Our planet is facing scarcity issues on many fronts. According to the UN, the world will need 50% more food, 45% more energy and 30% more water by 2030. In the textile industry, water plays a particularly critical role, from growing cotton to washing our clothes at home. So using resources efficiently makes long-term business sense and will increasingly provide opportunities for competitive advantage. To operate as a sustainable business, we are committed to conserving water, soil, air and species. More than that, we want to help ensure that resources are being shared in a fair way and that we consider the needs of both present and future generations.

>un.org

— COMMITMENT SIX —

Use natural resources responsibly
Performance overview

Our Conscious Actions

This pair of jeans is a classic denim piece and is sold in H&M stores around the world.

Producing denim requires significant amounts of water. However, this denim is made with the lowest possible environmental impact compared with traditional production methods.

This is thanks to the environmentally-friendly denim expert consultancy Jeanologia and their methods to measure and reduce the negative effect of treatment processes on our planet.

The result is a greener production process without any compromise on style.

All of our denim orders are now scored by Jeanologia’s Environmental Impact Measurement tool.

Key performance 2015

<table>
<thead>
<tr>
<th>LITRES USED PER KG OF CLOTHING (MANUFACTURING SUPPLIER WATER EFFICIENCY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LESS THAN 100 LITRES PER KG</td>
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<tr>
<td>17%</td>
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</table>

% OF SUPPLIER FACTORIES IN FULL COMPLIANCE WITH WASTEWATER QUALITY REQUIREMENTS (BSR)

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>65%</td>
<td>71%</td>
<td>75%</td>
<td></td>
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</table>

Based on data from supplier factories with wet processes. Included are all supplier factories with wet processes and their own wastewater treatment plants. Excluded are factories using shared treatment plants.
## Performance overview

<table>
<thead>
<tr>
<th>PROGRESS OVERVIEW</th>
<th>TIMELINE</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FOCUS – WATER STEWARDSHIP</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.1 ENSURE APPROPRIATE WASTEWATER TREATMENT FOR ALL SUPPLIER FACTORIES WITH WET PROCESSES</td>
<td>2015</td>
<td>ON TRACK</td>
</tr>
<tr>
<td>6.2 NEW – LAUNCH A NEW METHOD TO ASSESS SUPPLIER WATER IMPACTS AND HELP TO FURTHER REDUCE THESE AT ALL SUPPLIER FACTORIES WITH WET PROCESSES</td>
<td>2016</td>
<td>ON TRACK</td>
</tr>
<tr>
<td>6.3 REDUCE WATER USE IN TREATMENT PROCESSES OF DENIM AND OTHER WATER-INTENSE PRODUCT TYPES</td>
<td>YEAR-TO-YEAR</td>
<td>ON TRACK</td>
</tr>
<tr>
<td>6.4 EXTEND WATER IMPACT REDUCTIONS IN RAW MATERIAL AND FABRIC PRODUCTION</td>
<td>YEAR-TO-YEAR</td>
<td>ON TRACK</td>
</tr>
<tr>
<td>6.5 INSTALL WATER-EFFICIENT EQUIPMENT ACROSS OUR OWN OPERATIONS</td>
<td>2020</td>
<td>ON TRACK</td>
</tr>
<tr>
<td>6.6 RAISE AWARENESS ON WATER ISSUES AMONGST CUSTOMERS, COLLEAGUES AND SUPPLIERS</td>
<td>YEAR-TO-YEAR</td>
<td>ON TRACK</td>
</tr>
<tr>
<td>6.7 NEW – IMPLEMENT WATER ENGAGEMENT PLANS FOR THE YANGTZE (CHINA) AND BRAHMAPUTRA (BANGLADESH) RIVER BASINS</td>
<td>2015</td>
<td>ON TRACK</td>
</tr>
<tr>
<td><strong>FOCUS – CHEMICAL MANAGEMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.8 HELP TO LEAD OUR INDUSTRY TOWARDS ZERO DISCHARGE OF HAZARDOUS CHEMICALS</td>
<td>2020</td>
<td>ON TRACK</td>
</tr>
<tr>
<td>6.9 DEVELOP A NEW METHOD TO ENSURE DATA DISCLOSURE FOR ALL STRATEGIC SUPPLIERS</td>
<td>2016</td>
<td>ON TRACK</td>
</tr>
<tr>
<td>6.10 DEVELOP IMPROVED CHEMICAL MANAGEMENT PRACTICES FOR OUR SUPPLIERS</td>
<td>2017</td>
<td>ON TRACK</td>
</tr>
</tbody>
</table>
Focus: Water stewardship

