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## **OVERVIEW**

H&M group and WWF have worked in close partnership on water stewardship, since 2011. Between 2016 and 2020, the partnership expanded to tackle climate change and also to having a strategy dialogue on issues such as biodiversity, innovative materials and circularity. This Midterm report discloses results from the first 2,5 years of the agreed five year period of the H&M Group and WWF partnership, that runs between 2016 and 2020.

With this holistic approach, the partnership is now able to serve as a 'flagship' initiative that addresses a wide range of water, climate and sustainability strategies – making it possible for us to showcase solutions both within the sector and beyond. An overarching programme targeting sustainable practices is a commercially viable approach for companies that plan to stay in business over the long run.

Using a science-based approach whenever possible WWF and H&M will evaluate the most sustainable solutions for the fashion industry - an ongoing collaboration that will drive H&M and the sector as a whole towards the adoption of sustainable and ethical fashion designed to fit within one planet boundaries. Wherever relevant, our efforts strive to align with and support UN Sustainable Development Goals (SDGs).



# INTRODUCTION: WHEN WE WORK TOGETHER, WE CAN ACHIEVE MUCH MORE

The partnership between WWF and H&M was launched in 2011 with a focus on fresh water, a huge sustainability challenge for our planet. The fashion industry is extremely waterintensive, and H&M is one of the largest fashion brands globally and one of the biggest users of the water demanding crop cotton. Focus has been on creating solutions for water challenges along the value chain, both for H&M and the industry as a whole, and at the same time inspiring other brands to follow.

In 2016, the partnership expanded from water challenges to combating climate change and engaging in a wide-ranging strategy dialogue.

This strategy dialogue works as an incubator for the most important sustainability issues – such as innovation and action on climate change, circularity, new materials and halting the loss of biodiversity. Climate change may be one of our greatest challenges in this modern world. It is vital that we achieve the Paris agreement, and companies world-wide need to act. In 2017 H&M launched one of the most ambitious climate goals in history – developed in dialogue with WWF – to become climate positive in the entire value chain by 2040. To reach that goal H&M will focus on three areas; energy efficiency, renewable energy and climate resilience.



DANIEL ROBERTSSON
DIRECTOR CIVIC, PUBLIC
& PRIVATE SECTOR ENGAGEMENT,
WWF SWEDEN.



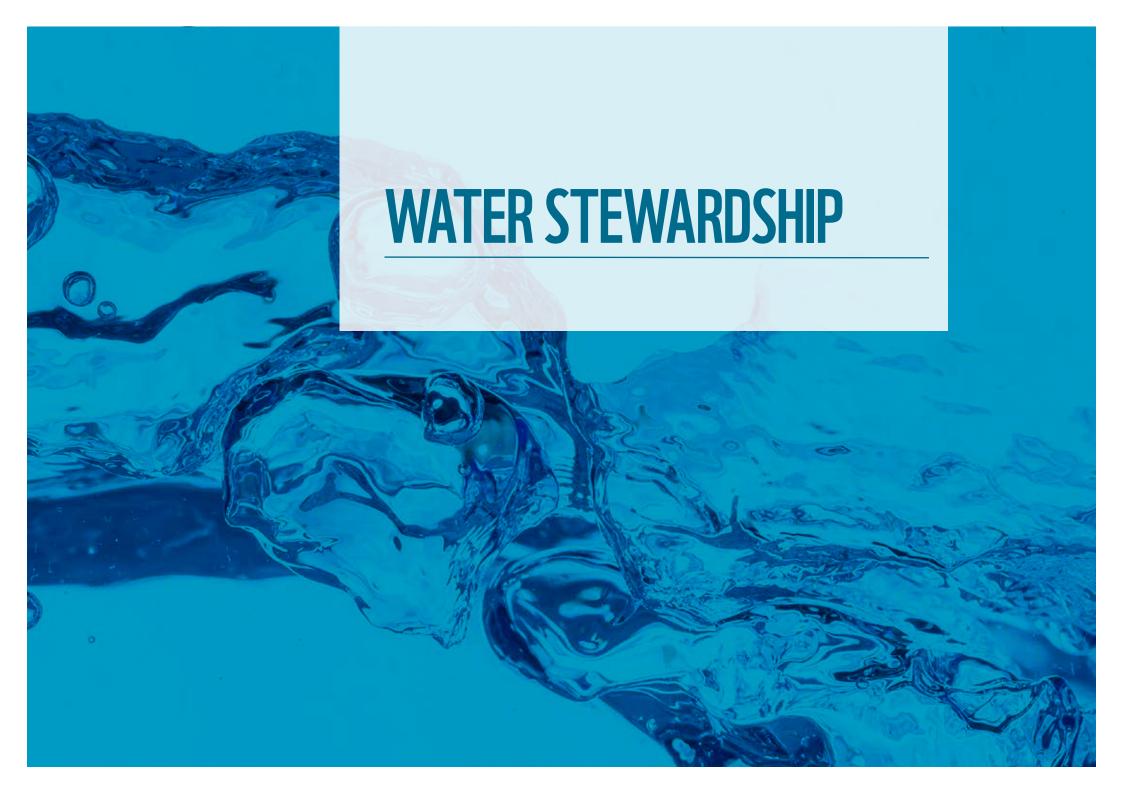
CECILIA STRÖMBLAD BRÄNNSTEN HEAD OF ENVIRONMENTAL SUSTAINABILITY, H&M GROUP.

WWF wanted to work with a company that could take leadership for the whole textile and fashion industry. H&M was willing to work in a new way, and take responsibility for the whole chain, not just their own footprint. Seven years later – H&M is a leader on water stewardship."

**Daniel Robertsson,** Director Civic, Public & Private Sector Engagement, WWF Sweden.

When H&M and WWF are working together we can create more impact. Our aim is to make a change and be a leading example for the whole industry."

**Cecilia Brännsten,**Head of Environmental Sustainability, H&M group.



# PIONEERING WATER STEWARDSHIP FOR THE TEXTILE- AND FASHION INDUSTRY

#### Water Stewardship – the key to success

From cotton farming through manufacturing processes, water is extremely important for the clothing and textile industry. H&M and global conservation group WWF have worked together on water stewardship for a number of years. H&M group is proud to be the early mover among textile brands"

Harsha Vardhan, Global Environment Manager - Production, H&M group Since H&M and WWF entered into partnership in 2011, focus has been on water stewardship, with the aim of making H&M's own operations and value chain cleaner and more water efficient and bringing together companies, governments, NGOs and communities to share water resources in a more sustainable way.

The partnership was the first of its kind, shining does a light on the whole supply chain – looking beyond factory fences and adopting strategic approaches to water risk mitigation.

By 2016, work with H&M group's global water management strategies was well under way. Actions such as the implementation of a raft of standard operating procedures, the monitoring of supplier performance and the application of standardized supplier water awareness programmes transformed H&M's water management

practices and paved the way for sustainability efforts across the entire sector. Internally, H&M had firmly established water awareness and spread an understanding of the negative impact their own water management practices entailed and the risks these might provoke.

The next step was to scale up H&M's internal collective action efforts to the global production level, bringing stakeholders together to improve water governance in all wet processing regional production offices, and setting good examples in impactful partnership projects in selected river basins. At the same time a global collective action approach to influence global water governance began to take form.





#### INFLUENCE GOVERNANCE.

Governments are incentivized and motivated to manage and invest in water basins in a sustainable way.



#### **COLLECTIVE ACTION.**

Companies, communities, public sector and NGO's are engaged together in collective action to address issues.



#### INTERNAL ACTION.

Companies take action to optimize internal water governance, improve water efficiency and reduce pollution.



#### KNOWLEDGE OF IMPACT.

Companies have detailed understanding of impact they and their suppliers have (incl. footprint & risk).



#### WATER AWARENESS.

Companies, their suppliers and customers have (high level) understanding of the global water challenges, and their dependence on freshwater.

Now, in 2018, as we enter the United Nations
International Water Decade, it has never been more
important for businesses to assume the role of water
stewards, acting collectively to reduce water risks in their
operations and supply chains, and in this way help restore
and protect rivers and freshwater ecosystems and boost
progress towards SDG6 – water and sanitation for all.

The fashion and textile industry has a critical role to play in supporting SDG 6 commitments, not just around reducing its own impacts but also in supporting other actors including governments in achieving water goals.

For brands, this means setting holistic targets on water stewardship, reducing value chain water impacts, supporting multi-stakeholder programmes and strengthened water governance in key regions, and helping restore and protect rivers and freshwater ecosystems.

The textile and apparel industry should be at the forefront on water stewardship due to its high impact on rivers and freshwater ecosystems, and high dependence on clean sustainable water supplies. Efficiency savings from single companies alone will not address water risk at the basin level. The answer is for brands in the fashion and textile industry to work together".

Kim Hellström, Strategy lead, Climate & Water, H&M group

# WORK BEYOND THE FACTORY FENCE.

GOAL: Companies, communities, public sector and NGOs engage together in collective action to address joint water challenges.

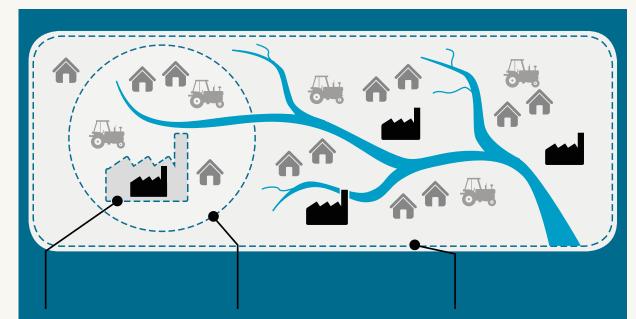
Focussing on collective actions together with other stakeholders has shaped H&M group's strategic approach to water management, both inside the company, in the supply chain and beyond.



