

Module: Introduction

Page: Introduction

0.1

Introduction

Please give a general description and introduction to your organization.

The H&M Group's business consists of sales of clothing, accessories, footwear, cosmetics and home textiles to consumers. In addition to H&M and H&M Home, the H&M Group includes the brands COS, Monki, Weekday, & other Stories, and Cheap Monday. H&M's business concept is to offer fashion and quality at the best price. H&M has primarily in-house designers, with limited guest designers by invitation. The business is operated from leased store premises, through internet and catalogue sales, and on a franchise basis. At the end of the financial year H&M had 104,000 employees and was present in 48 markets with the operations in 12 of these being on a franchise basis. The total number of stores at the end of the financial year was over 2,800. Online and catalogue sales are offered in Sweden, Norway, Denmark, Finland, the Netherlands, Germany, Austria and the UK. The home textiles range, H&M Home, is sold via online and catalogue sales and also through stores in for example Stockholm, Helsinki, Copenhagen, London, Amsterdam, Oslo and Frankfurt. Online sales for COS and Monki exists in 18 countries in Europe. H&M does not own any factories; products are sourced, through 15 production offices in Asia and Europe, from independent suppliers that are close long-term partners of H&M. Considerable resources are devoted to ensure sustainable development for H&M long term. H&M works to bring about sustainable improvements for people and the environment – in the supply chain, the garment life-cycle and the communities in which H&M is active. To learn more about H&M's extensive sustainability work please read the H&M Conscious Actions Sustainability Report 2012, which is available at hm.com/consciousactions2012.

0.2

Reporting Year

Please state the start and end date of the year for which you are reporting data.

Enter the period that will be disclosed.

Thu 01 Dec 2011 - Fri 30 Nov 2012

0.3

Reporting Boundary

Please indicate the category that describes the reporting boundary for companies, entities, or groups for which water-related impacts are reported.

Companies, entities or groups over which operational control is exercised

0.4

Exclusions

Are there any geographies, facilities or types of water inputs/outputs within this boundary which are not included in your disclosure?

No

Further Information

Please read about H&M policies, programmes and performance related to water in our most recent sustainability report, which is attached or available online at www.hm.com/consciousactions2012

Attachments

https://www.cdproject.net/sites/2013/03/7903/CDP_Water_Disclosure_2013/Shared_Documents/Attachments/CDPWaterDisclosure2013/Introduction/Conscious_Actions_Sustainability_Report_2012_en.pdf

Module: Water-Governance

Page: Water-1-ManagementGovernance

1.1

Does your company have a water policy, strategy or management plan?

Yes

1.1a

Please describe your policy, strategy or plan, including the highest level of responsibility for it within your company and its geographical reach.

Country or region	Description of policy, strategy or plan	Position of responsible person
Company-wide	H&M's sustainability policy states that all business operations shall be run in a way which is economically, socially and environmentally sustainable. To make this an integral part of our business strategy H&M has made seven strategic, long-term commitments which cover every stage of our product life cycle, from designing our fashion to how our customers care for the garments they buy. These commitments are: 1. Provide fashion for CONSCIOUS* customers. 2. Choose and reward responsible partners. 3. Be ethical. 4. Be climate smart. 5. Reduce, Reuse, Recycle. 6. Use natural resources responsibly. 7. Strengthen communities. We have built a process to identify and prioritise the actions that we need to take over the short and medium term to help us to meet each of these long term commitments. We call all these our Conscious Actions and they involve all business functions. Throughout the year we monitor the progress we make towards completing these actions, review and improve our methods and add more actions as our understanding of how to fulfill our commitments improves.	Officer/manager reporting directly to the board
Company-wide	In 2012 H&M adopted a new water strategy, which is based on the model developed by WWF and includes working according to the 5 steps of water stewardship: 1. Water awareness - employees, suppliers and customers have a high level understanding of the global water challenges and their dependence on freshwater 2. Knowledge of impact - have a detailed understanding of the impact the company and supply chain has and the exposure to water risks 3. Internal action - take action to optimize internal governance, improve water efficiency and reduce pollution for own and supplier operations 4. Stakeholder engagement - working together with other companies, governments and NGO's in multi-stakeholder platforms to take action to address water issues focus regions 5. Influence governance - together with other stakeholders, engage with public policy makes to manage water basin in a sustainable way. H&M is a signatory to the UN CEO Water Mandate and we are committed to integrate the six key elements into our strategic water work. To implement our water strategy we have entered a three year partnership with WWF. The partnership structure consists of a water management team that meets 4 times a year and leads the operational work within 5 work streams. The management team reports to a decision forum that meets twice a year and which consists of Heads of four business functions; Sustainability, Buying, Production and Communication. We recognize that our largest water impacts are in raw material production and from wet processing in our supply chain and our strategy has been set to appropriately address those impacts and will be implemented across all markets. Starting already at the drawing board, H&M designers and buyers will receive additional training in the water impacts of raw material production as well as wet processes for different styles, to promote more sustainable choices. We will reach all 750 direct suppliers and many fabric manufacturers with information about the new water strategy. We will initially work on engagement on water management with 190 suppliers manufacturing the majority of its products. River basin stakeholder engagement will initially be focused on the Yangtze in China and Brahmaputra in Bangladesh. H&M will also support a conservation project on water in the Yangtze river basin in China.	Officer/manager reporting directly to the board

