Vision & Strategy

Message from our CEO

The H&M group makes affordable, good-quality and sustainable fashion available for many people, regardless of their income or where they live – that is our passion and our everyday work.

We believe sustainable fashion should be available for everyone. The idea is that people who enjoy fashion should be equally able to dress sustainably. However, to be able to continue to offer sustainable fashion to present and future generations in a world with growing populations and finite resources, both the H&M group and the industry must look for new ways of working. That is why we are taking a circular approach to how fashion is made and used. That includes a more effective use of resources, support of innovations within recycling technologies as well as an increased use of existing or new sustainable materials.

Our ongoing work to contribute to good working conditions for the people making our products is just as important. Investing in sustainability issues such as these is a business opportunity – and vital for our future business success. But also, as stated in international guidelines such as the UN Guiding Principles on Business and Human Rights, it’s part of our responsibility as a company. Corporations have a big responsibility to act in a way that helps to drive change, making their business economically, socially and environmentally sustainable.

Our sustainability work is built on three foundations. First, it’s integrated into all parts of the business – in every single department and function and in all brands and markets. Sustainability is part of our company’s DNA and values.
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Secondly, we are convinced that a long-term way of working is the only way forward. As a result, we always take a long-term view instead of choosing short-term solutions that don’t lead to lasting change. Finally, we have a collaborative mindset. As many of the challenges we are facing are systemic and industry-wide, we need to work with others. Our collaboration with brands, trade unions, NGOs, experts and scientists, business partners and civil society will continue – no matter if it’s about recycling innovations, new sustainable materials or the work to improve working conditions for the people making our clothes.

This is why we very much welcome the collaborative focus within the UN Sustainable Development Goals (SDGs) and the SDG Agenda. Through our continued commitment to the United Nations Global Compact, we take shared responsibility for achieving positive change. Our sustainability priorities are aligned with the SDGs and aim to mobilise efforts to end poverty, fight inequalities and tackle climate change, see more on p. 117. The SDG Agenda provides a good framework when designing strategies going forward and finding new collaborations.

We contribute to several of the SDGs, for example, through our circular approach and efforts to close the loop on textiles (SDG 12). We are a member of the Ellen MacArthur Foundation’s Circular Economy 100 to help accelerate the transition from a linear to a circular economy. From a sustainability perspective, this transition is necessary. However, it requires more effective use of resources as well as innovations within recycling and materials. Garment collecting in our stores is one step on our circularity journey, inviting our customers to become part of the solution and help expand the lifespan of garments and increase reuse or recycling of materials. The Global Change Award innovation challenge, initiated by the H&M Foundation in 2015, is another way of speeding up the development. It aims to find new ideas to help close the gap.
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> loop on textiles. Because technology and innovations are key to reaching our vision of becoming circular, we are supporting this development through both investments and knowledge.

Our efforts to improve working conditions in the countries where our products are made is also in line with the SDG Agenda (SDG 8). We are committed to focusing our efforts on creating a well-functioning dialogue in the labour market since this is a precondition for achieving lasting improvements in working conditions for people. We are working to promote a dialogue where freedom of association is respected, where workers’ representatives have a voice and where trade unions can negotiate and bargain collectively. These issues are also central in several of our collaborations, for example, within the Global Framework Agreement with IndustriALL and IF Metall which was converted into a permanent partnership in 2016.

The H&M group wants to contribute to structures and frameworks, to inspire, educate and bring the best from the Swedish labour market to countries like Bangladesh and Cambodia – but we will not be able to push development on our own. The countries and the people living there should be in charge – but obviously with support from the H&M group and many others who want to continue their commitment in these countries in the long term.

It has always been important for us to act in a way that makes it possible not just for present but also future generations to enjoy fashion. However, along with the rest of the industry, we still have a long way to go. It is now time to lift our ambitions and push the boundaries again. I’m convinced that our new sustainability strategy presented in this report will take us closer towards our vision: to lead the change towards circular and renewable fashion while being a fair and equal company.

Karl-Johan Persson, CEO
H & M Hennes & Mauritz AB
Vision & Strategy

Key facts & figures 2016

We renewed the Global Framework Agreement with IndustriALL and the Swedish union IF Metall.

We are the second largest user of recycled polyester in the world. In 2016, we used recycled polyester equivalent to more than 180 million PET bottles.

Since 2013, we have collected almost 39,000 tonnes of garments in H&M group stores, which is equivalent to 196 million t-shirts.