Having worked with water stewardship for many years now, it is liberating to see that others want to join in too. The global water crisis will not solve itself; the

private sector, policy makers and civil society need to work together on this. We see a growing interest in the issue and the possible solutions that the partnership is suggesting"

**Shariful Hoque**, responsible for Water Sustainability in Global Production for H&M group.



# INTERNAL ACTION

Improving water management internally can have a limited to be impact. This strategy will ultimately need tobe enhanced with focused external action.

## LOCAL-LEVEL COLLECTIVE ACTION

Working with stakeholders in direct surroundings of facility to enhance social license to operate. High likelihood that collective action misses key stakeholders in the wider basin.

# BASIN-LEVEL COLLECTIVE ACTION

Working with stakeholders at basin and sub-basin level, to support sustainable water management. Focus on long-term risk reduction, policy objectives and governance.

# PARTNERSHIP WATER MANAGEMENT OUTCOMES 2011-2018

#### **RESULTS AND OUTCOMES 2011-2015**

During 2011-2015, the partnership traversed two phases. During phase 1, 2011-2012, the WWF and H&M focussed upon raising awareness on water risks arising around H&M's direct operations and production, as well as promoting an understanding of the data necessary to take mitigatory action and develop the company's first water strategy. In phase 2, 2013-2015, the partnership focussed upon both internal action and collective action on water, rolling out training and



auditing programmes for staff and suppliers and setting benchmarks and standards for operational targets – both in direct operations and production. In this phase H&M started to collect water performance data assessed both geographic and company water risks using WWF's Water Risk Filter tool, leveraging a comprehensive water risk analysis of all H&M's production lines utilizing wet processes. This assessment informed further strategic development targeting water risk reduction at H&M and pinpointed areas where the most urgent actions needed to be taken.

One of the global hotspots for industrial water risk is the Yangtze river that runs through China's Jiangsu province. The Yangtze is the world's 3rd longest river, and has been a cradle for textile crafts. In 2014 the partnership launched a first water stewardship collective action project, based

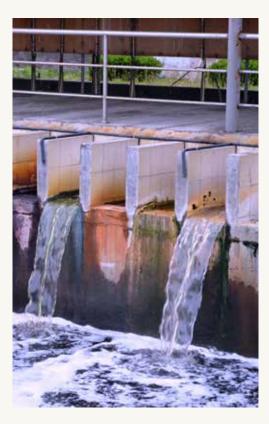
in the Taihu basin, near the mouth of the Yangtze river. Working in close collaboration with suppliers using wet processes and adding on mechanisms for stakeholder engagement for better water policies and textile industry guidelines leveraged the adoption of a new and innovative water governance model in the Taihu basin.

In parallel with efforts to reduce impacts on water resources in the lower Yangtze, H&M has supported WWF's conservation programme for the threatened Yangtze river finless porpoise. In the lake district of the middle Yangtze, due to pollution and riverbed extractions, traffic and habitat destruction, populations of the finless porpoise had withdrawn to a single lake, and in 2010 numbered a mere 40 individuals. It seemed likely that the porpoise was about to meet the same fate as its cousin, the Yangtze river dolphin or Baiji, that was pronounced extinct in 2006. As a result of WWF's habitat protection efforts and community engagement for organic farming and improving the water quality of the lakes, the number of porpoises had increased to 60 individuals by 2016, and a translocation programme could be launched, slowly moving porpoises into the lakes and habitats where they once flourished.

The partnership also drove a shorter advocacy project for improved regulations in Bangladesh, targeting the heavily polluting industry in the Ganges-Brahmaputra river. This work generated two reports on the economic benefits of water stewardship in support of national policy development on water.

Collaboration in these regions enabled WWF and H&M to develop best practice cases for the textile and fashion industry – a strong priority sector for water stewardship due to its high negative impact on water. In one of WWF's main priority river basins, the Yangtze river in China, H&M and WWF have shown that strong engagement leverages influence across the entire sector. These efforts have also led to both the multiplication and upscaling of the initiative, engaging H&M and other large global fashion brands in water stewardship.

- In 2011, with support from WWF, H&M started to build internal awareness in connection with water risks and proposed ways of mitigating these in their operations.
- H&M developed and implemented internal operative procedure standards and established





the BSR sandard as global benchmark for supplier water performance. In three years, supplier performance increased from 64% to 84% compliance with the BSR benchmark, globally.

• Internally, H&M provided water awareness training for 75000 members of staff, ranging

from production office employees as well as those assigned sales and design functions.

• In the H&M value chain, water and chemical management standards were improved in over 500 suppliers.

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# WORK AND OUTCOMES IN CHINA



In the Taihu basin of the lower Yangtze river in China, WWF and H&M launched the first Water Stewardship Industrial Park project, where more than 20 factories collaborated to improve water management. The partnership developed an Industrial Park Guideline for water stewardship, based on industrial expertise and the learning outcomes achieved in the Industrial Park project, this was applied by factory managers and is now to be integrated in the training programmes of the China National Textile & Apparel Council (CNTAC).

- The partnership established the Taihu Forum, that aims to gather stakeholders in the area and to initiate a dialogue on sustainable water management in the Taihu basin. A new governance model for water was promoted by the forum and set a roadmap to water stewardship influence on water governance.
- Together with stakeholders and scientists, an indicator system for basin health monitoring was developed for Taihu basin in the Yangtze river.
- In the middle reaches of the Yangtze, the partnership supported a project to encourage farmers to use more sustainable practices, as a first step in restoring the health of the Yangtze river and saving the critically endangered finless porpoise (also known as the Yangtze "river pig").

#### **DOLPHINS IN YANGTZE RIVER**









Neophocaena asiaeorientalis ssp. asiaerorientalis





The Yangtze River, the longest river in Asia, used to be one of the only two rivers in the world that was home to two different species of dolphin the Yangtze finless porpoise and the Baiji dolphin.



However, in 2006 the Baiji dolphin was declared functionally extinct. This was the first time in history that an entire species of dolphin had been wiped off the planet because of human activity. Its close cousin, the Yangtze finless porpoise, is known for its mischievous smile and has a level of intelligence comparable to that of a gorilla.

# WORK AND OUTCOMES IN BANGLADESH

Between 2013-2015, WWF and H&M carried out a programme of activity on water stewardship and water governance in Bangladesh. With H&M support, WWF completed two key research reports, exploring the political and economic challenges and opportunities around water within Bangladesh.

Leveraging these findings, the partnership actively engaged policy makers for more sustainable water management in Bangladesh, with particular focus on creating and supporting a water governance workstream within the platform of 2030 Water Research Group — an initiative bringing together government with business and civil society to address key water challenges in Bangladesh.

Due to WWF and H&M's collaboration with 2030 WRG, the governance workstream was established, and has been working since then to strengthen water policy and institutions within Bangladesh.

Two analytical reports were produced on how water affects the economy and governance in Bangladesh. Findings suggest that national ambitions such as improved living standards, food security and textile export growth depend on improving water governance.







#### **RESULTS AND OUTCOMES 2016-2018**

From 2016, the partnership water workstream focuses on collective action for water, for example through engagement in local river basins where the H&M group runs production operations, but also by creating water stewardship initiatives elsewhere and in other sectors and scaling up the efforts at regional, national and global levels. The partnership also pilots research for the development of a science-based approach to water risk mitigation; Context based Targets for Water. This will make it possible to target and compare water management performance in any basin, globally.

Thanks to our size and to our committed colleagues, H&M group is fit to lead the change towards a more sustainable fashion future. However, this is not a task that we can manage on our own; collaboration, new-ways of working and joint industry goals are key for accelerating the changes and results needed."

KARL-JOHAN PERSSON, CEO H&M group

Since 2016, the partnership has engaged in various activities through water, climate, and strategy dialogue workstreams. During this period, the water stewardship engagement has expanded to include two more brands, a new collective action project in Turkey and to encompass global production levels at H&M. This has shaped H&M group's strategic approach to water management, both inside the company and in the supply chain and beyond. It also scales up engagement for water stewardship and safeguards improved water management practices within the industry at a global level.

# **GLOBALLY - WORK AND ACTIVITIES 2016-2018 AND FUTURE PROSPECTS:**

Collective action plans for water risk mitigation are being set for all H&M group production offices in identified water risk areas. They are designed to promote relevant mitigation actions with other stakeholders in the basin, such as industry organizations, decision makers, politicians, researchers, public and non-governmental organizations, as well as other brands and investors from the private sector.

During World Water Week 2018, H&M and WWF called upon on other textiles brands to join global industry

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No single brand can address water on its own—collaboration is key for change. Fashion brands may compete in business, but they stand joined in action for a sustainable future on water"

Cecilia Brännsten, Head of Environmental Sustainability, H&M group.



efforts on water stewardship, in particular to partake in efforts to work 'beyond the factory fence'—creating multi-stakeholder solutions to water issues and supporting stronger water governance, such as policies, incentives and enforcement, in high water risk regions.

The WWF and H&M group call to the textiles industry is in line with work carried out at the UN, the CEO Water Mandate and others on SDG 6 and the role of the private sector on water issues. At the start of the UN International Water Decade in 2018, it is clear that businesses will need to play a prominent role when it comes to the implementation of SDG 6.

For brands, this means setting holistic targets on water management, reducing value chain water impacts, supporting multi-stakeholder programmes and strengthened water governance in key regions, and helping to restore and protect rivers and freshwater ecosystems.

The textile and apparel industry should be prioritized by water stewardship action due to its high impact on rivers and freshwater ecosystems, and high dependence on clean sustainable water supplies. Efficiency savings from single companies alone will not address water risk at the basin level. The answer is for brands in the fashion and textile industry to work together.