Our mission

Water is essential for society and access to clean water is increasingly identified as one of the most important issues at a global level. The World Economic Forum identifies global water crises as the top threat worldwide to business and society. Growing cotton, dyeing fabrics, creating washed-out looks and not least washing our clothes at home all have an impact on water resources. Operating in a water-intensive industry, we have a keen interest and responsibility to not only reduce water impacts across our value chain, but also to help the communities along our value chain to ensure that clean water is available to everyone.

We have worked for over a decade on water issues and built up a water strategy with the aim to be a leader in water stewardship. We are working for responsible management of the water resources on which our supply chain depends and through this helping others get access to clean water.

What’s most important is what we, together with our peers, do to ensure that water is used responsibly throughout the value chain. In line with our commitment to use natural resources responsibly, we have teamed up with a number of organisations such as the WWF, Solidaridad and the Swedish Textile Water Initiative (STWI) to set new standards in the fashion industry.

>World Economic Forum’s “Global Risks 2015”

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Yearly Water Withdrawal per Factory in Water Stressed Areas (H&amp;M Production)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>130,000 m³</td>
</tr>
<tr>
<td>2014</td>
<td>105,000 m³</td>
</tr>
<tr>
<td>2015</td>
<td>71,000 m³</td>
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</tbody>
</table>
Responsible water management is vital for the future of communities, the environment, biodiversity and our business success. This has led us to team up with the WWF and together we have developed a holistic strategy for water stewardship targeting four key themes: improving the use of water, building water awareness, collective action, and measuring water impact and risk. This collaboration ran over three years and was the first of its kind in the fashion industry and worked to engage suppliers, buyers, as well as decision makers. In March 2016, we partnered with the WWF again, in a five years partnership. The focus is still on water stewardship, but also including climate action and a strategic dialogue related to H&M and the textile industry’s broader sustainability challenges.

We are also taking the next step in the way we assess our suppliers’ sustainability performance (s. 2.2) and we are further strengthening these measurements and helping our suppliers to better know their footprints and develop strategies to reduce them.

Our lifecycle assessments show that the most significant water footprint in our value chain occurs in raw material production (87%). It is mainly because cotton production is highly water intense and our goal is to use cotton solely from sustainable sources by 2020 at the latest (s. 1.2). This is also why we are working with clothing recycling in order to decrease our dependence on virgin materials.

The second biggest water footprint is in customer use and we have worked with Clevercare to help customers make washing decisions that are more energy- and water-friendly.

The third biggest water footprint is from washing and dyeing processes in fabric production and garment finishing, for example to achieve the desired look of denims. We are working together with a variety of organisations and initiatives to address capacity building in factories, e.g. STWI, PaCT, NRDC, Solidaridad and the WWF.
Focus: Water stewardship

Interview with Ma Jun, Director of the Institute for Public & Environmental Affairs (IPE), Beijing

What are the major impacts of textile production on water resources?
Textile production is extremely water and chemical intensive, so it takes a major toll on the environment in water-scarce regions and when pollutants are discharged on a massive scale.

How do you think fashion companies like H&M should address these impacts?
Fashion companies need to focus their efforts where environmental impacts are greatest and support suppliers in implementing effective solutions for emissions reduction.

How do you see H&M’s performance in this regard?
H&M has actively pushed for its suppliers to publicly address environmental compliance issues, but could lead the collaborative efforts to mend the loopholes on centralised wastewater treatment.

What would you like to see from H&M in the next years?
H&M could work together with stakeholders in emerging countries like China to implement disruptive solutions for sustainable apparel manufacturing.

