

QUARTER 1 REPORT

April 2012

RØADMAP TO ZERO DISCHARGE OF HAZARDOUS CHEMICALS

adidas
GROUP



G-STAR RAW

H&M

LI-NING
Make the change



PUMA

INTRODUCTION

On November 15, 2011, adidas Group, C&A, H&M, Li-Ning, NIKE Inc. and Puma published the release of a [joint roadmap towards zero discharge of hazardous chemicals](#) (ZDHC) in the supply chain by 2020. In January 2012, G-Star joined the group of brands and committed to the Joint Roadmap.

The roadmap is highly ambitious; it is a plan that sets a new standard of environmental performance for the global apparel and footwear industry. It includes specific commitments and timelines to realize this shared goal.

This report outlines the progress of activities and achievements the group of brands has accomplished by the end of the first quarter in 2012.



**AN
AMBITIOUS
PLAN**

CALL FOR COLLABORATION

IN DEVELOPMENT

With the purpose to deliver on our commitment to Zero Discharge of Hazardous Chemicals by 2020, we have taken the position that this challenging commitment can only be met with a larger group of players, including many more brands, retailers, and suppliers but also for example the chemical industry.

We have therefore started the work on the Governance Model for our collaboration.

WE WELCOME NEW BRANDS AND RETAILERS TO JOIN US

The 7 brands committed to the Joint Roadmap of Hazardous Chemicals are actively reaching out to associations and brands and retailers, seeking to engage more brands and retailers to become members in our group. Our request to them is clear. We expect the same level of commitment as we ourselves have and as can be seen in our individual statements. We, the group of brands, are the owners and managers of the Roadmap and as such we set the rules for inclusion into our group.

We will continue to engage with all external stakeholders and build on our strong performance in reaching out and seeking collaboration.

OVERVIEW OF JOINT ROADMAP

The roadmap includes specific commitments to realize this shared goal. These commitments include:

- Jointly communicating the mission of zero discharge of hazardous chemicals to all suppliers.
- Conducting pilot projects at major, vertically integrated and materials suppliers between 2011 and 2013 to better understand scope of use and discharge of hazardous chemicals.
- Verifying that nine classes of hazardous or persistent chemicals are not currently used.
- Initiating an inventory of all chemicals used in apparel manufacturing by the end of 2012.
- Disclosing the results of all pilots and studies undertaken as part of this commitment.
- Reporting regularly and publicly on our progress against this commitment (quarterly in 2012, annually from 2013 to 2020).

HIGHLIGHTS OF Q1 PROJECT STATUS

Since the publication of the joint roadmap, all brands have been working proactively to ensure that we are able to deliver according to the roadmap.

- ✓ We hold regular conference calls and meetings.
- ✓ In December 2011, we held a meeting in Germany to start developing an organizational proposal and developing the detailed project plans for the roadmap.
- ✓ A [stakeholder consultation](#) was conducted by SustainAbility; published February 2012.
- ✓ We have communicated to our supply chain the need to source APEO free preparations. Brands have begun to identify where suppliers can find positive alternatives.
- ✓ G-Star joined the group of brands in January 2012.
- ✓ We have conducted a first seminar with selected chemical suppliers in Bangladesh.
- ✓ We have started communicating with suppliers regarding disclosure. We have also begun to look for possible disclosure platforms in China and Bangladesh.
- ✓ We have completed the factories selection process (ensuring of adequate coverage) for the 9 classes chemicals benchmark study.
- ✓ We continuously reach out to associations, brands, and retailers as well as service providers.
- ✓ We are onboarding new brands.
- ✓ We have hired a Project Manager.
- ✓ In April 2012, the group of brands will hold a meeting in Belgium to discuss status and next steps.

PROJECT STATUS – 1/2

STAKEHOLDER CONSULTATION

- Through SustainAbility, engaged over 30 individuals to gather feedback on the joint roadmap.
- Mix of NGOs, technical experts, chemical companies and others.
- Acknowledgment of an ambitious commitment as well as the challenges ahead.
- Recognition that reaching goal requires collaboration and action across the value chain.
- Key themes available [online](#).

BENCHMARK STUDY

- Potential facilities have been selected; the starting countries are China and Bangladesh.
- First pilots will kick off in June.
- We will conduct testing of water, sludge and chemicals.
- We will also conduct factory audits.
- The focus will be on the 9 classes of priority chemicals plus APEOs.

COMMUNICATION TO SUPPLIERS TO SOURCE APEO/ NPE FREE PREPARATIONS:

- Completed.

PROJECT STATUS – 2/2

DEVELOP A GENERIC INVENTORY OF CHEMICALS USED IN THE TEXTILE INDUSTRY:

- Research has started.

SCREENING TOOL

- We aim to identify a cross industry-screening tool for chemical hazards.
- Tool must be able to process a large database of chemicals.
- There may be limited data available for some of the chemicals to be screened.

DEVELOP A JOINT GENERIC AUDIT APPROACH FOR ENVIRONMENTAL PERFORMANCE:

- One complete audit tool package is available.
- A comparison of the above package and other external approaches is on-going.

DEVELOP A SHARED DYE HOUSE AND PRINTER AUDIT PROTOCOL WITH A COMPETENT THIRD PARTY.

- Research on-going.

REFLECTION

An intensive first quarter lies behind the group of ZDHC Roadmap brands. The group has grown already and after welcoming C&A and LiNing briefly before publishing the Joint Roadmap in November 2011, in January 2012 we were satisfied to welcome the next company: G-Star Raw. The further inclusion of new companies will be crucial if we wish to build critical mass.

The group of brands has decided to reach out to all potential members and partners via several organisations. Furthermore, we have been contacted by many peers and organisations.

The stakeholder consultation report shows how broad the opinions are about the level of challenge we have in the roadmap and the level of expectations regarding specific actions. We will continuously build in the feedback from the consultation report into our further work.

The organisational questions arising out of the roadmap should not be underestimated. To name one example we have started the work of evaluating potential 'host' organisations.

COMING UP

PUBLIC WEBSITE

We are in the process of developing the full version of the public website to serve as an information platform for the ZDHC Joint Roadmap.

PLANNING AND OUTREACH MEETING IN APRIL

- Current status, where do we stand
- Project Management will be on-boarding
- Vision towards 2020
- Outreach meeting
- System mapping
- Service providers
- Further engagement with the chemical industry
- Next steps

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