The fashion and textile industries have a critical role to play in supporting SDG 6 commitments, not just around reducing its own impacts but also in supporting other actors including governments in achieving water goals.



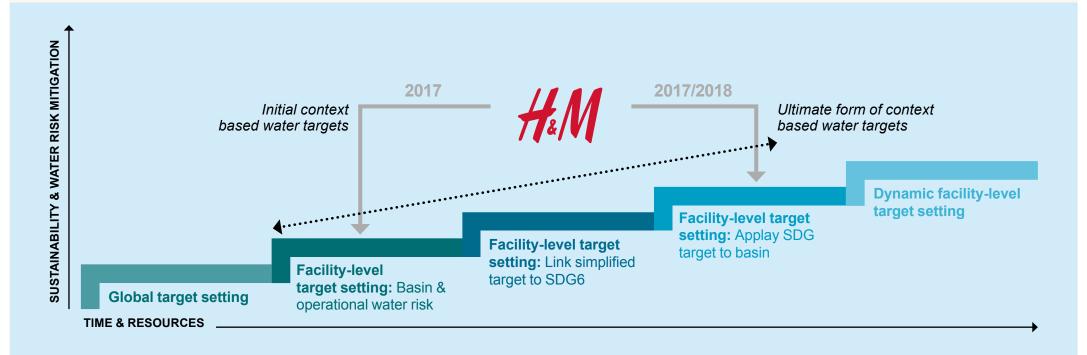
#### **CONTEXT BASED WATER TARGETS**

One example of an innovative outcome from the strategy dialogue is the development of Context Based Targets for Water.

Science Based Targets (SBTs) for climate were set many years ago. These targets adopted by companies in order to reduce greenhouse gas (GHG) emissions are considered "science based" if they comply with the level of decarbonization required to limit the global temperature increase below 2 degrees Celsius compared to pre-industrial temperatures. This work is a collaboration between CDP, World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and the United Nations Global Compact (UNGC).

In the near future, it will be possible for progressive companies to report on their sustainable water work using scientifically based targets. The partnership pilots research aimed at developing a science-based approach to water risk mitigation; Context Based Targets for Water (CBTW).

This will make it possible to target and compare water management performance in any basin, globally.



# **25**%

#### AND 2 YEARS SINCE THE START OF THE PROJECT, PRODUCTION COSTS HAD BEEN REDUCED BY 25%.

#### **WORK AND OUTCOMES IN CHINA**

In the Taihu basin, Eastern China, the partnership initiated a pilot project in 2015 where more than 20 factories are now improving water and chemical management, sharing best practices and experiences along the way. The initial pilot factory, has experienced benefits such as improved wastewater treatment, water and energy savings and increased staff awareness. And two years since the start of the project, production costs had been reduced by 25 %. The Industrial Park Water Stewardship methodology is now being introduced in the Mekong region.

The Taihu Forum, a stakeholder platform, established by the partership, has become a success and is now held annually with a growing number of participants. In 2017, it was also arranged in another Chinese province. "The forum now hopes to expand internationally, by using the Chinese example of water stewardship."

A stakeholder platform was formed with brands in the Taihu Forum, leveraging water stewardship practices to the textile industry, global brands and policy makers. The platform now acts to multiply and scale up the initiative and to raise the Chinese example of water stewardship practice to a global level.



The partnership's work in China also contributed to bringing in two more global fashion brands to the WWF water stewardship programme; in 2016 the fashion brand Tommy Hilfigher, and in 2017 the fashion brand Target, joined water stewardship efforts in the Taihu basin.

Together with other brands, the partnership has developed a standardized training programme which has allowed brands to conduct supplier trainings jointly. Efforts have also been made to persuade industry and policy makers to scale up water stewardship best practice as a national initiative. The initial standardized supplier training material will be digitized and implemented for suppliers in the fall of 2018.

# WORK AND OUTCOMES IN TURKEY





Building on the success of previous partnerships activites in China and Bangladesh, our work in Turkey focused on improving water management methods and policies in the Büyük Menderes river basin. The river runs from central Turkey to the Aegean Sea and is home to large-scale agriculture and industry, including textile operations, as well as a rich biodiversity. Between 2017-2018, the partnership promoted water stewardship and Cleaner Production targeting the textile industry of the Büyük Menderes river. In a single year, these efforts led to some remarkable outcomes:

- By July 2018, 7 local textile producers had committed to the programme, in total 17 firms were interested in joining a voluntary Cleaner Production initiative.
- Relevant ministries, industry, finance and decision-making stakeholders engaged in the promoting process, aiming to contribute with training programmes, feasibility studies, favourable loan programmes and knowledge boosting activities for the participants, their suppliers and the textile industry in Turkey.
- Brands including Boyner Group, H&M and Inditex emphasized the importance of Cleaner Production to their supply chains at a textile engagement event in May 2018.

 The partnership jointly developed Cleaner Production Guidelines for the textile industry, launched in September 2018 together with the regional development agency GEKA. These guidelines will be used for GEKA and the partnership joint supplier trainings.



# **2019 2020**

In 2019 and 2020 the partnership will move the agenda forward by calling for even more textiles brands to partake in efforts to raise ambitions around water stewardship in supplier regions.

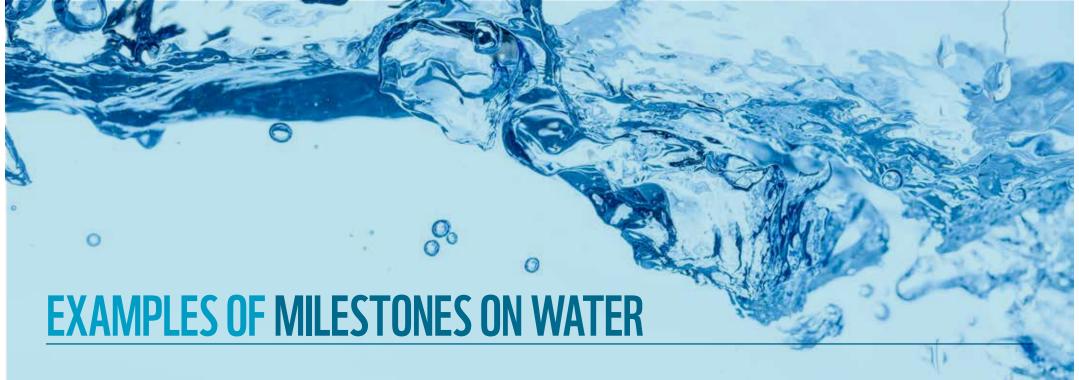
The next step is to sharpen targets for water risk mitigation action within the company to ensure that it responds to needs of all water users in a basin. This ambition has brought about the development and piloting of Context-based Targets for Water, where H&M paves the way for better practices in connection with the industrial use of water, in any basin, anywhere in the world. The Context Based Targets concept is a global initiative, that not only targets the H&M Group's production facilities but also encourages additional stakeholders to unite in setting appropriate water targets for any basin, engage in water stewardship and accomplish SDG6 on a global level. Expanding the vision includes engaging brands and institutions to develop frameworks that support SDG 6 and the Agenda 2030 process.

- The H&M group scales up collective action globally; setting regional collective action plans based on their global water risk assessment in the context of their entire global production.
- Developing Context based Targets for Water and a toolbox in the WWF Water Risk Filter that

- provides risk mitigation advice for setting contextual targets in any basin.
- Advocacy & communication for SDG 6; the partnership calls global fashion brands to join a movement for defining textile industry best practice on water stewardship, globally.
- The use of the WWF Water Risk Filter since 2011 allows H&M to understand their water risk both geographically and across the supply chain. Detailed relevant actions in each basin may now be taken and experiences shared.



CHARLOTTA JARNMARK, WWT



- Supported WWF development on Context
  Based Targets for water and a response function in the WWF risk filter that provides risk mitigation advice inany basin.
- Water awareness training for 75000 staff (from production office employees as well as sales and design functions).
- Cleaner production program trained 2,636 workers in 270 production units across Bangladesh, China, Indonesia, India and Turkey.
- Water and chemical management standards were improved in over 500 suppliers, in the H&M value chain.

- Connected 100% of the direct suppliers and fabric mills involved in making 60% of our products to our supplier assessment systems through Higg FEM.
- Indicators for basin health monitoring was developed for Taihu basin in the Yangtze river. Encouraged farmers to use more sustainable practices, to restore the health of the Yangtze river.
- Engaged policy makers for more sustainable water management in Bangladesh, with particular focus on creating and supporting a water governance work stream within the platform of 2030 WRG.

- Collective action plans for water risk mitigation are being set for all H&M group production offices in water risk areas.
- Advocacy & communication for SDG 6; the partnership calls global fashion brands to join a movement for defining textile industry best practice on water stewardship, globally.
- Developed Cleaner Production Guidelines for the textile industry in Turkey.



# **CLIMATE POSITIVE ACROSS** THE ENTIRE VALUE CHAIN BY 2040

Since global warming is a key challenge to all industries, including fashion, the H&M group wants to be a big part of the solution and has set an ambitious goal to be Climate Positive throughout the entire Value Chain by 2040."

Anna Gedda

Head of Sustainability for the H&M group

In 2016, the partnership between H&M and WWF was extended to include climate in addition to water issues. This means that H&M has now taken a vanguard position in driving the textile and fashion industry toward a low carbon future – well in line with keeping global warming below 2°C. For WWF, work on climate issues in the textile industry is prioritized due to the negative impacts climate change has across the entire value chain. Textile supply chains are often located in countries that largely utilize energy extracted from fossil fuels, all the way from production to logistics to sales – and even more greenhouse gases are emitted by consumers when clothes are washed.

During the first year of their collaboration, WWF supported H&M in developing a new climate strategy and setting long- and short-term climate targets. In April 2017, H&M went public with this new climate strategy, committing to becoming climate positive by 2040. At the time of the launch, H&M organized

a Change Makers Lab event in which they invited likeminded organizations and corporate peers to discuss the new strategy.