>ipe.org.cn
Focus: Water stewardship

Our Conscious Actions

6.1 Ensure appropriate wastewater treatment for all supplier factories with wet processes

<table>
<thead>
<tr>
<th>TIMELINE</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>MORE TO DO</td>
</tr>
</tbody>
</table>

All of our approximately 500 supplier factories (including any subcontracted factories) with wet processes are required to treat their wastewater, either by having their own effluent treatment plant (ETP) or by using shared treatment plants as for example provided by the municipality. Factories with their own treatment plants need to comply with strict wastewater quality standards and we regularly monitor these.

We apply the Business for Social Responsibility (BSR) Water Group’s quality definitions, which in many locations go well beyond the legal requirements. In 2015, we started making compliance with this as minimum requirement for our supplier factories. Currently, the compliance rate is 75% (2014: 71%). This means that before entering a partnership with H&M, the factory needs to meet the requirements and has to comply with them during the entire partnership. If a factory, for some reason, does not meet these standards at some point, this could result in a termination of our business relationship.

At the same time, we are continuing to increase our alignment with other brands in shared factories and work with authorities to improve legal requirements where needed. A specific example is Bangladesh. The country is facing significant water challenges since its regulatory framework requires further improvements and wastewater treatment is still not common. Still, we require that all supplier factories as well as subcontracted factories have proper ETPs in place.

> bsr.org

Factories with treatment plants need to comply with strict wastewater quality standards that we regularly monitor.
Focus: Water stewardship

Our Conscious Actions

NEW 6.2 Launch a new method to assess supplier water impacts and help to further reduce these at all supplier factories with wet processes

We want to go beyond ensuring compliance with minimum requirements. In 2015, we therefore developed a new way of assessing our suppliers’ sustainability performance (s. 2.2) that considers more than just compliance and instead focuses on actual impacts. This helps suppliers to better understand and – where needed with our support – develop their own strategies to tackle these impacts.

As part of this, we have developed a broad set of additional measurements and amongst other things, we have incorporated what we have learned through our partnership with the WWF. For example, we are now requesting that all applicable supplier factories gather and report data on their total water usage (and where it has been withdrawn from) as well as water recycling rates. And of course, we are continuing to monitor waste-water quality as well as input sources for potential pollution (s. 6.1). More importantly, we are encouraging suppliers to set their own targets and strategies to reduce their impacts.

We are supporting them in improving their related management systems with training and we are rewarding good performance with better business. We are focusing specifically on suppliers in water stressed and polluted areas in the deltas of Brahmaputra (Bangladesh) and Yangtze (China), which are the two single most significant water sources for our wet-process suppliers.

As part of this, we are currently transitioning towards this new assessment method and gathering the first data. We plan to report the first data in the 2016 report and are currently working together with several of our stakeholders to set new impact reduction targets. Already this year, we could see that all of our roughly 500 applicable supplier factories had installed water usage measurement tools.

6.3 Reduce water use in treatment processes of denim and other water-intense product types

Producing denim requires significant amounts of water. In order to reduce water impacts, we focus on innovative production methods without compromising our customers’ demands. Since 2014, such low-impact production methods are part of our conscious consumer labelling for products with the highest sustainability standards.

To define the products with the lowest impacts, we use a tool developed by Jeanologia, a Spanish consultancy and experts on sustainable denim washes. Their Environmental Impact Measurement tool (EIM) helps to rate the treatment process impacts, for example, with regard to water use, energy use and chemical management. The ratings are divided into three categories – green, yellow and red. To be labelled with our Conscious Label, a denim needs to meet the requirements of the green category. This guarantees that a maximum of 35 litres of water per garment is used during washing. Currently, about 50% of our denim products fall into the green category.

Beyond these Conscious labelled and best performing products, during the year, we have expanded the use of Jeanologia’s analysis to all of our denim production, providing us and our suppliers with a helpful tool to assess and reduce water use.

By 2015, about half of all our denim products had reached the highest “green” level, meaning that a maximum of 35 litres of water per garment had been used during the treatment processes.
Focus: Water stewardship

Our Conscious Actions

6.4 Extend water impact reductions in raw material and fabric production

Producing raw materials and making fabrics can have significant water impacts. That’s why we want to make the best possible fabric choices and help cotton farmers and fabric mills in particular to reduce their water impacts. And of course make water conscious fabric choices right from the start when designing our products. One way to do this is to choose recycled materials. In 2014, we launched our first closed-loop denim collection using at least 20% recycled cotton from collected clothes. We estimate that each of these denim pieces uses up to 1,000 fewer litres of water compared to using only conventional virgin cotton.