1.1b

Does the water policy, strategy or plan specify water-related targets or goals?

Yes

1.1c

Please describe these water-related targets or goals and the progress your company has made against them.

Country or region	Category of target or goal type	Description of target or goal	Progress against target or goal
Company-wide	Supply chain	Use only more sustainable cotton by 2020	By sustainable cotton we mean organic cotton, recycled cotton and cotton grown within the Better Cotton Initiative (BCI). In 2012, we increased our use of sustainable cotton to 11.4% of total, up from 7.6% in 2011. In 2012, H&M has kept the position as the biggest user of certified organic cotton in the world, making up 7.8% of total volume. Organic cotton has less impact on water because no synthetic fertilizer or pesticides are used. BCI cotton has reduced water impacts both from improved use of chemicals and from application of water saving techniques, which can reduce water use by 32-49% according to studies. About 150,000 farmers have received dedicated training and we will continue to fund training.
Company-wide	Supply chain	Promote more sustainable leather	Leather products can require intense chemical treatment using substances that can harm the environment. H&M does not have direct business relationship with leather suppliers so in 2009, we joined the Leather Working Group (LWG) in order to promote sustainable business practices in this sector. In 2012, 27% of leather shoes were made of leather from LWG certified tanneries.
Company-wide	Direct operations	Introduce conscious wash and care instructions	In a garments life-cycle, up to 30% of total impact on water eutrophication can arise when clothes are washed by customers. Therefore we want to play a part in inspiring our customers to reduce this impact. In 2011, we started discussions with Ginetex who is the owner of the current global standard care labelling system, aiming to develop a globally applicable care label that encourages consumers to care for their clothes in a more conscious way. In spring 2013 the first products carrying this label will reach our customers.
Company-wide	Direct operations	Provide best possible sustainability training for buyers and designers	In order to offer more sustainable fashion to our conscious customers and in-line with our water strategy, buyers and designers have to be well informed about the sustainability values and impacts of different products and their decisions. We provide dedicated mandatory training for these colleagues. In 2012, we provided a total of 2,200 hours of training.
Company-wide	Direct operations	Reduce water use in our stores, offices and distribution centers	Although our direct operations have only minimal water impacts from a value chain perspective we aim to set standards on best practice and reduce water use as much as possible. When building a new store or distribution center, we follow building specifications that include requirements on low-flow taps, automatic stop functions, low water use toilets with dual flush functions and leak detection systems. The same requirements are applied at office spaces, where feasible. In the UK we have a building management system that monitors water use at all shops and we are looking at implementation of similar systems in more markets. We are also implementing rainwater harvesting systems at feasible sites and currently our distribution centers in Hamburg, Ghlin and Madrid as well as two stores in the UK have rainwater-harvesting facilities in place.
Company-wide	Supply chain	Promote water savings in garment production	We monitor water efficiency at supplier factories, focusing on those with in-house wet processes and located in water-scarce areas as defined by the WWF Water Risk Filter tool. We measure the use of water per kg of products made. In 2012, we collected data from 343 factories (305 last year), of which 73,2% use less than 100 litres per kilogram product (70% last year). We complement monitoring with dedicated projects such as our Cleaner Production programs and driving water savings in denim production. Washing of denim can be particularly water-intensive to achieve the desired looks. We found that better processes can save about 30% of the water use. In 2012, 50% of all our denim was made using these techniques and we work hard to apply these to more and more suppliers and product types. In 2012 alone this reduced the water usage by estimated 450 million liters compared to conventional production processes.