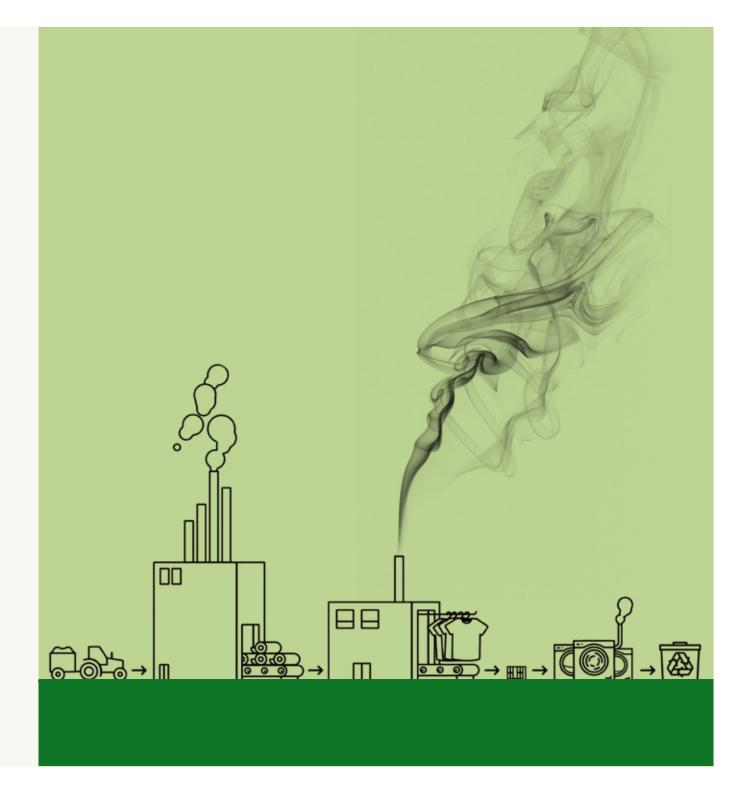


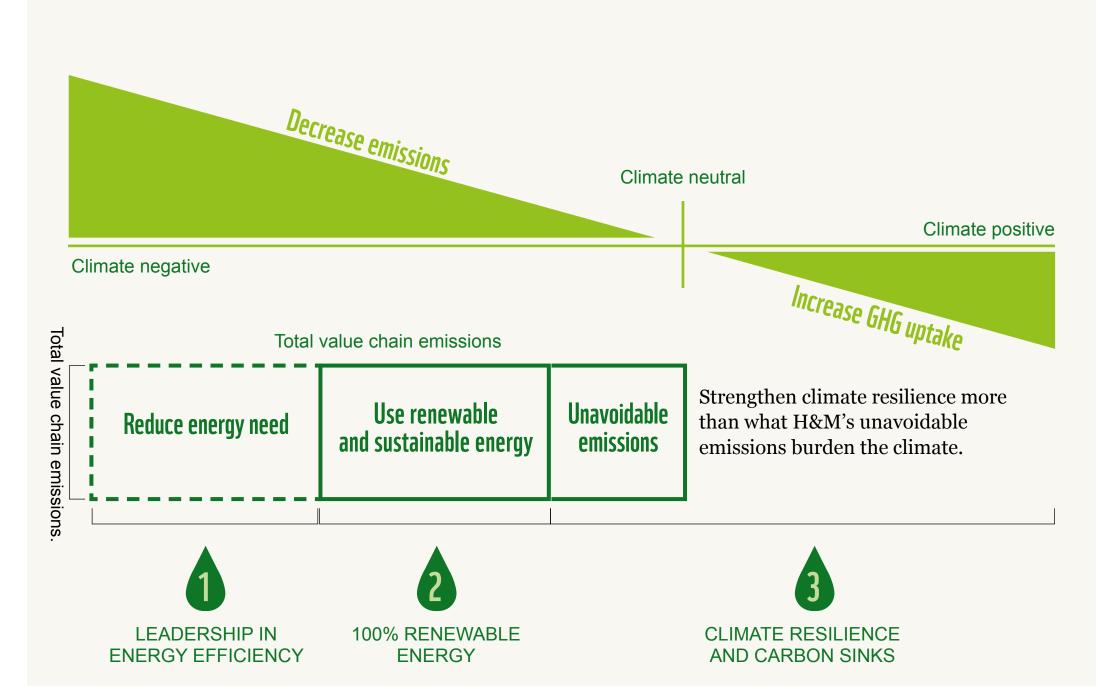
# GOAL: TO BE CLIMATE POSITIVE THROUGHOUT THE ENTIRE VALUE CHAIN BY 2040

Becoming climate positive by 2040 involves H&M striving to reduce even more emissions across the entire value chain than it is itself responsible for. This implies not only addressing impacts due to own operations such as stores and warehouses, but also those caused by customers, suppliers, materials and transportation.

A Climate Positive Value
Chain by 2040 means H&M
will commit to contribute
to greenhouse gas reductions outside
its own value chain to a larger extent
than what its value chain emits.
This means not just reducing a
negative impact but actually making
a positive impact"

Anna Gedda Head of Sustainability for the H&M group







Committing to the target of becoming climate positive was a bold move. We still do not know exactly how to get there, but we rely on that research, technology, collaboration with organizations such as WWF together with our dedication to fulfil his target will take us the way we need to go"

Anna Gedda Head of Sustainability for the H&M group

In 2017, H&M also enrolled in WWF's global Climate Savers programme. H&M committed to implementing a range of climate targets (see illustration), and undertook to develop projects to scale climate action across H&M's value chain as well as across the sector as a whole.

- H&M commits to an 85% reduction of scope 1 & 2 emissions by 2020 (2014).
- H&M commits to a 25% reduction of its energy consumption per square meter and opening hour in H&M group Stores by 2030, compared to 2016.
- H&M commits to sourcing 100% of its electricity via renewable sources.
- H&M commits to achieving a Climate Neutral Supply Chain (tier 1 and tier 2) by 2030.

- H&M commits to achieving a Climate Positive Value Chain by 2040.
- H&M commits to actively adopting climate policy engagement activities.

Since the launch, the partnership has focused on implementing and scaling up various initiatives in order to achieve targets.



### **PERNILLA HALLDIN PUBLIC AFFAIRS** SUSTAINABILITY, H&M GROUP

#### WHY DOES H&M CARE ABOUT REDUCING CARBON EMISSIONS?

It is a question of survival for the planet. Governments and policy makers will need to set a direction and force us all to go in the right direction. We don't want to wait for that. We want to take a leadership position; and therefore, we have set the vision to be Climate Positive by 2040. We truly believe this transformation will be positive for our business.

#### **HOW THE PARTNERSHIP** WITH WWF HELPS H&M REACH ITS CLIMATE GOALS?

It is always good to have someone who can see you from the outside and who has other knowledge and expertise than you do internally. WWF and Climate Savers are a great partner in that sense. We are having open discussions, and they challenge and support us in our way forward. One important project is the development of our approach to climate resilience.

#### WHAT ACTIONS WOULD YOU LIKE TO SEE THE FASHION INDUSTRY ADOPT TO CURB CLIMATE CHANGE?

Climate goals can't be reached by one player. We always need to cooperate. To change policies and regulation to encourage or force changes towards

100% renewable energy systems is something we need to do together. Another example is our supply chain, we share our suppliers with many other companies, and we need to cooperate to make the supply chain climate neutral.



# CLIMATE POSITIVE FOR H&M MEANS REDUCING MORE EMISSIONS THAN WE ARE RESPONSIBLE FOR ACROSS THE ENTIRE VALUE CHAIN

#### THE CLIMATE STRATEGY

To achieve the climate targets, three main areas of focus have been identified:

Energy efficiency: Here the aim is to ensurethat a minimum amount of energy is spent by implementing energy efficiency measures within H&M's own operations as well as in the entire supply chain.

Renewable Energy: The energy that H&M uses across its value chain must be sourced from sustainable renewable energy.

Climate resilience: H&M are among other solutions exploring carbon sinks and landscape approaches to invest in climate resilience measures, to build natural capital and achieve the ambition of becoming climate positive across their value chain by 2040.

This will be achieved by examining measures designed to improve climate resilience, for example, in critical landscapes where H&M has a presence. This is accomplished by investing in the protection and restoration of these regions. Another area that is being explored is the application of innovative technologies to absorb carbon and thus reduce greenhouse emissions to the atmosphere. These technologies are still new and unproven but bode well for the future.

Finally, as WWF also works alongside corporate leaders to achieve impacts beyond company value chains, H&M and WWF have decided to engage proactively with policy makers in the regions concerned to raise ambition levels, develop positive policy incentives and eradicate barriers that hinder the uptake of credible renewable energy.

For a company to show this kind of leadership means a lot – not only for the company itself but for the industry, politicians, NGOs and civil society. We need to have strong ambitions if we are to combat the effects of climate change"

**DANIEL ROBERTSSON** Director Civic, Public & Private Sector Engagement, WWF Sweden

## PROGRESS TO DATE

Progress against 2020 and 2030 targets

## MOVING TOWARDS A CLIMATE POSITIVE VISION

A number of projects are underway aimed at achieving the various goals set in 2017 – but great changes takes time. Below is an overview of activities listing envisioned results and current status.

#### **TARGETS**



H&M commits to an 85% reduction of scope 1 & 2 emissions by 2020 (2014).

# **25**% 2030

H&M commits to reducing its energy consumption per square meter and opening hour in H&M group Stores by 25% by 2030, compared with 2016.

#### **PROGRESS**



81% emission reduction achieved by 2017.



2.7% reduction in energy consumption achieved by 2018.