During 2015, we also took important further steps by including fabric mills involved in making about 50% of our products (2014: 35%) in our supplier assessment systems (s. 2.9).

This means that these mills are now gradually being covered by water impact assessments, measuring and reporting data for example on their water usage and recycling rates – and are encouraged to set their own targets and strategies to reduce these.

Additionally, we have continued our work through a set of programmes that aim to help fabric producers in particular to improve their environmental footprints such as the Partnership for Cleaner Textiles (PaCT) in Bangladesh and the Better Mill Initiative in China, together with Solidaridad. Together with Solidaridad and the Natural Resources Defense Council (NRDC), we aim to improve the production efficiency of more than 30 printing and dyeing mills in China over a three-year period. So far, the results show that participating mills have increased profits due to reductions in energy, water usage and saved time and materials. When it comes to raw materials, it is mainly through the Better Cotton Initiative (BCI) that we are helping cotton farmers grow cotton with less water impacts (s. 7.2). We will continue to extend these efforts and improve our tools for measuring impacts and reduction opportunities.

We are also working with the Swedish Textile Water Initiative (STWI). Collectively, the Swedish brands that make up this network alongside the Stockholm International Water Institute (SIWI) have developed guidelines for sustainable water use in textile and leather manufacturing. In 2015, we began participating in STWI projects in Ethiopia, Turkey and India with the support of the Swedish International Development Cooperation Agency (Sida). The programme focuses on achieving measurable results at the factory level, addressing resource efficiency and building the capacity for workers and managers to continue working towards sustainable production.

To continue the work towards sustainable production we are participating in projects in Ethiopia, Turkey, India, Bangladesh and China.

<table>
<thead>
<tr>
<th>TIMELINE</th>
<th>STATUS</th>
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<tbody>
<tr>
<td>YEAR-TO-YEAR</td>
<td>DONE</td>
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</tbody>
</table>

>textilepact.net
>textiles-solidaridad.org
>solidaridadnetwork.org
>nrdc.org
>bettercotton.org
>stwi.se
>siwi.se
>sida.se
Our Conscious Actions

6.5 Install water-efficient equipment across our own operations

Looking at our entire value chain, our stores, warehouses and offices have a rather small water impact. Still, we want to act as a good example by reducing our water use as much as possible. And of course this also helps us reduce costs in the long run. So by 2020 at the latest, we aim to have water-efficient equipment such as low-flow taps in all of our stores, warehouses and offices. By 2015, 37% of our facilities had water-efficient equipment in place (2014: 24%, 2013: 19%). Our warehouses in Hamburg, Ghlin, Poznań and Madrid as well as a number of stores in the UK have additional rainwater harvesting facilities in place. In total, our facilities harvested roughly 21.2 million litres of rainwater in 2015 (2014: 12.3 million).

We aim to have water-efficient equipment in all of our stores, warehouses and offices by 2020 at the latest.
Our Conscious Actions

6.6 Raise awareness on water issues amongst customers, colleagues and suppliers

We have found that general awareness about water issues is rather low compared to, for example, climate change. Since water is a significant resource when making fashion, we want to emphasise the importance of water together with our efforts to tackle the world’s growing water challenges. Through different initiatives, we hope to raise awareness amongst our colleagues, suppliers and customers. Specifically, we have rolled out mandatory e-learning sessions for employees that highlight water issues and solutions. So far, more than 52,000 colleagues (35%) have taken our introductory e-learning and almost 13,500 have taken our more advanced learning programme. We also have specific water and technical training courses for our colleagues in our production countries. 80% of these have been trained. We continue to deliver technical training among our technical staff and new suppliers to secure their awareness and knowledge on water management.

This year, we launched strategic water training for all our managers. The aim of this training was not just to raise the management’s awareness of water scarcity, but also to help in future decision-making processes and an even closer integration of water risks and opportunities in our sourcing strategy.

In 2014, we trained our first-tier factories in three different areas: general water awareness, our water requirements, technical water testing and technical training on ETP functionality. The focus for 2015 was on training our second-tier factories and up to now, 53% of them have undergone the training.