Country or region	Category of target or goal type	Description of target or goal	Progress against target or goal
Company-wide	Supply chain	Ensure compliance with BSR Wastewater standards in supplier factories	Since 2006 we have required all our first tier supplier factories with wet processes to avoid environmental damage by treating their waste water. Waste water quality in our supply chain has to meet quality levels defined by industry guidelines developed by the Business for Social Responsibility Water Group or relevant local laws, whichever is stricter. Water quality measures include organic and chemical pollution levels and suspended solids within the waste water – TSS (total suspended solids), BOD (biological oxygen demand) and COD (chemical oxygen demand). In 2012, the share of suppliers in the lowest threshold for each of these indicators against the BSR standard are 73.3%, 83.2% and 97.5% respectively. The data shows an increased proportion of factories in the lowest thresholds for all three indicators. The number of factories that were monitored also increased from last year. In 2013 we are updating our procedure for monitoring waste water to ensure full compliance.
Bangladesh	Supply chain	Better water management in Bangladesh	Water efficiency and the quality of discharged waste water are key challenges for the long-term viability and growth of the textile sector in general. This is especially relevant for Bangladesh, a country frequently threatened by floods while facing a growing scarcity of drinking water. As part of our holistic water stewardship strategy, we have now broadened the scope of the work previously part of our Cleaner Production Programme in Bangladesh. Once again, we are joining forces with our previous project partner, Solidaridad, in addition to a number of other brands and IFC-Worldbank in a program called Bangladesh Water PaCT (Partnership for Clean Textiles). This program will have a broader reach targeting 500 factories with aligned methods and targets through the Bangladeshi textile sector. At the same time, the scope has been broadened in terms of its ambition and now takes the challenge of zero discharge of hazardous chemicals into account. The overarching objective is to reduce environmental and related social impacts that result from prevailing practices in textile wet processing, particularly excessive ground water extraction and surface water pollution, whilst including energy and chemical use. Program results will improve the environmental impacts of the textile sector in Bangladesh and strengthen its long term competitiveness. Working in partnership with buyers, solution providers, financial institutions, donors, government and other key stakeholders, the Program will support textile factories and concentrated selected geographic clusters in order to reduce their water footprints.
Company-wide	Supply chain	Help to lead our industry towards zero discharge of hazardous chemicals by 2020	We are working on a joint roadmap with 10 other brands and we have initiated a set of complementary individual actions. We have made good progress with both the joint roadmap as well as our H&M specific action plan. In 2012, we conducted a number of benchmark studies to better understand effective responses to phasing out these substances. Furthermore, the first disclosure on discharge data was completed by 11 strategic suppliers of H&M. The group has started to develop joint chemical audit tools to achieve alignment within the industry.
Company-wide	Supply chain	Ban PFCs from all products	Perfluorinated compounds (PFCs) are commonly used to make water-repellent products such as raincoats. Unfortunately, they are persistent and bio-accumulative they can harm the reproduction of organisms. As of January 1st, 2013, PFCs will be banned from all our products globally. This means that all orders placed 1st of January 2013 or later will be produced without PFCs.
Company-wide	Community engagement	Improve health conditions of people along our value chain	In 2012, 153,000 people were given access to clean water and education through our dedicated projects with partners WaterAid and Frank Water.

1.2

Do you wish to report any actions outside your water policy, strategy or management plan that your company has taken to manage water resources or engage stakeholders in water-related issues?

