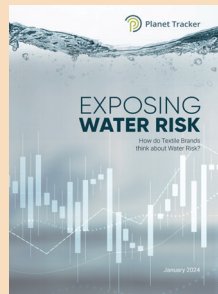


Exposing **WATER RISK**

Questions for investors and lenders to ask management of companies

Recommended Questions		Report Key Takeaways
Q.1	<p>Question: <i>How do you monitor water usage across your supply chain and the associated risks?</i></p> <p>Background: Many stages of the manufacture of apparel are significant users of water. The availability of water is increasingly becoming stressed in many parts of the globe as a result of climate change, inefficient use and untreated disposal. Increasing water stress could threaten production of textiles in many key regions.</p> <p>Target: Management monitor water-related risks across both their own operations and the “Scope 3” of their supply chain.</p>	<ul style="list-style-type: none"> • Companies in the apparel industry should be talking about water risk. Many stages of the manufacture of apparel are significant users of water • The vast majority (90%) of the 3,900 documents, transcripts and filings by apparel-related companies which we analysed do not mention water related risks. • Most disclosures focus on consumption. Toxins and contaminants were amongst the least discussed subjects. • Investors and lenders to the apparel industry are financially exposed to this water-related risk. Financial institutions should be including this risk in their investment decisions if they believe that other sources for apparel manufacture are unavailable and that the higher price of supply (if there is one) cannot be passed on to the consumer. <p>Click to view the report online</p> <div style="text-align: center;">  </div> <p>Disclaimer: click here</p>
Q.2	<p>Question: <i>Do you report on water usage? Do you plan to start reporting water usage?</i></p> <p>Background: Apparel companies should publicly disclose their water use and water risks via a standardised framework such as the CDP. Investors should be demanding high quality data from their holdings on their direct and indirect water impacts, so that they can better quantify the risks to which they are exposed.</p> <p>Target: Water impact data is disclosed via a standardised framework such as the CDP.</p>	
Q.3	<p>Question: <i>What investment are you making into mitigating water-related risk?</i></p> <p>Background: Relatively small levels of investment can be transformative in terms of the environmental impacts of the textile supply chain (see our report Easy-UnPickings). Given the potential risk to their businesses, major brands should be working with their suppliers to reduce water-related risk.</p> <p>Target: Report details of the size and nature of investments made in own operations and supply chain partners to reduce water impacts.</p>	