OF ISSUE</b>	In their dyeing processes, they use large amount of products, such as dyes and detergents, generating effluents that need to be treated before entering the environment. The materials undergo three different steps in the dyeing process - Preparation, Dyeing and Washing. Each steps uses different chemicals such as detergents, emulsifiers, hydrogen peroxide, hardness sequestrants or dispersants, caustic soda and citric acid.
<b>SIZE/SCOPE OF ISSUE</b> (e.g. \$ financial implication, # of individuals affected)	"Consumption of the main conventional dyeing products in one month accounted for: - Humectant: 11,000 Kg - Kidnapper: 9,000 Kg - Caustic soda: 12,000 Kg - Hydrogen Peroxide: 12,000 Kg - Citric acid: 13,000 kg - Salt: 220,000 kg - Barrel: 45,000 kg"
<b>IMPACT ON STAKEHOLDERS</b>	Chemicals used in the dyeing process, inclusive of Substances of Very High Concern (SVHCs), can have a negative impact on the local environment when released back into the water source. In order to manage SVHCs, Cia. Hering currently applies an internal checklist for all suppliers that use chemical products in their processes, such as laundry and dry cleaning. This checklist is applied both in contracting and in the periodic audit of suppliers. The assessment checks and corrects Regularity of MSDS - Safety Identification Sheet for Chemical Products; Orientation of employees in case of any leakage or accidents with chemical products, storage and handling of hazardous chemicals.
<b>IMPLEMENTED MGT PRACTICES</b>	<p>"The company has the following practices in place to reduce the use of chemical products:</p> <p>Cia. Hering purchased machinery that dyes with a lower bath ratio, and, consequently, uses less chemicals and less water in the dyeing processes. They do not currently have a specific goal for reducing chemicals, but are improving processes to make them more sustainable.</p> <p>Among the best practices related to chemical intensity, Cia Hering uses natural dyes and natural chemicals as the basis of the sustainable dyeing process. It uses dyes from nature that are 90% natural and chemicals made with ingredients and inputs from other manufacturing activities that would otherwise be discarded - such as waste and scraps. Natural dyes account for 1% of their overall dyes used.</p> <p>Examples include:</p> <ul style="list-style-type: none"> <li>• Detergent and Humectant - Product based on oils derived from orange peel.</li> <li>• Softener – From recycled raw material and made from oils from seed residues and rice husks.</li> <li>• Carmine - obtained from the dry body of the cochineal insect (<i>Dactylopius coccus costa</i>);</li> <li>• Chlorophyll - extraction of the green pigment from alfalfa;</li> <li>• Urucum - obtained by treating the pigment extracted from the annatto seed.</li> </ul> <p>This results in 84% less chemicals being used than the industry average.</p> <p>Cia. Hering also performs management of chemical processes in the Water Treatment Station (ETA), Effluent Treatment Station (ETE) and in the boilers. The company invested in machinery in recent years at the Effluent Treatment Plant, and the use of ozone technology in the treatment, to ensure lower consumption of chemicals, more efficiency, better quality of the effluent released back to the river and a smaller volume of sludge."</p>