Country or region	Category of action	Description of action and outcome
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Further Information

Please read about our water strategy and development of the program on hm.com/water For more information about progress on Zero Discharge of Hazardous Chemicals, see www.roadmaptozero.com/

Attachments

[https://www.cdproject.net/sites/2013/03/7903/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/HM and WWF Fact sheet.pdf](https://www.cdproject.net/sites/2013/03/7903/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/HM%20and%20WWF%20Fact%20sheet.pdf)
[https://www.cdproject.net/sites/2013/03/7903/CDP Water Disclosure 2013/Shared Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Water Strategy - ladder.pdf](https://www.cdproject.net/sites/2013/03/7903/CDP%20Water%20Disclosure%202013/Shared%20Documents/Attachments/CDPWaterDisclosure2013/1.WaterManagementandGovernance/Water%20Strategy%20-%20ladder.pdf)

Module: Water-RisksOpps

Page: Water-2-indicators-op

2.1

Are any of your operations located in water-stressed regions?

Yes

2.1a

Please specify the method(s) you use to characterize water-stressed regions (you may choose more than one method).

Method used to define water stress	Please add any comments here:
WWF-DEG Water Risk Filter	The Water Risk Filter has been used to map stores and logistics facilities of the company. The Water Risk Filter includes a number of water risk indicators. Water stress specifically is assessed with scarcity data and definition of the Water Footprint Network. Scarcity is defined as the ratio of blue water footprint (based on consumption rather than withdrawal) to blue water availability – where the latter is taken as natural runoff minus environmental flow. Blue water resources are surface water and ground water. We have used the annual monthly average water scarcity indicator for mapping H&M facilities.

2.1b

Please list the water-stressed regions where you have operations and the proportion of your total operations in that area.

Country or region	River basin	Proportion of operations located in this region (%)	Further comments
China	Yongding He	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
China	Huang He	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
China	Liao He	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
United States of America	Sacramento	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
United States of America	San Joaquin	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
United States of America	Colorado(Pacific Ocean)	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
United States of America	Colorado(Caribbean Sea)	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
United States of America	Great Salt Lake	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
Spain	Guadalquivir	1 – 10	Less than 1% of operations. Water use at these

Country or region	River basin	Proportion of operations located in this region (%)	Further comments
			locations is used for staff toilets, cleaning and ventilation.
Spain	Guadiana	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
Mexico	Panuco	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
Turkey	Tigris & Euphrates	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
Turkey	Sakarya	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
China	Hong (Red River)	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
Belgium	Escaut (Schelde)	1 – 10	Water use at these locations is used for staff toilets, cleaning and ventilation.
Russia	Don	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
Spain	Douro	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
Spain	Tejo	1 – 10	Water use at these locations is used for staff toilets, cleaning and ventilation.
Finland	Kymijoki	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
Finland	Vuoksi	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
Latvia	Western Dvina (Daugava)	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.
Canada	Saint John's	1 – 10	Less than 1% of operations. Water use at these locations is used for staff toilets, cleaning and ventilation.

2.2

Are there other indicators (besides water stress) which you wish to report that help you to identify which of your operations are located in regions subject to water-related risk?

Yes

2.2a

Please list the regions at risk where you have operations, the relevant risk indicator and proportion of your total operations in that area.

Country or region	River basin	Risk Indicator	Proportion of operations located in this region (%)	Further comments
Company-wide	Other: Alabama River & Tombigbee, Altamaha River, Amur, Bei Jiang, Cape Fear River, Colorado River (Caribbean Sea), Colorado River (Pacific Ocean), Columbia River, Connecticut River, Delaware River, Dong Jiang, Great Salt Lake Hong (Red River), Huang He (Yellow River), Hudson River, James River, Liao He, Luan He,	Flooding	11-20	We have used the Water Risk Filter and reported the number of facilities located in river basins with the highest occurrence of floods. Flooding risk is part of our risk assessment due diligence process for expansion in new and existing markets and we have routines in place to ensure the safety of

Country or region	River basin	Risk Indicator	Proportion of operations located in this region (%)	Further comments
	Merrimack River, Mississippi River, Pee Dee River, Potomac River, Sacramento River, San Joaquin River, Santee River, St.Johns River, St.Lawrence, Trinity River (Texas), Xi Jiang, Yangtze River (Chang Jiang), Yongding He,			our employees and minimize risk to our operations.