We constantly strive to inform our customers about the importance of water in textile production. With the Clevercare label, we are focusing on water and energy reduction after garments leave our stores. The label encourages customers to take care of their garments in more conscious ways and since 2014, all of our garments have the Clevercare label included in their washing instructions. >clevercare.info
Focus: Water stewardship

Our Conscious Actions

NEW 6.7 Implement water engagement plans for the Yangtze (China) and Brahmaputra (Bangladesh) river basins

The Yangtze and Brahmaputra river basins are the two most important water sources for our supplier factories with wet processes. This means we are especially focused on industry engagement reaching beyond the factory lines of individual companies in order to drive holistic improvements. Together with the WWF, we have developed and rolled out dedicated water stewardship methodology. In China, we have developed a detailed method for engagement with the industry, policymakers, China National Textile & Apparel Council (CNTAC), other brands, local NGOs and communities. We are currently running a pilot project and our ultimate goal is to implement our method across several industrial parks in the Yangtze to strengthen analysis of shared water risks and water planning. We also support the WWF’s conservation project to sustain the Yangtze finless porpoise and contribute to positive developments for the river ecosystems.

In Bangladesh, together with the WWF we have conducted (1) a gap analysis on water management legislation investigating challenges in national water governance and (2) an economic risk analysis of how current business practices and water impacts affect long-term growth and production in the country. The purpose has been to form a powerful foundation for better water management in Bangladesh. Both reports were launched in early 2016 with the 2030 Water Resources Group.

The governance report found that both water infrastructure investment and sustainable water management clearly rely on good water governance, and that there are major opportunities to strengthen water governance. This includes ensuring that regulations are properly monitored and enforced with purposeful penalties, that water-related government bodies have clear mandates, resources and reporting mechanisms, and that businesses, farmers and community members are fully included in decision-making on water.

Key findings from the economic report show that the gap between water policy and implementation in Bangladesh is likely to affect the country’s GDP, living standards, food security and textile export growth by 2030. The report suggests that taking decisive action on water governance could create major savings in health expenses and cost reductions for irrigation pumping by farmers. It would also prevent textile production sites from running out of usable water in major industrial areas.

% OF USED WATER THAT IS RECYCLED

WATER WITHDRAWAL BY SOURCE IN SUPPLIER FACTORIES LOCATED IN BRAHMAPUTRA, BANGLADESH AND YANGTZE, CHINA

<table>
<thead>
<tr>
<th>WATER WITHDRAWAL BY SOURCE</th>
<th>Brahmaputra</th>
<th>Yangtze</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTHER</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>GROUND WATER</td>
<td>99%</td>
<td>99%</td>
</tr>
<tr>
<td>RIVER WATER</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>MUNICIPAL WATER</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>% OF USED WATER THAT IS RECYCLED</th>
<th>Brahmaputra</th>
<th>Yangtze</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>2014</td>
<td>7%</td>
<td>5%</td>
</tr>
<tr>
<td>2015</td>
<td>5%</td>
<td>2%</td>
</tr>
</tbody>
</table>

>ctei.cn
>wwf.panda.org
>230wrg.org
Chemicals are essential in many things that we use in our everyday lives, as well as in the manufacturing of clothes. It’s our task to uphold the strictest standards for handling chemicals and eradicate any hazardous chemicals going into our supply chain. We want to guarantee that our products are free from any harmful substances. Looking beyond the products, it is equally important to ensure safe working conditions for the people making our products and to protect the environment.

We follow the precautionary principle to avoid any harmful chemicals going into our supply chain. This means that we ban substances even if they are not legislated or if there is any indication of scientific uncertainties. Our main focus is on preventing restricted substance use at our first-tier and material suppliers. The chemical inventory list is one of our new minimum requirements to secure a strengthened supplier chemical management system. It helps us increase control of the chemicals that are used by our suppliers when making our products. This way, we can avoid the use and discharge of hazardous substances and control the chemicals that are used for dyeing, printing and washing processes.

We continually review and update our chemical restrictions including our Manufacturing Restricted Substances List (MRSL) and Restricted Substance List (RSL). Based on risk assessments for each individual product order, we perform regular tests – most of them in third-party laboratories. Additionally, we conduct specific chemical audits, for example, by checking what is referred to as the Safety Data Sheet (SDS).