H&M commits to sourcing 100% of its electricity via renewable sources.



96% of electricity was sourced via renewable sources by 2017 through the purchasing of Energy Attribute Certificates.



As the SBTi has been gaining a lot of momentum – more than 498 companies have responded to the call to action of the SBTi since it was initiated – it is a great opportunity for H&M to show their ambitious targets and to achieve the seal of approval from the SBTi that the targets are fully in line with what is currently expected from companies. The aim is to submit targets to the SBTi during 2018"

MILAN KOOIJMAN Climate Business Expert, WWF Sweden.

#### SETTING TARGETS ACCORDING TO SCIENCE

Setting long- and short-term targets is usually the first step in climate work. Since 2017, H&M has set targets in accordance with the Science Based Targets initiative (SBTi). This approach is a new way of setting climate targets for companies, organizations and institutions. The method allows companies to implement sector wise tailored climate emission targets designed to keep global warming well under a 2 degree cap.



#### ADDRESSING ENERGY USE IN THE H&M GROUP'S OPERATIONS

#### NEW STRATEGY FOR INVESTING IN RENEWABLE ENERGY

One of the first tasks, and one which to a certain extent was already underway prior to the formal launch, was to develop a strategy for the sourcing of renewable electricity for H&M's own operations. H&M already sources 96% of its electricity through renewable sources. However, H&M mainly does this by purchasing Energy Attribute Certificates (EACs), which they can use to report emission reductions within their operations. This is a practice that is not supported by WWF due to the often-limited impact that these certificates have in promoting new renewable energy capacity. The main issue here is that the price of many of these certificates is often low, which provides little additional incentive for a project developer to invest in building new renewable energy facilities. For all RE purchased 2019 and onwards we'll apply some minimum criteria. E.g. preference for wind and solar, and only acceptance of hydro and biomass if nothing else is available under certification schemes such as GO, REC and I-REC. We'll also aim to support new generation capacity more clearly through engaging in PPAs, and through applying a maximum age of energy producing facilities that we support through our EAC purchases.

#### H&M HAS INVESTED IN GO<sup>2</sup>

In the meantime, while the revised strategy was under development, H&M invested twice in a new product named GO<sup>2</sup>, developed by a company called ECOHZ. In this case, H&M paid a higher price for a standard Energy Attribute Certificate.

The additional amount that H&M paid for a standard certificate was used by ECOHZ to provide direct financing to renewable energy projects that needed funding in order to be realised – this is called top-financing. In this way the GO² product created a direct link between the sale of a renewable energy certificate and the provision of additional financing to a renewable energy project. As a result of the investments that H&M has made in GO² to date, the Tågeröd windfarm in Sweden was fully financed and built.





#### **ENGAGING THE SUPPLY CHAIN**

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The "We are One Roof"study gives us the big picture
of rooftop solar potential
of all tier 1 & 2 suppliers in
Bangladesh. It allows us to
prioritize suppliers based on
their potential, and
maximize the impact of our
solar rooftop efforts in the
country. After the workshop,
some suppliers expressed
interests and we are now
working with them on pilot
projects in 2019."

Wang Fengyuan
Global Energy Sustainability
Responsible - Production, H&M group

#### **SCALING RENEWABLE ENERGY IN BANGLADESH**

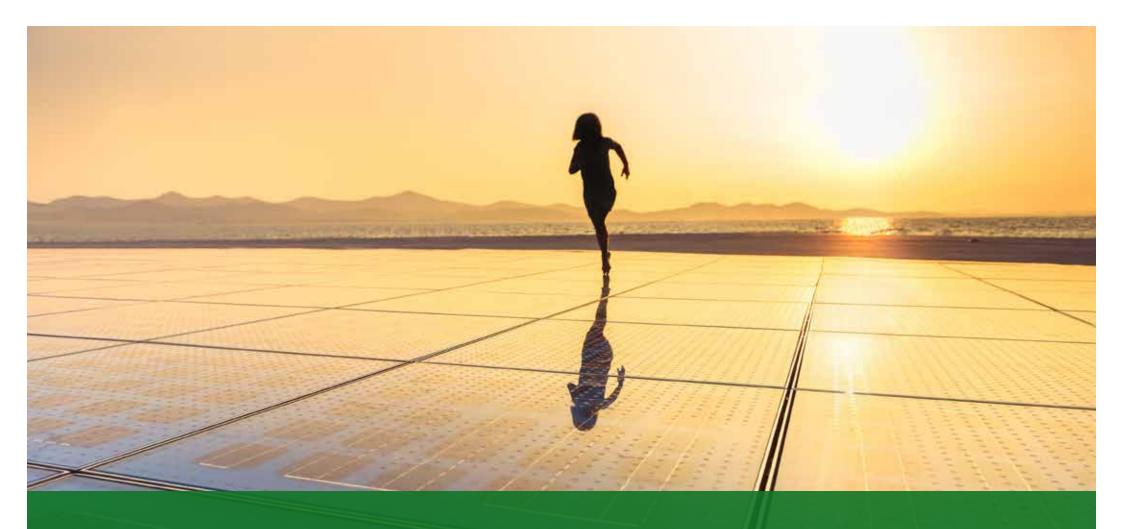
One of the most important areas of climate strategy is the reduction of impacts in the supply chain. Bangladesh is one of H&M group's most important production countries with around 279 manufacturing suppliers. The country is largely dependent on conventional sources of energy and faces many challenges in terms of supply and access to energy. It is also highly susceptible to the impacts of climate change.

In 2017, WWF and H&M published two reports with the assistance of the consultancy firm Deloitte, on how to scale renewable energy among textile suppliers in Bangladesh. The first study provides an overview of the current political and energy situation in Bangladesh and the stakeholders currently active in the field. The second study "We are One Roof" describes the rooftop solar potential available to H&M's suppliers.

H&M organized a workshop with key suppliers to discuss the findings of the studies and to gauge interest of suppliers in implementing solar rooftop installations at their factories.







#### WE ARE ONE ROOF: VIETNAM

A similar project to the We Are One Roof pilot in Bangladesh is now in the pipeline in Vietnam. However, this project is limited to an assessment of the technical aspects involved. WWF has a more active presence in Vietnam than in Bangladesh, and this means that both H&M and WWF teams on the ground can be involved in developing the project from the start, which will ensure that climate work in Vietnam will move forward. This is vital as over and above the technical assessment it is necessary to engage local suppliers in the actual installation of solar capacity.

#### **CLIMATE FINANCING FOR SUPPLIERS**

H&M and WWF have also started to investigate ways to scale up supplier climate action. One project is the setting up a clean-tech supplier engagement programme that will provide energy efficiency and renewable energy solutions at favourable rates to H&M suppliers. This will be carried out through a leasing structure encompassing local banks or lessors. The programme will initially be developed in India with the intention, if it proves successful, of scaling it inside other countries and involving other corporates.

#### WHAT DOES THE FUTURE HOLD?

Supplier emissions related to the production of clothing stand for a major part of climate impact and will thus remain a main focus area if we are to achieve H&M's long-term targets in the projects described above and in other joint, or H&M led, initiatives. Emissions related to materials and from customer-use are the second and third largest sources of emissions. Therefore, H&M and WWF are evaluating activities designed to reduce these impacts. However, in both cases H&M's influence is limited and the actions will be long-term. That makes the focus on the shift to circular fashion important.



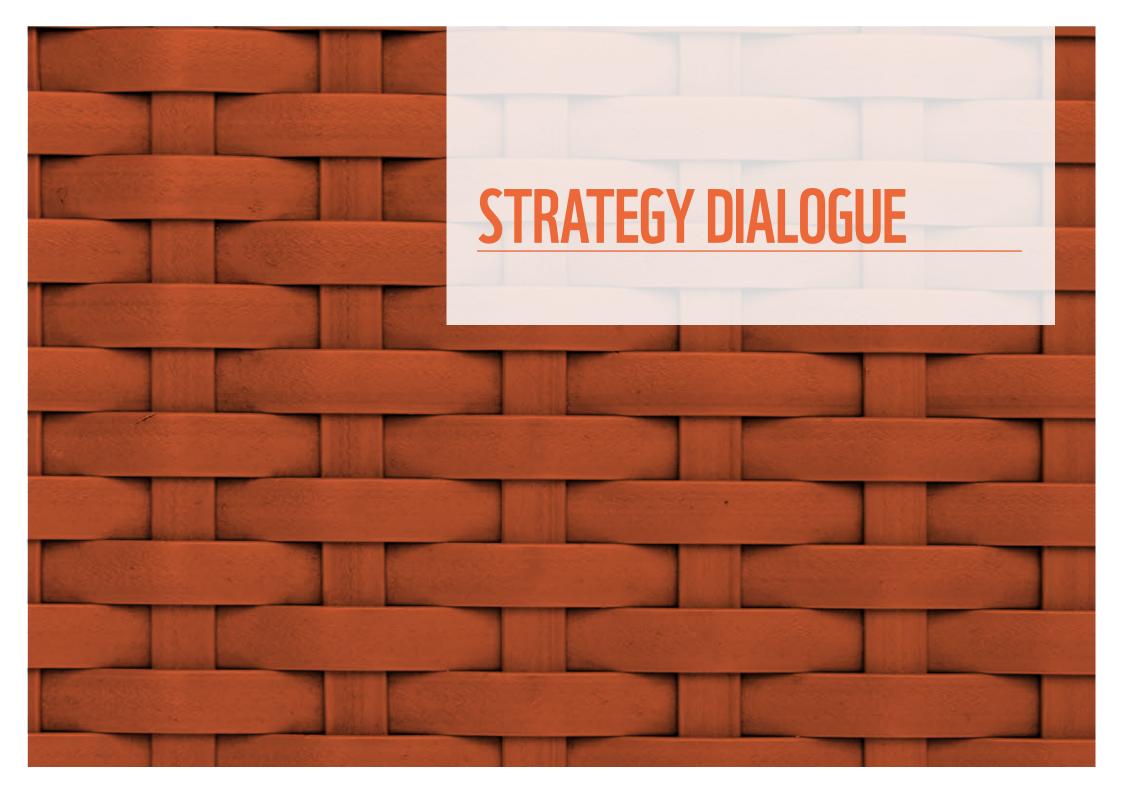
Ambitious goal to be Climate Positive throughout the entire Value Chain by 2040.

