

H&M's Commitment to Zero Discharge of Hazardous Chemicals

H&M has since more than a decade recognized the urgent need to eliminate Hazardous (i) chemicals and has an approach based on prevention and the precautionary principle (ii).

H&M is committed to continuously eliminate the use of all hazardous chemicals and hence achieve zero discharge (iii) of the same from all production procedures that are associated with the making and using of H&M products (iv), at the latest by 2020(f1).

We recognize that mechanisms for disclosure and transparency about the hazardous chemicals used in our global supply chains are important and necessary. In line with the right to know principle (v) we will increase the public availability and transparency of our restricted substance list and audit process and will set up public disclosure of discharges of hazardous chemicals in our supply chain. We will promote development of common standards towards this end.

H&M also commits to support systemic (i.e., wider societal and policy) change to achieve zero discharge of hazardous chemicals (associated with supply chains and the lifecycles of products) within one generation (vii) or less.

Due to the scale and complexity of this endeavour, true success can only be achieved by engaging with other companies in the apparel sector and stakeholders such as regulators, NGOs and the chemical industry. H&M will continue its efforts to create awareness and drive more responsible practices within the industry.

H&M is committed to continuously engage with and put demands on the chemical industry in order to spur innovation of safer alternatives to any chemical identified as hazardous. Similarly, H&M is committed to engage with material manufacturers to implement new technologies and safer chemicals as they become available.

H&M understands the scope of the commitment to be a long term vision – with short term practice to be defined in the clarification of actions to follow. An action plan will be set up by H&M within eight weeks from the time this commitment was made that will detail the measures to be taken to implement this commitment including timelines for public disclosure (f2) and for the elimination of the highest priority hazardous chemicals.

In addition, we will develop and implement a joint roadmap to detail specific programmes and actions that we can take collectively with other brands to drive our industry towards the goal of zero discharge of hazardous chemicals.

Actions already planned for execution by H&M within the period of these eight weeks include:

-- H&M's publicly available list of restricted substances (vi) will be extended with technical information such as restricted limits and test methods 1st week of October. An updated version will be launched before the end of 2011 taking into account the intrinsic hazards approach.

-- Initiate investigation into how to increase the focus on chemicals management and wastewater monitoring practices in H&M's environmental audit program, and how to make results more transparent, with specific attention given to discharges and factories with chemical intensive production processes such as wet processes.

- Request information from our suppliers in relation to the use (e.g. for other brands) of Nonylphenol ethoxylates (NPEs) in the manufacturing processes and request that they require from their sub-supplier to not intentionally use and release NPEs. At the same time, we will re-emphasise to our suppliers that they are contractually bound to comply with the strict standards of our Restricted Substances List. As part of this request for information we will immediately provide Greenpeace the identity* of the suppliers responsible for the products tested in the Greenpeace Report, and the quantities of all alkylphenol ethoxylates (APE) discharges, and work with urgency to reinforce the controls on all possible releases of APE from their production.

*Our intent is to reveal this information under a non-disclosure agreement based on discussion with suppliers.

- Request information from our suppliers about their chemicals suppliers – specifically on how they control and report on what chemical ingredients they are using.

Footnotes:

(f1) We recognize the need for continuous review of the identification process and elimination of hazardous substances based on the intrinsic properties science.

(f2) Note: the first data should be reported to the public by end 2012 (1 Jan 2013)

i) Hazardous chemicals means all those that show intrinsically hazardous properties (persistent, bio-accumulative and toxic (PBT); very persistent and very bioaccumulative (vPvB); carcinogenic, mutagenic and toxic for reproduction (CMR); endocrine disruptors (ED); or equivalent concern), not just those that have been regulated or restricted in other regions.

ii) Precautionary approach: It means that when scientific evidence suggests a substance may harm the environment or human health, but the type or magnitude of harm is not yet known, a preventative approach towards potentially serious or irreversible damage should be taken, recognising the fact that such proof of harm may not be possible. The process of applying the precautionary approach must involve an examination of the full range of alternatives, including, where necessary, the development of harmless alternatives where they do not already exist. It is based on the understanding that some hazardous substances cannot be rendered harmless by the receiving environment (i.e. there are no 'environmentally acceptable' use or discharge levels)

- iii) Zero discharge means elimination of all releases, via all pathways of release, i.e. discharges, emissions and losses, from our supply chain and our products.

- iv) This means the commitment applies to the environmental practices of the entire company and for the whole product-portfolio of the company. This includes, as a long-term vision, all suppliers or facilities horizontally across all owned brands and licensed companies as well as vertically up the entire supply chain (to material suppliers and dyeing/finishing facilities, in particular those which include wet processes). As a first step – within 18 months – this will cover all directly contracted strategic suppliers across the H&M brand, with a focus on chemically intensive processes, including wet processes.

- v) Right to know is defined as practices that allow members of the public access to environmental information – in this case specifically about the uses and discharges of chemicals based on reported quantities of releases of hazardous chemicals to the environment, chemical by chemical, facility-by-facility, year-by-year.

- vi) The list of restricted substances is the summary of chemicals with hazardous properties identified as relevant for H&M's products and processes.

- (vii) Regarding societal: One generation is generally regarded as 20-25 years.