2.3

Please specify the total proportion of your operations that are located in the regions at risk which you identified in questions 2.1 and/or 2.2.

22.8%

2.4

Please specify the basis you use to calculate the proportions used for questions 2.1 and/or 2.2.

Basis used to determine proportions	Please add any comments here
Number of facilities	Stores and logistics facilities make up the largest part of H&M's direct operations, 96% of total sqm space. These facilities include similar operations in terms of water use and impacts and the mix of size of facilities is fairly evenly distributed, hence using number of facilities is a good basis to determine proportions.

Further Information

Page: water-indicators-sc

2.5

Do any of your key inputs or raw materials (excluding water) come from regions subject to water-related risk?

Yes

2.5a

Please state or estimate the proportion of your key inputs or raw materials that come from regions subject to water-related risk.

Country or region	River basin	Input or material	Proportion of key input or raw material that comes from region at risk (%)	Unit used for calculating percentage	Further comments
Company-wide		Cotton	61 – 70	Volume or weight of material purchased	Volume wise, cotton is our main raw material. There are many positive aspects of cotton – it has good properties as a material for textiles and it provides income for many people in developing countries. At the same time, it is a crop that in many places of the world is cultivated in areas that are under water stress. We rarely have any direct influence on raw material production such as cotton and the supply chain is often very complex. Knowing that the majority of cotton is sourced from domestic markets in major production countries such as China, India, Pakistan and Turkey, we can estimate that the majority of cotton is grown in areas of water risks. Conventional cotton farming can also have negative social and environmental consequences that need to be addressed. To ensure that

Country or region	River basin	Input or material	Proportion of key input or raw material that comes from region at risk (%)	Unit used for calculating percentage	Further comments
					the cotton used in our products meets sustainability standards and to reduce water risks in cotton cultivation, we put a lot of effort into making the entire textile value chain more resource efficient, socially sustainable, traceable and transparent. Co-operating with others is one way of achieving improvements. For example, we are actively involved in the Better Cotton Initiative which aims to make long lasting improvements in conventional cotton farming and is currently evaluating traceability mechanisms. Furthermore, H&M was the world's biggest user of certified organic cotton in 2012. Using organic cotton alongside Better Cotton and recycled cotton is part of our long-term strategy towards using only sustainable cotton by 2020.

Further Information

Page: water-3-riskassess-op

3.1

Is your company exposed to water-related risks (current or future) that have the potential to generate a substantive change in your business operation, revenue or expenditure?

Yes

3.1a

Please describe (i) the current and/or future risks to your operations, (ii) the ways in which these risks affect or could affect your operations before taking action, (iii) the estimated timescale of these risks, and (iv) your current or proposed strategies for managing them.

Country or region	River basin	Risk type	Potential business impact	Estimated timescale (years)	Risk management strategies
Company-wide	Other: Alabama River & Tombigbee, Altamaha River, Amur, Bei Jiang, Cape Fear River, Colorado River (Caribbean Sea), Colorado River (Pacific Ocean), Columbia River, Connecticut River, Delaware River, Dong Jiang, Great Salt Lake, Hong(Red River), Huang He (Yellow River), Hudson River, James River, Liao He, Luan He, Merrimack River, Mississippi River, Pee Dee River, Potomac River, Sacramento River, San Joaquin River, Santee River, St.Johns River, St.Lawrence, Trinity River (Texas), Xi Jiang, Yangtze River (Chang Jiang), Yongding He and in future expansion regions.	02. Physical: Flooding	Flooding incidences may cause disruptions to sales and logistics operations, which may lead to delays and loss of sales.	1 – 5	Flooding risk is part of our risk assessment due diligence process for expansion in new and existing markets and we have routines in place to ensure the safety of our employees and minimize risk to our operations.
Company-wide		08. Regulatory: Mandatory water	Although retail sector is a relatively low user of water, we see there are	1 – 5	We have proactively initiated actions to ensure water efficient equipment in

Country or region	River basin	Risk type	Potential business impact	Estimated timescale (years)	Risk management strategies
		efficiency, conservation, recycling or process standards	developments with regards to demands on water efficiency and recycling or re-use in different several markets around the world, especially in water stressed regions. This will require investments in monitoring systems and site specific systems such as rain water harvesting facilities.		our operations, testing and implementing building management systems, working with landlords on embedding water use in green lease requirements in some markets and implemented rain water harvesting systems in several markets. The experience from these activities put us in a good position to take part in dialogue on these developments in the retail sector and meet future regulatory requirements.