H&M enrolled in the WWF's global Climate Savers programme.

The "We are One Roof- study gives rooftop solar potential of all tier 1 & 2 suppliers in Bangladesh.

Clean tech programme in India.

Climate policy engagement in Brussels and beyond.







# STRATEGY DIALOGUE GOALS:

Through a structured and transparent strategy dialogue, WWF and H&M aim to explore sustainable and science based solutions for H&M to establish industry leading sustainability targets and standards, and to actively influence other brands, partners and stakeholders to do the same."

### **STRATEGY DIALOGUE GOALS:**

Through a structured and transparent strategy dialogue, WWF and H&M aim to explore sustainable and science based solutions for H&M to establish industry leading sustainability targets and standards, and to actively influence other brands, partners and stakeholders to do the same."

The Strategic Dialogue stream explores H&M and the textile industry's broader sustainability challenges and opportunities and aims to bring sustainable and science-based solutions to both H&M and the fashion industry as a whole. All issues that impact future outcomes will be initially addressed within the Strategic Dialogue framework.

# THREE AREAS TO TACKLE MAJOR CHALLENGES:

WWF and H&M have identified three areas of collaboration to tackle major challenges facing the industry:



**RAW MATERIALS** 



**INNOVATIONS** 



**POLICY & ADVOCACY** 



# 1. RAW MATERIALS



BCI is a new standard for sustainable cotton, developed by H&M among others. It is one of the standards that to date has greatly impacted water issues. H&M has been very active and progressive in this regard"

Murli Dhar Associate Director, WWF-India Defining, choosing and sourcing raw materials in a sustainable way is a major challenge for the entire textile industry. A lot of commonly used materials, such as cotton, bamboo and rattan require a high use of freshwater, energy, pesticides and fertilizers, all of which have negative impacts on people, nature and biodiversity.

The partnership focuses on improving H&M's routines for sourcing raw materials – this includes proactively working with the supply chain.

The partnership examines how all the raw materials that H&M source can be recycled or sustainably produced by 2030. Here the focus on rattan projects plays an important role.



#### **SUSTAINABLY PRODUCED BETTER COTTON** RATTAN HELPS SECURE VITAL HABITAT FOR WILDLIFE AND ORGANIC **COTTON ACCELERATOR** AND IMPROVE LIVELIHOODS The partnership also engages in A new rattan project in Borneo, industry-wide foras such as Better Indonesia was planned and developed Cotton Initiative (BCI) and Organic during 2018 in dialogue between Cotton Accelerator (OCA) to improve the H&M group and WWF teams in practices for the entire industry. Indonesia. The goal is to strengthen local communities to produce and Better Cotton Initiative aims to make market responsible rattan products and global cotton production better for the connect to H&M supply chain. people who produce it, better for the environment it grows in and better for Using rattan, a climbing vine-like the sector's future. palm that needs trees to grow, creates business opportunities for people, at the Organic Cotton Accelerator focuses on same time as it is conserving the forest creating a prosperous organic cotton and benefiting biodiversity. sector that benefits everyone – from farmer to consumer. Our investments The project is planned to start in tackle the challenges facing the sector January 2019 and will run to and realize the benefits that organic November 2020. cotton can bring about for people, the planet and further long-term prosperity across the board.

# RATTAN KEEPS FORESTS STANDING IN BORNEO

Throughout the tropics, hundreds of millions of people derive a significant part of their livelihood from a vast range of Non-Timber Forest Products (NTFPs) harvested in the forest. Indonesia has a big potential for NTFPs and rattan is one of these being used for handicraft, furniture and building material.

Two national parks are located in Katingan district, Sebangau National Park and Bukit Baka Bukit Raya National Park, and in between a Production Forest Management Unit. The national parks and the production forest are home to a wide range of rattan species found in the peat swamp, heath forest and highland ecosystems. However, the protected areas and the production forest are under threat from farming and the proliferation of monoculture plantations.

In addition, the increasing demand for rattan, unaccompanied by sustainable and responsible utilization practices, threatens the very existence of the natural rattan habitat. For this reason, the project that encourages local communities to produce and market responsible rattan, which can leverage huge benefits for both people and nature. We strive to provide capacity

building for local communities through training on how to process the rattan raw material and transform it into high quality products. We also provide training to enhance capacity-related business development — enabling local communities to trade independently. Through this project, WWF Indonesia also seeks to provide more data and information on the volume and distribution of Non-Timber Forest Product potential (e.g., rattan).

Based on this result, WWF Indonesia will be able to actively provide support and assistance for national regulations concerning rattan in forest areas, especially when it comes to collaboration between managed production forest units and local communities.

The objective of the project is to develop rattan products as an added value to the standing forest to combat risks for social conflicts in forest areas, and encourage the business development of rattan by local communities according to responsible forest management principles.



SUSTAINABLE RATTAN Harvest in Indonesia:

Rattans are climbing palms, they need a standing forest to be able to grow.



# ABOUT: The Landscape Finance Lab is part of the WWF network, whose avowed purpose is to create a world in which regenerated landscapes generate returns for people, nature and economies. The Lab incubates landscape programmes that target SDG impacts at scale through innovative financing and the utilization of market forces.

### 2. INNOVATIONS

The strategic dialogue also functions as an incubator for strategic and innovative approaches aimed at tackling industry challenges in pioneering ways.

#### SCALE, A LANDSCAPE FINANCE PROJECT IN CAMBODIA

Another example outcome of the strategy dialogue is a landscape finance project in the Eastern Plains landscape of Cambodia. This partnership initiative of the H&M group and WWF was chosen since it can protect the forests that provide ecosystem services, while simultaneously halting biodiversity loss and helping to combat climate change.

Purpose: To design a climate investment programme that will transform the textile industry and energy supply chains in Cambodia.

Overall goal: To design a landscape scale investment programme in Cambodia that contributes to SDG goals by promoting sustainable sourcing of energy materials and supporting the resilience of ecosystem services. During 2017, H&M and WWF have, together with the Lab, developed a nexus study to assess the possibilities of investing in various landscapes. The Eastern Plains in Cambodia was selected as the most promising region, because of a large number of enabling factors, such as policies in place, risk mitigation opportunities, CO<sub>2</sub>-remissions reduction potential and climate resilience opportunities. During 2018, WWF and H&M successfully secured funding for the first phase of the project and setup and implementation of the project is currently underway.

The program will contribute to Sustainable Development Goals (SDGs) by promoting the use of sustainable energy materials in the textile industry (from sustainable wood fuel to agricultural waste) and supporting the resilience of ecosystem services through a landscape/jurisdictional sourcing approach in the Eastern Plain Landscapes (EPL).

#### PROJECT BACKGROUND:

It all started back in 2017, through the H&M group and WWF partnership supporting the efforts of H&M to achieve a "climate positive value chain by 2040", through:

- 1. Leadership in energy efficiency
- 2. 100% renewables
- 3. Climate resilience and carbon sinks

Although the 1 and 2 pillars have found ready-to-go solutions, the 3rd pillar is more problematic. A lot of companies would be sympathetic to linking their value chains to climate resilience and carbon sinks but have no idea how to go about this in practical terms. The Landscape Finance Lab carried out a scoping study that mapped the sourcing areas of the H&M group and the WWF priority areas, identifying inherent synergies – enabling factors for an overarching landscape approach and providing recommendations for pilots that would realize multiple SDGs.

We covered 4 countries: China, India, Indonesia and Cambodia, scrutinizing water, energy, raw materials (cotton, viscose, other wood fibres). Cambodia was chosen on the grounds of importance to both H&M's

production and WWF's conservation priorities. The country has experienced high deforestation rates, and use of unsustainable wood fuel for thermal production in the fashion supply chain is a known issue that contributes to the pressure on the forest resources. The Eastern Plains of Cambodia is a key area for wildlife conservation in the Mekong eco-region with a diversity of habitat types and endangered species (such as the Indo leopard, many endangered birds, the Asian elephant and the Banteng). The area provides critical ecosystem services such as carbon storage, nutrient and sediment retention and water yield protection.

# THE OVERALL OBJECTIVES OF THIS LANDSCAPE-SCALE INVESTMENT PROGRAMME ARE TO:

- connect carbon sinks and resilience to the textile supply chain (and those of other industries at a later stage)
- · engage the garment sector in an energy transition
- · leverage innovative climate funding

The ultimate goal is to use this pilot as a learning exercise for defining a broader set of strategic actions across H&M's production areas and supply chains.

#### FACTS: ABOUT THE EASTERN PLAINS LANDSCAPE

Cambodia's Eastern Plains landscape covers an area of over 30,000 square kilometres across four provinces (Ratanakiri, Mondulkiri, Kratie and Stung Treng) and forms the largest block of tropical forest in Southeast Asia. WWF's conservation efforts are concentrated in two protected areas in the Mondulkiri province - Mondulkiri Protected Forest and Phnom Prich Wildlife Sanctuary. These protected areas contain a large diversity of habitats and support populations of endangered species, including the Asian elephant, leopard, banteng, Siamese crocodile and Eld's deer, as well as several endangered large water bird and vulture species. The rich biodiversity of the protected areas is already under threat from uncontrolled and illegal logging, hunting and illegal wildlife trade, land clearance for agricultural purposes and settlements, and other unsustainable uses of natural resources.



