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May 7th, 2018

Open Letter to Stichting ZDHC Foundation

The contribution of sustainably oriented textile dye and chemical producers towards the elimination of hazardous chemicals from within the textile supply chain and the advancement of more sustainable textile processing.

Signatories of this initiative

Archroma	Colourtex	DyStar
Huntsman	Jay Chemical	Protex
Pulcra	Rudolf	Tanatex

Introduction

Due to the current situation regarding the proliferation of textile value chain standards and their supporting testing schemes that are being specified by Brands and their supply chains, a number of textile dye and chemical companies (hereinafter referred to as the “signatories”) have consulted on the issues of the increasing complexity and resultant cost burdens for the textile value chain, which are proving an obstacle to the overall goals of the elimination of hazardous chemistry from within the textile supply chain.

The signatories are textile dye and chemical companies that evidenced their support for, and investment in, sustainability advancement initiatives, both in the outerwear and fast-fashion sectors. The signatories do not represent any specific region but have a global approach and footprint – to varying degrees – and thus also have a global approach towards compliance and sustainability advancement.

All agreed that the way forward would be to align behind one industry standard, based upon achievable limits resulting from best chemical manufacturing techniques, as this would accelerate implementation, and avoid complexity and confusion for textile mills and their suppliers. It would also be the most cost-effective approach for the textile value chain.

The signatories recognize that the bluesign® system, the most “holistic” approach of current systems being based upon input stream management in combination with chemical manufacturing competence auditing, is the preferred industry platform to assess consistent compliance of a branded commercial dye/chemical formulation to a standard. This gives the highest degree of confidence to the textile value chain stakeholders.

The signatories also recognize that the ZDHC Foundation is the most appropriate platform for the industry to progress towards a more harmonized approach. However, before the companies can become Value Chain Affiliates of the ZDHC a number of concerns need to be addressed.

Summary

The signatories have, for many years, acted in an inherently responsible manner towards the manufacturing of commercial technical grade textile dyes and chemicals. This has been possible because of the high importance placed upon manufacturing process innovation, product stewardship and quality management. This importance is evidenced by the degree of investment that the companies have made in resources to support and advance these functions within their respective organizations.

In addition to this, the signatories include leading companies which have a proven track record in the replacement of hazardous chemistry from manufacturing processes with more benign substitutes, as a result of various research and development programs. The initiation of these is often as a result of the identification of potential future changes in the hazardous classification of substances.

It is our intention to strongly support any initiative that aims to eliminate hazardous chemicals from within the textile supply chain.

When the Zero Discharge of Hazardous Chemicals (ZDHC) collaborative initiative started in 2011, as a result of external pressure placed upon the Brands by NGO's, a number of the group chemical companies were approached to become, on a voluntary basis, actively involved with ZDHC. The main purpose would be to technically advise and work with the ZDHC towards the setting up of a roadmap towards the elimination of hazardous chemicals; the development of a universal standard for commercial textile dye and chemical formulations and the resultant communication and implementation within the textile supply chain.

It is our intention to work towards a greater harmonization of an industry standard and challenge the proliferation of standards and approaches which the industry is now facing which, through complexity, duplication, and misunderstanding, hinder the elimination of hazardous chemicals from within the supply chain.

With the formation of a separate Stichting ZDHC Foundation in 2014, the funding of the collaboration changed to a multi-stakeholder approach as a number of external activities increased and additional resources were required. Previously the initiative's internal activities had been primarily organized and funded by the ZDHC member Brands (for whom the risk remains highest as they are held accountable by the

NGO's). To that end, chemical companies have been approached to participate with monetary contributions for ZDHC Foundation.

It is our intention that the ZDHC Foundation give more recognition to those industry players who continue to demonstrate competence and a serious commitment to the sustainability agenda, thus giving further motivation for the industry to improve.

Signatories Expectations to ZDHC Foundation

The signatories agree that at this point of time it does not make sense to form a new industry association to positively influence the sustainable manufacturing behavior in the textile supply chain worldwide. However, a collective approach to address common industry concerns is viewed as appropriate and necessary to try to guide the ZDHC, brands and other stakeholders in a direction which is workable and effective for the textile industry.

The signatories accept that the ZDHC should be the most appropriate platform for the industry to progress towards a more harmonized approach. Past activity from some companies within the group have assisted in setting up standards (Manufacturing Restricted Substance List - MRSL) and the elements for compliance and implementation (ZDHC Chemical Gateway and Guidelines).

However the signatories have defined some principles and expectations that require clarification/commitment in order to officially contribute to the ZDHC Foundation:

- ZDHC Gateway – Chemical Module (previously referred to as the ZDHC Chemical Registry).

There is a strong expectation that the chemical module fulfills the intention of really driving the industry to convergence to a harmonized MRSL/System accepted and implemented by all leading brands.