3.2

What methodology and what geographical scale (e.g. country, region, watershed, business unit, facility) do you use to analyze water-related risk across your operations?

Risk methodology	Country or geographical scale
We use the Risk Filter to map site locations in water stressed areas and map areas prone to flooding, to help inform actions and implementation of routines. We have set up a process for Risk Assessment and due diligence when entering new markets, where water is included. This process informs relevant departments on actions needed to mitigate risks.	Country

Further Information

Page: water-riskassess-sc

3.3

Do you require your key suppliers to report on their water use, risks and management?

Yes

3.4

Is your supply chain exposed to water-related risks (current or future) that have the potential to generate a substantive change in your business operation, revenue or expenditure?

Yes

3.4a

Please describe (i) the current and/or future risks to your supply chain, (ii) the ways in which these risks affect or could affect your operations before taking action, (iii) the estimated timescale of these risks and, (iv) your current or proposed strategies for managing them.

Country or region	River basin	Risk type (to supplier)	Potential business impact (to responding company)	Estimate timescale (years)	Risk management strategies (by responding company)
Bangladesh	Brahmaputra	01. Physical: Declining water quality	Pollution of surface water due to uncontrolled discharges by industrial and agricultural users has made this source	1 – 5	In addition to monitoring the waste water discharge from our supplier factories, we are working within the Partnership

Country or region	River basin	Risk type (to supplier)	Potential business impact (to responding company)	Estimate timescale (years)	Risk management strategies (by responding company)
			unavailable for use by suppliers and communities, putting increased pressure on ground water reserves. This puts supplier operations at risk due to supply of water and the health and livelihood of the people in communities who are employed by suppliers.		for Cleaner Textiles to improve water management and ensure improved waste water treatment, not only among H&M suppliers, but influencing the whole apparel industry in Bangladesh. This work aims to improve the water resource management in for the long term benefit of the industry and communities. H&M is also working with WaterAid to provide access to clean water and improved sanitation to the most vulnerable communities in Bangladesh to provide the foundation for their development. H&M's business model is flexible to adapt to changed circumstances and production can be moved to other locations if necessary.
China	Other: Huang He (Yellow River), Yongding He, Yangtze River (Chang Jiang), Huai He, Xi Jiang, Bei Jiang, Dong Jiang, Fuchun Jiang, Min Jiang	10. Regulatory: Regulatory uncertainty	Pressure on available water and declining quality has led to targets at the national level to improve efficiency and reduce pollution. The implementation of these targets at local or regional level can vary and there is uncertainty at how they may affect the industry in terms of policies and enforcement, which may cause disruptions to supplier operations.	1 – 5	As part of our global program for direct suppliers, we ensure compliance with waste water standards are enforced and work in improving efficiency in water intense processes such as denim production. We also screen our suppliers against publicly available data on discharge violations to ensure appropriate actions have been taken to avoid violations in the future. With second tier suppliers, whom we do not have direct business relationship with, we engage through Cleaner Production programs to improve water and chemical management. We monitor regulatory changes, keep close dialogue with suppliers and aim to strategically engage in stakeholder forums which can proactively engage with policy makers to ensure good governance of water resources. H&M's business model is flexible to adapt to changed circumstances and production can be moved to other locations if necessary.
Company-wide		15. Other: Reputational damage	The presence of hazardous chemicals in discharge from production of textiles and apparel is a global challenge. These substances need to be phased out to ensure future health of people and the environment. Association with production facilities that do not have sufficient chemical management and control of their discharges, can cause substantial reputational damage.	Current	We are committed to ensure zero discharge of hazardous chemicals in our supply chain by 2020 and are working on a roadmap in collaboration with other brands in our industry which including actions such as working on chemical auditing, promoting disclosure and finding substitutions to be applied in production processes.