#### **CURRENT CHALLENGES**

Cambodia is a key manufacturing market with high environmental risk that the SCALE program seeks to address, such as:

- CO<sub>2</sub>. Textiles account for 12% of Cambodian GHG emissions, with most manufacturers and many H&M suppliers using wood as an energy source for boilers.
- Materials. Today's wood supply chain is not traceable and often illegally sourced due to a myriad of actors that blur the transparency line.
- Deforestation. Cambodia ranks among the highest deforestation rates in the world as a result of infrastructure and agri-business development, illegal logging and poaching. Wood fuels used by H&M suppliers may contribute to this problem.
- Governance. Cambodia has limited resources to address these challenges and enforce environmental regulations.

#### WHY IS THIS A PRIORITY?

H&M's ambition is to look beyond the traditional boundaries of corporate responsibility and contribute to positive long-term development in real terms. In creating "fully circular and truly sustainable fashion", H&M has committed itself to achieving a climate positive value chain by 2040 by implementing these three pillars:

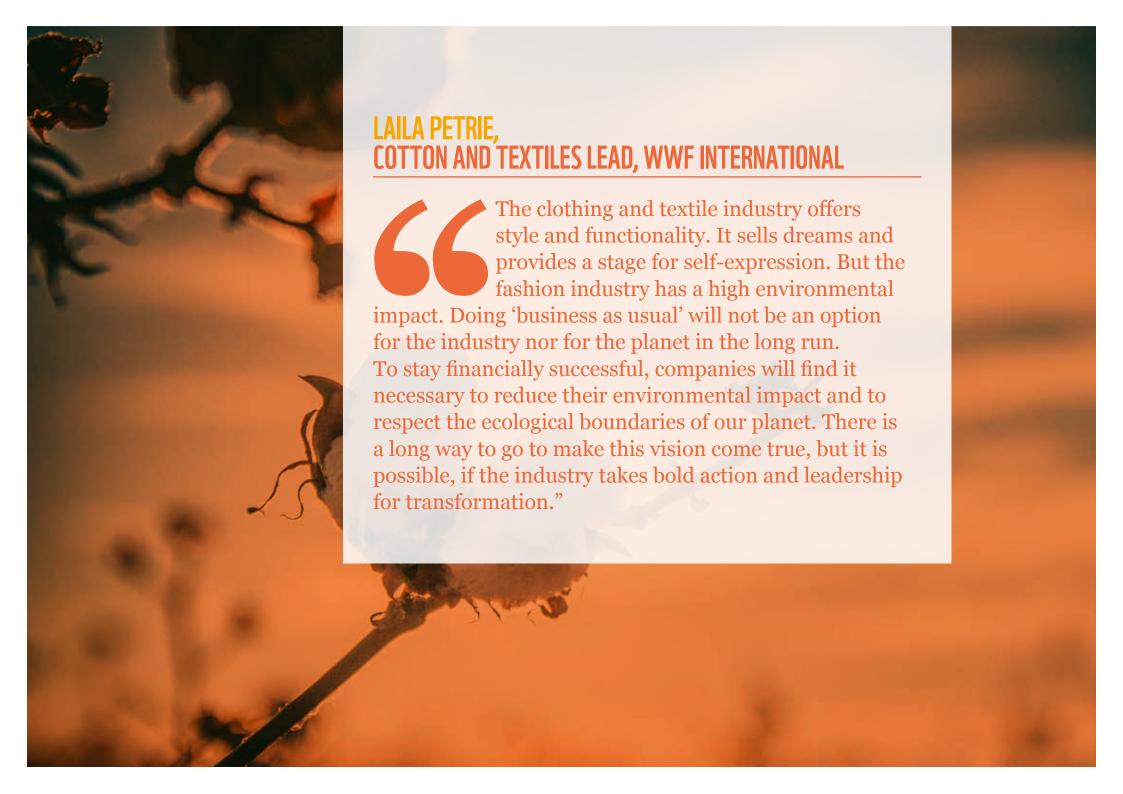
- 1. leadership in energy efficiency
- 2. 100% renewable energy
- 3. climate resilience and carbon sinks

Cambodia presents the highest potential for a landscape scale investment programme adjacent to H&M supply areas. The SCALE project is an important milestone for H&M on the road towards a climate positive value chain by 2040.

#### **BRINGING SCALE TO LIFE**

The SCALE programme will establish measures that will encourage a transition to renewable energy, reduce carbon emissions, promote the sustainable sourcing of materials, support biodiversity protection and ecosystem resilience. The SCALE programme will be implemented in three phases to ensure long-term impact and sustainability.

- Phase 1: Concept and Pilot (Year 1) The pilot kicked off in April 2018.
- Phase 2: Full Design (Year 2-3) full landscape programme design, prototypes, activities to prove the business model, setting up of financing instruments and policy arrangements.
- Phase 3: Implementation activities underway, payment for emission reduction results and other PES (Payment for Ecosystem Services), additional investment incentivized.



#### A COFFEE TABLE TOOL – FOR A MORE CIRCULAR MIND-SET

Another example outcome emanating from the partnership strategy dialogue at an early stage is a toolkit for H&M staff designed to make new products, new business models and new commercial ideas circular.

WWF and H&M are both actively engaged in exploring opportunities for promoting more sustainable and circular models for the fashion industry, and with

this in mind the partnership embarked in 2017 on a collaboration effort with the Ellen MacArthur Foundation to develop a decision support tool for use by H&M's commercial teams.

The partners co-developed a simple but effective discussion tool that allowed H&M staff to include more sustainable and circular approaches when designing new products, business models, commercial ideas, brands and even innovation and investment – all aimed at making H&M's business practices more sustainable and circular.



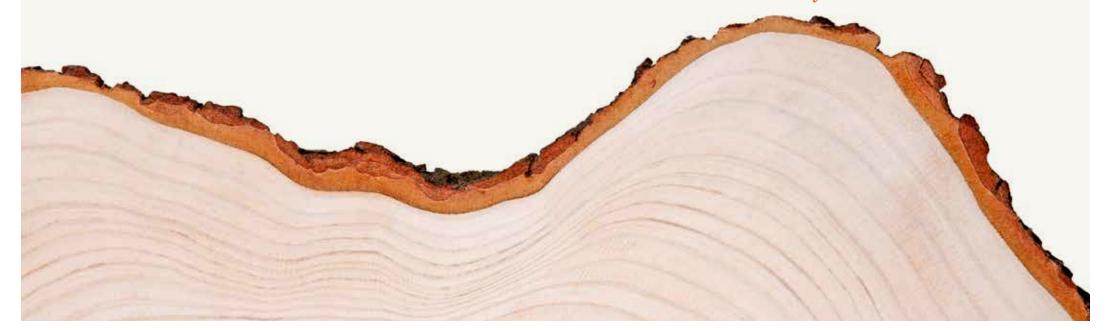
We wanted to give H&M a tool to help them develop new business models that are lower impact and take account of thinking around the circular economy. The tool contains a set of condensed but important questions to consider when creating new projects within H&M. We hope it supports and inspires H&M teams to move towards a more circular approach, and it has been an interesting way to facilitate further discussion between WWF, H&M and Ellen MacArthur Foundation around circularity for the fashion industry"

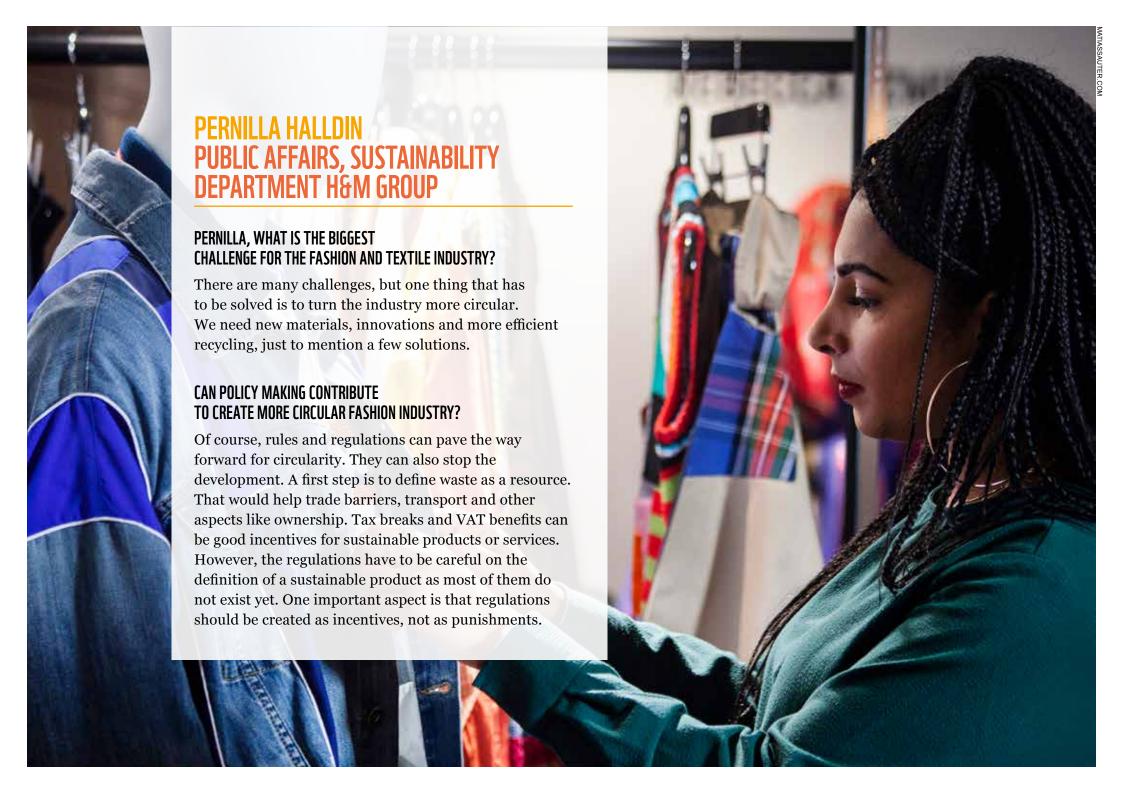
Laila Petrie, Cotton and Textiles Lead for the WWF network.