The following concerns were identified to be addressed:

- The harmonizing of standards/testing/screening methodologies is clearly supported, in particular the comparative rating (Levels 0 – 3) of each approach based upon their merits and resultant degrees of confidence of compliance. It is imperative that all the signatory Brands have officially agreed to this approach and will accept that a higher level of confidence supersedes the need for a lower level of compliance.
- The signatories appreciate that an initial “entry level” (Level Zero) is necessary and must be time-limited in order to prevent the legitimization of non-compliant textile dye/chemical suppliers and their products. However, the signatories consider it is most critical that this temporary entry level categorization is not misused as a ‘fig leaf’ to legitimize non-compliant suppliers for marketing purposes. It is not clear to the members of this initiative if brands and other stakeholders really understand the significance of the ZDHC “pyramid’ approach. Our expectation is that there will be a mechanism in place to ensure that the limited timeline is rigidly policed and enforced.

- It is imperative that the ZDHC Gateway – Chemical Module motivates textile dye and chemical suppliers to move products up the levels of the “pyramid”; as well as for brands to understand and appreciate the true value of the more holistic approach of ‘Level 3’ partners – Responsible Care, Product Stewardship Program, etc. Our expectation is that a mechanism is in place to ensure this continual improvement process.
- The ZDHC Manufacturing Restricted Substances List.
 - The signatories have a concern regarding additional financial burdens being placed on the industry by Brands who seek to differentiate their offering on the basis of an additional modified “individualized” MRSL. Our expectation is that safeguards are in place to prevent this risk of a proliferation of MRSL standards.
 - The focus should be on the supporting of the current ZDHC MRSL v1.1 as a starting point (to which some of the companies within the group have extensively contributed in the prior ZDHC Technical Advisory Committee). Further development of this standard requires a leading participation of the group’s textile dye and chemical manufacturers within the ZDHC MRSL Advisory Group to ensure that future standards represent current best chemical manufacturing techniques of technical grade chemicals, rather than reagent grade chemicals. Our expectation is that this point is considered and a mechanism is in place to ensure that standards are not imposed upon the industry which cannot be reliably met.
- The ZDHC Foundation Contributor Status.

It is acknowledged that in order for the ZDHC to function efficiently a mechanism must be in place to ensure that funds are available for it to function. The signatories also recognize that various stakeholders are exposed to differing risk, and that each stakeholder group should invest in activities to reduce/mitigate any current risk. One could argue that just as the Brand has a prime duty to ensure that a consumer product does not present any risk to the public health, it is also the responsibility of the “wet processor” to ensure that the environment is not polluted during the manufacture of textiles. This principle of shared responsibility should also be represented within the ZDHC Foundation.

- An active participation and support of the ZDHC by the signatories will strengthen the ZDHC, adding not only the weight of responsible textile dye and chemicals producers but also in addition will balance out the interests and ensure it is an “industry platform” rather than an imbalanced “brand-driven” collaboration. This would reinforce the stated objectives of the ZDHC Foundation in the advancement of compliance and sustainable practices in the supply chain.
- Larger organizations have a greater ability to lever the implementation of “clean chemistry” across the industry due to their extensive global footprint and the wider range of products involved in the whole textile manufacturing chain. Therefore a larger manufacturer of textile dyes

and chemicals should be encouraged to be an active participant, rather than penalized. The current contributor model has an element scaled to the financial performance of the stakeholder; larger commercial organizations are expected to contribute with a higher annual payment. The signatories would like to see a modification of the current proposal to reflect this approach, which would also reflect a leadership position within the ZDHC Foundation's executive and relevant working groups.

- With regard to the current approach for ZDHC Foundation contribution, the signatories would like to see a mechanism in place that ensures that products that already have been invested with a 3rd party validation at the highest level of confidence (Level 3) are not again charged for an entry into the ZDHC Gateway – Chemical Module. This supports the vision of minimizing cost duplication and also gives the motivation for companies to invest in higher levels of confidence for their textile dyes and chemicals validated at a lower level. Populating the ZDHC Gateway – Chemical Module with more high-level products should be rewarded rather than penalized in terms of cost.

The signatories would like to confirm a willingness to actively engage with the ZDHC Foundation, in particular with the ZDHC Gateway Chemical Module and also as a ZDHC Contributor. However, we would do so on the basis that the expectations outlined in this letter are fulfilled as we believe they will accelerate the industry towards the elimination of hazardous chemistry from within the textile value chain.

If we come to a common understanding regarding our expectations, our proposal is that as of September 1st the signatories would join on a trial basis for a period of 12 months. At the end of this trial period we will review the progress made by ZDHC towards driving the necessary change and harmonization of the industry towards the objective of "zero discharge of hazardous chemicals". If we are satisfied with the progress, we will further commit to a long-term partnership.

Sincerely,

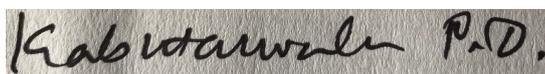
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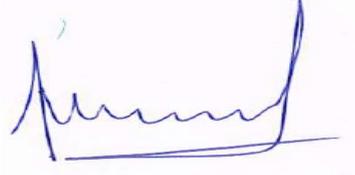
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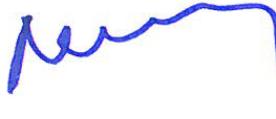
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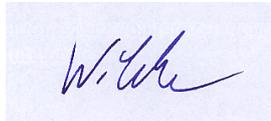
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