Further Information

Page: Water-4-Impacts

4.1

Has your business experienced any detrimental impacts related to water in the past five years?

No

Further Information

Page: Water-5-Opportunities

5.1

Do water-related issues present opportunities (current or future) that have the potential to generate a substantive change in your business operation, revenue or expenditure?

Yes

5.1a

Please describe (i) the current and/or future opportunities, (ii) the ways in which these opportunities affect or could affect your operations (iii) the estimated timescale and (iv) your current or proposed strategies for exploiting them.

Country or region	Opportunity type	Potential business impact	Estimated timescale	Strategy to exploit opportunity
Company-wide	Increased brand value	By taking the lead in our industry in water stewardship H&M will engage with our customers and other stakeholders on our commitment to ensure water is used sustainably in our whole value chain, increasing customer perception of H&M as a sustainable brand.	1 – 5	We have adopted a water strategy which is based on WWF's 5 step model of corporate water stewardship: 1. Water awareness, 2. Knowledge of impact, 3. Internal action, 4. Stakeholder engagement 5. Influence governance. In December 2012, we entered a 3 year partnership with WWF to implement the strategy and have set a plan outlining 30 sub-goals under the 5 steps of the strategy.
Company-wide	Sales of new products or services	Increase our customer offer by continuing to offer more conscious fashion that has embedded sustainability, such as low water impacts, through choice of raw material and wet processes.	1 – 5	Through our water strategy we will improve criteria for, and further increase our use of, sustainable raw materials. We will also find innovative methods to promote better wet processes in the production of our products, starting from the designers drawing board and actively promoting technology transfer in our supply chain.
Company-wide	Other: New service and cost savings	Increasing stresses on natural resources, means that competition for raw materials may grow. Extracting virgin resources at one end and wasting them on the other one does not make business sense and doubles the stress on our environment. Offering garment recycling services to customers provides an extended service to our customers, avoids textiles going to landfill and provides an opportunity to increase recycling of fibers, which has a significantly reduced water footprint. This will also have the potential to increase availability of raw materials and reduce	Current	After a successful pilot in Switzerland, we are now the first fashion company in the world to offer our customers to bring unwanted clothes – from any brand and in any condition - to H&M stores in all our 48 markets in order to give them a new life. In the long run, we want to be able to create new clothes out of them and thereby close the loop on textile fibres. Today, one of the challenges is that often the yarn made of old clothes is not strong enough to make new quality garments. But we believe that by creating demand for technical innovation, also this

Country or region	Opportunity type	Potential business impact	Estimated timescale	Strategy to exploit opportunity
		costs in the long term.		challenge can be tackled. Additionally, we invest all surplus generated by selling collected textiles to their new users in such innovation on textile recycling as well as social projects, through our Conscious Foundation.

Further Information

Page: Water-6-tradeoffs

6.1

Has your company identified any linkages or trade-offs between water and carbon emissions in its operations or supply chain?

Yes

6.1a

Please describe the linkages or trade-offs and the related management policy or action.

Linkage or trade-off	Policy or action
Linkage	In our Cleaner Production programs with wet processing suppliers we always show the linkage between water and energy use, to build stronger business cases for investing in measures to save water and carbon emissions.

Further Information

Module: Water-Accounting

Page: Water-7-Withdrawals

7.1

Are you able to provide data, whether measured or estimated, on water withdrawals within your operations?

Yes

7.1a

Please report the water withdrawals within your operations for the reporting year.

Country or region	River basin	Withdrawal type	Quantity (megaliters/year)	Proportion of data that has been verified (%)	Comments
Company-wide	Other: Alabama River & Tombigbee Altamaha River Amur Bei Jiang Cape Fear River Colorado River (Caribbean Sea) Colorado River (Pacific Ocean) Columbia River Connecticut River Danube Delaware River Don Dong Jiang Douro Ebro Elbe River Escaut (Schelde) Fraser River Garonne Gloma Grande Riviere Great Salt Lake	Municipal water	2011.65	0	Total volume of municipal withdrawals is calculated from extrapolations based on water use in liters per m2 measured in 167 stores (6%), 3 of our biggest distribution centers and our Head Office.