We have ongoing training in our chemical restrictions and management, with additional focus on factories with chemical-intense processes such as dyeing and printing. In 2015, we partnered with SGS to deliver hazardous substances control (HSC) training. This training introduces key chemical management concepts and some basic tools in order to assist factories in controlling their chemical input in their processing, which is different from ordinary chemical training available in the market.

We have integrated our work towards Zero Discharge of Hazardous Chemicals (ZDHC) into our new chemical management strategy. Furthermore, we have enhanced our stakeholder engagement by including other industries and governments to further advance chemical management and transparency and also actively promote stricter legislation.

hm.com/chemical-restrictions
sgs.com
roadmaptozero.com
Our Conscious Actions

6.8 Help to lead our industry towards zero discharge of hazardous chemicals

H&M is detox-committed and we are an active part of the ZDHC group. We are working actively to implement the joint roadmap with milestones to secure a cleaner environment with increased accountability and lead our industry to zero discharge of hazardous chemicals by 2020. This involves working on a methodology to find safer alternatives and research list prioritisation.

Together with other committed ZDHC brands we are engaging with stakeholders such as governments, textile industry associations, NGOs, third-party labs and the chemical industry to raise awareness of industry standards and work collaboratively for change. It is vital to engage with key supply chain actors, the chemical industry and associations in Asia to drive best industry standard adoption, research for alternatives and promote the best available chemicals.

6.9 Develop a new method to ensure data disclosure for all strategic suppliers

So far, we have been using the Institute of Public and Environment Affairs (IPE) for data disclosure for roughly 60 strategic suppliers in Bangladesh, China, India, Cambodia and Indonesia. Now, we have started to develop additional solutions to provide all suppliers with the best possible disclosure mechanism. Through extensive research we have found that the Pollution Release Transfer Register (PRTR) is an effective method to prevent intentional use of hazardous chemicals in the manufacturing process.

Inspired by the PRTR methodology, we are currently working on implementing a similar method together with Bureau Veritas, a global leader in Testing, Inspection and Certification (TIC). The methodology is called E Cube and will provide three key chemical management indices to help predict supplier performance. The indices include (1) Transparency index (2) Greener chemical index and (3) Discharge performance index. This method is validated by Hong Kong University.

Commitment Six – Use Natural Resources Responsibly

Focus: Chemical management

We are implementing a new methodology, E Cube, to prevent intentional use of hazardous chemicals in the manufacturing process.
Our Conscious Actions

6.10 Develop improved chemical management practices for our suppliers

<table>
<thead>
<tr>
<th>TIMELINE</th>
<th>STATUS</th>
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<tbody>
<tr>
<td>2017</td>
<td>ON TRACK</td>
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Our products are tested against chemical restrictions that are amongst the strictest in the industry and here we follow the precautionary principle. In 2015, we conducted nearly 41,000 tests to ensure compliance with our chemical restrictions. We review our restriction lists at least once a year.

We are also increasingly focusing on the actual chemical input in the production processes. In 2013, we introduced our positive lists to help our suppliers choose the chemical products that comply with our restrictions. We started with positive lists from three chemical producers and this year we have a total of ten producers. We will keep increasing the number of positive lists to help the industry move towards better substitutions. We also ensure awareness of the Manufacturing Restricted Substances List (MRSL) requirements.

and in 2015, we extended MRSL training to also include our second-tier suppliers.

Our new chemical management strategy, Best Chemical Management Practice (BCMP), aims to drive better purchasing practices to control the chemical input and ensure traceability in the production cycle. This includes a new systematic method to monitor the chemicals that are used and discharged in production units. This way, we can phase out hazardous chemicals and find substitutes for them.

During 2015, we ran pilot projects at 15 strategic suppliers to review their chemical management systems according to the notion of Plan-Do-Check-Act. From the results, we have identified strengths and areas for improvement at these factories. In general, most of the factories have developed a good chemical policy and monitoring system, but more efforts need to be made in operation routines and self-assessment areas. Our aim is to have the method in place by 2017.

> hm.com/chemical-restrictions