## 3. POLICY & ADVOCACY

The partnership aims to bring about change through policy and advocacy. During 2017 and 2018, WWF and H&M have, together with other companies, advocated for stronger regulations on energy efficiency and renewable energy within the EU.

Going forward, the partnership plans to step up policy ambitions in areas and markets relevant for the textile industry.





### **CASE: POLICY PUSH IN BRUSSELS**

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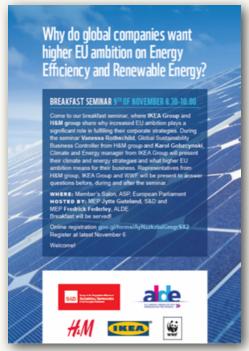
The policy push in Brussels we did together is evidence on how our partnership and different skills can lead to changes on legislations and regulations"

**Cecilia Brännsten**, Head of Environmental Sustainability, H&M group.

In 2017, H&M and WWF organized our first joint policy push. Our target was to encourage the European Parliament to make the proposed legislative framework for EU's Energy union up to 2030 and beyond, the so called "Clean Energy for All Europeans" package, as ambitious as possible. We wanted the the members of the European parliament (MEPs), that was hesitating on how to vote in the ongoing negotiations, to choose side for more renewable energy, more energy efficiency and a climate neutral EU by 2050 at the latest.

The main message was; companies want to ramp up ambition on Energy Efficiency and Renewable Energy. We won a resounding victory. The final outcome in the European Parliament in early spring 2018 was more ambitious than experts initially had forecasted. A true success for our joint intervention where a majority of the MEPs voted in favour for tougher targets on renewable energy, energy efficiency and climate, than initially proposed. H&M and WWF showed that together it is possible to leverage results when it comes to pushing the climate change agenda in the EU.

H&M and WWF will continue the policy advocacy in the EU and in countries with high relevance for H&M's supply chain.



The invitation to the seminar

# HOW H&M GROUP AND WWF MADE IMPACT ON CLEAN ENERGY AND CLIMATE TARGETS IN THE EU TOGETHER:

It started out with a constructive meeting with Ibrahim Baylan, the Minister of Energy in Sweden in June 2017, at Rosenbad, the seat of the Swedish government. The agenda was increasing the ambition for renewable energy, energy efficiency and climate change mitigation, especially in the EU, but also globally and in Sweden itself.

In the next step, in the autumn of 2017, H&M and WWF teamed up with IKEA and with help from the Swedish MEPs Jytte Guteland and Fredrick Federley arranged a joint breakfast seminar in the European Parliament. Sending out the seminar invitation with our message "Companies want higher ambition on Energy Efficiency and Renewable Energy" in the subject row, with several reminders, was an effective way to get the message out to all the MEPs and their staff.

With the support from WWF Sweden, H&M together with representatives from IKEA Group, also had multiple one-to-one meetings with key MEPs in the EU Parliament during autumn 2017. This to explain why

progressive decisions with higher ambition are essential for the companies to achieve their corporate climate goals.

After the European Parliament had agreed on its position in early spring 2018 H&M and IKEA, again with the support from WWF Sweden, sent letters to responsible/key persons at the offices of each member state in Brussels, the so called permanent representations. The purpose of the letter was to also inform the Council (i.e. the EU member states) that H&M and IKEA want and need more ambitious climate and energy policy in EU. This in order to make the less progressive Council more open for compromise with the Parliament in the so called trilogue negotiations, i.e. the final negotiation step in the legislative process between the Council (i.e.the EU member states ), the European Parliament and the Commission. Before the trilogue, the Council had agreed on a position much less ambitious than the Parliament.

In the final stages of the trilogue in May 2018, H&M sent a letter to all the Energy Ministers of EU, in order to push the Council closer to the more ambitious position of the Parliamnet. The letter was signed by IKEA and 13 other Scandinavian companies, e.g. Vestas, Danfors. The process was coordinated by WWF Sweden.

After tough trilogue negotiations where Sweden and some other member states supported the Parliament, a final agreement was reached before summer 2018. As expected the Parliament had to make some compromises, but the final outcome had higher targets than both the Council and the Commission had proposed. The efforts by H&M, IKEA Group and WWF have resulted in a more ambitious Energy and climate framework for EU that was expected by many experts, and partially in line with the higher ambition requested by H&M, IKEA Group and WWF.

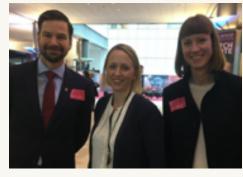
# FACT ABOUT THE "CLEAN ENERGY FOR ALL EUROPEANS":

On 30 November 2016, the European Commission presented a new package of measures, the 'Clean Energy for All Europeans' proposals, with the goal of providing the stable legislative framework needed to facilitate the clean energy transition. Based on instructions from the Council in 2014, the package was a first step for the EU to deliver on its Paris Agreement commitments, and with the intention to help the EU energy sector become more stable, more competitive and more sustainable. The initial proposed targets on renewable energy and energy efficiency to 2030

was 27 % and 27 % respectively. WWF and H&M called for significantly higher targets and the Parliament settled for renewable energy and energy efficiency targets to 2030 on 35 %. In addition, the Parliament wanted to raise the climate ambition of EU by proposing a target to become climate neutral by 2050 at the latest. In the trilogue negotiations both the Parliament and the less ambitious Council had to make concessions and the final legislation text included target levels of 32 % and 32,5 % respectively. The target for climate neutrality survived. In summary, we are still not in line with what is needed according to the Paris Agreement, but it was a real improvement compared to the initial proposal.

The outcome was a much more ambitous final position of the Parliament, than analysts and other experts had expected, especially for Energy Efficiency and the new climate target for 2050"

**Pernilla Halldin,** Public Affairs, Sustainability Department H&M group



Ola Hansén, Senior Advisor Energy and Climate WWF Sweden. Jytte Guteland MEP (S). Johanna Myrman, Expert Climate & Business Climate and Energy Dept WWF Sweden



Ola Hansén, Senior Advisor Energy and Climate WWF Sweden. Katrina Johansson, Manager Corporate Partnerships WWF Sweden. Ibrahim Baylan, Minister of Energy in Sweden. Pernilla Halldin, Public Affairs Sustainability Department H&M group. Vanessa Rothschild, Global Sustainability Business Controller H&M group.

# PERNILLA HALLDIN, PUBLIC AFFAIRS, SUSTAINABILITY DEPARTMENT H&M GROUP:

# WHAT WAS THE MOST IMPORTANT RESULT ACHIEVED BY THE POLICY PUSH TARGETING THE EU "CLEAN ENERGY FOR ALL EUROPEANS" PROPOSALS?

The fact that IKEA Group and H&M, two major companies push other countries towards ambitious climate goals and supporting Sweden's climate targets, was a robust message in itself. The MEPs actually listened to us with great interest. They were curious about our views on why combating climate change is essential for our business, why we need EU decisions with a higher ambition in order to reach our climate goals and how we work on reaching our climate targets. The message is amplified when big companies such as H&M and IKEA Group speak out, and the message not only comes from environmentalists, as is usually the case.

#### WAS THIS POLICY PUSH MADE MORE EFFICIENT BY DOING IT TOGETHER?

Definitely. H&M and WWF's different inputs and the diversity of our joint knowledge made us more efficient and even more credible. The discussions with Ola Hansén from WWF and the Swedish parliamentarians were really pertinent. We benefitted greatly from one another's contact networks and different point of views.





# **EXAMPLES OF MILESTONES OF STRATEGY DIALOGUE:**

New Business Model Tool – Steering H&M staff towards more circular thinking.

The development of Context Based Targets for Water.

Sharpening H&M policies on bamboo, rattan and leather.

Speeding up H&M transition to 100% cotton from more sustainable sources.

The policy push in Brussels.





### **NEXT STEPS**

Looking ahead for the second 2,5 years of this term of the partnership, WWF and H&M will continue doing ground breaking work together.

We will continue to raise the importance of water stewardship and collective action. We will influence governance for new and better laws and regulations.

We will continue combating climate change, and in different ways find paths towards reaching the ambitious climate goals that H&M has set. This means not only reduced emissions, but finding tracks towards becoming climate positive.

We will continue the Strategy dialogue, digging deeper into finding sustainable materials and circular processes. Pushing policymakers in the right direction. Aiming to bring sustainable and science-based solutions to both H&M and the fashion industry.

We will raise the importance of biodiversity and the many other questions addressing key environmental impacts for a more sustainable future for people and nature.

We will continue to make a change.



# RESULT REPORT H&M WWF PARTNERSHIP

**January 2016–July 2018** 

#### 75% IN 2025

By 2025, two-thirds of the world's population may face water shortages.

#### **BIODIVERSITY = LIFE**

In less than 50 years we have seen an overall decline of 60% in population sizes of vertebrate species. Biodiversity is essential for our health, wellbeing, food and security as well as the stability of economic and political systems worldwide.

#### 40% IN 2030

Water demand will exceed supply by 40% in 2030.

#### CUT EMISSIONS In Half in 10 Years

The Paris Agreement's goal to reduce the risk of dangerous climate change can be achieved if greenhouse gas emissions peak by 2020, halve by 2030 and then halve again by 2040and 2050. This is now technologically feasible and economically attractive but the world is not on this path yet.