Country or region	River basin	Withdrawal type	Quantity (megaliters/year)	Proportion of data that has been verified (%)	Comments
	Guadalquivir Guadiana Gudena Han-Gang (Han River) Hong(Red River) Huang He (Yellow River) Hudson River James River Kemijoki Kokemaenjoki Kuban Kymijoki Lake Vattern Liao He Loire Luan He Lule Merrimack River Mississippi River Muonio Nelson River Neman Neva Ob Oder River Oulujoki Panuco Pee Dee River Po Potomac River Rhine Rhone Sacramento River Saint John River Sakarya San Joaquin River Santee River Seine St.Johns River St.Lawrence Tejo Tigris & Euphrates Trinity River (Texas) Vaenern-Goeta Weser Western Dvina (Daugava) Wisla Volga Vuoksi Xi Jiang Yangtze River (Chang Jiang) Yodo Yongding He				
Belgium	Escaut (Schelde)	Rainwater	1.2		Rainwater harvested at one Distribution Center.
Germany	Elbe	Rainwater	1.8		Rainwater harvested at one Distribution Center.
United Kingdom		Rainwater	0.05		Rainwater used for flushing toilets at one shop.

7.2

Are you able to provide data, whether measured or estimated, on water recycling/reuse within your operations?

No

7.2b

Please explain why you are not able to provide data for water recycling/reuse within your operations.

The retail sector is a relatively low user of water. In our stores, distribution centers and offices water is used for drinking, washing, cleaning and flushing toilets and as such there is little feasibility to install recycling or re-use. In addition to efficiency measures, we focus instead on introducing rainwater harvesting facilities at feasible site locations.

7.3

Please use this space to describe the methodologies used for questions 7.1 and 7.2 or to report withdrawals or recycling/reuse in a different format to that set out above.

Total volume of municipal withdrawals is calculated from extrapolations based on water use in liters per m2 measured in 167 stores (6%), 3 of our biggest distribution centers and our Head Office.

7.4

Are any water sources significantly affected by your company's withdrawal of water?

No

7.4b

You may explain here why your company's withdrawal of water does not significantly affect any water sources.

The retail sector is a relatively low user of water. In our stores, distribution centers and offices water is used for drinking, washing, cleaning and flushing toilets. In our contracts with landlords we ensure the facilities have all legal permits and are connected to appropriate municipal supplies and sewage treatment systems.

Further Information

Page: Water-8-Discharges

8.1

Are you able to identify discharges of water from your operations by destination, by treatment method and by quantity and quality using standard effluent parameters?

No

8.1a

Please explain why you are not able to identify discharges from your operations by destination, treatment method , quantity and quality, and whether you have any plans to put in place systems that would enable you to do so.

Retail is a comparably low user and discharger of water. In addition, those discharges are largely equivalent to household/office water discharges. As our facilities are predominately leased premises, with contracts for water supply and discharge handled by the respective landlords.

8.2

Did your company pay any penalties or fines for significant breaches of discharge agreements or regulations in the reporting period?

No

8.3

Are any water bodies and related habitats significantly affected by discharges of water or runoff from your operations?

No

8.3b

You may explain here why your company's discharge of water does not significantly affect any water bodies or associated habitats.

Retail is a comparably low user and discharger of water. In addition, those discharges are largely equivalent to household/office water discharges.

Further Information

Page: Water-9-Intensity

9.1

Please provide any available financial intensity values for your company's water use across its operations.

Country or region	River basin	Financial metric	Water use type (megaliters)	Currency	Financial intensity (Currency/mega-liter)	Please provide any contextual details that you consider relevant to understand the units or figures you have provided.
Company-wide		Revenue	Withdrawals	SEK	69959795.5	

9.2

Please provide any available water intensity values for your company's products or services across its operations.

Country or region	River basin	Product	Product unit	Water unit	Water intensity (Water unit/product unit)	Water use type	Please provide any contextual details that you consider relevant to understand the units or figures you have provided.
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Further Information

Module: Sign Off

Page: Sign Off

Please enter the name of the individual that has signed off (approved) the response and their job title

Felix Ockborn, Environmental Sustainability Coordinator for Water
CDP