* Certified organic cotton, Better Cotton (BCI) or recycled cotton. ** Included are all materials classified as conscious materials, such as certified organic or recycled fabrics, as well as Better Cotton (BCI). *** Please note: Material data has been restated due to the fact that historical data has been updated using a new, more detailed system. We are continuously working to improve our data systems and accuracy. An independent assurance statement related to GRI 301-1 is provided on page 119. Deviations are due to rounding effects.
## Vision & Strategy

### Key facts & figures 2016

<table>
<thead>
<tr>
<th>TONNES OF GARMENTS COLLECTED IN H&amp;M GROUP* STORES</th>
<th>140 supplier factories have implemented an improved wage management system.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013: 3,047t</td>
<td>We are the world’s biggest user of Better Cotton. Source: Better Cotton Initiative (BCI)</td>
</tr>
<tr>
<td>2014: 7,684t</td>
<td>96% of electricity used in our own operations comes from renewable sources.</td>
</tr>
<tr>
<td>2015: 12,341t</td>
<td>100% LEADING THE CHANGE</td>
</tr>
<tr>
<td>2016: 15,888t</td>
<td>100% CIRCULAR &amp; RENEWABLE</td>
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<tr>
<td></td>
<td>100% FAIR &amp; EQUAL</td>
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**NET SALES EMISSIONS**

<table>
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<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td>EMISSIONS (SCOPE 1+2) VS. GROWTH IN SALES (IN LOCAL CURRENCIES)</td>
<td>9%</td>
<td>14%</td>
<td>11%</td>
<td>7%</td>
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**TOTAL CO₂e EMISSIONS**

<table>
<thead>
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<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
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<tbody>
<tr>
<td>EMISSIONS</td>
<td>356,373t</td>
<td>341,675t</td>
<td>151,753t</td>
<td>80,541t</td>
</tr>
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* With the exception of our franchise markets. Other brands within H&M group (Weekday, Cheap Monday, Monki, & Other Stories) offer garment collection to customers as well. An independent assurance statement related to our tonnes of garments collected for reuse and recycling is provided on page 119. ** Our GHG emissions accounting and reporting is aligned with the GHG Protocol. Reported CO₂e emissions are based on supplier specific emission factors where available. For further details and data, please see our CDP Climate Change Investor Response 2016. CO₂e emissions include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). An independent assurance statement related to GRI 305-1 and 305-2 is provided on p. 119.
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Our vision

The H&M group has a strong history in sustainability. Ultimately, we want to make sure that fashion continues to be enjoyed today and for generations to come. But to create a truly sustainable fashion industry that is good for people, communities and the planet, we need to take our work to the next level. Our vision is therefore to use our size and scale to lead the change towards circular and renewable fashion while being a fair and equal company. This vision applies to every brand in the H&M group, all of which share the same passion for fashion and quality, as well as the ambition to serve our customers in a sustainable way.

Our world sustains and inspires us to create incredible things. But today, our environment and our society are facing some serious challenges. The rise in global temperatures is already affecting our climate, and the world needs to stay well below a 2°C increase to avoid increasingly damaging outcomes. According to the World Bank, we will soon face a global shortage of vital resources. For example, there is a projected 40% gap between water supply and demand by 2030,* and we are losing about 130,000 square kilometres – equivalent to 48 football fields every minute – of forest every year.**

Our global society is also facing serious challenges. Many people are already living in extreme poverty, and issues such as forced labour and discrimination prevent millions of people from living a good life.

These challenges are compounded by the size and growth of the world’s population, which is set to increase from seven billion people today to about eight and a half billion by 2030*** – five billion of whom are predicted to move into the middle class.**** This growth and demographic shift will drive massive, unprecedented changes across our society and industry. By preparing to meet this change in a sustainable way, businesses have an opportunity to flourish and create job opportunities for people around the world.

We believe that our industry needs to increase the pace of change in addressing these global environmental and social issues. The size, scale and global reach of the H&M group means we have a responsibility – and an opportunity – to create this acceleration and facilitate the right collaborations for success. We believe in moving the whole market forward, for our own business and for other businesses that share our values.

Built on lessons learned from our Conscious Commitments, our new strategy will guide us in the next exciting phase of our journey towards real, sustainable

* worldbank.org ** worldwildlife.org *** esa.un.org ****According to the OECD (using their $10-100 benchmark), the global middle class will reach nearly five billion by 2030, out of a world population of eight billion. See: oecd.org
Vision & Strategy

Our Sustainability Strategy

VISION
Our vision is to lead the change towards circular and renewable fashion while being a fair and equal company.

100% LEADING THE CHANGE
- Promote and scale innovation
- Drive transparency
- Reward sustainable actions

100% CIRCULAR & RENEWABLE
- A circular approach to how products are made and used
- Use only recycled or sustainably sourced materials
- Use only renewable energy in our value chain

100% FAIR & EQUAL
- Fair jobs for all
- Stewards for diversity and inclusiveness

Our commitment to 100% Leading the change will drive and accelerate our impact as we seek to fulfill our vision. To us, it is an ambition that can help set new standards, find innovative solutions and discover new ways of engaging our stakeholders to create a truly sustainable fashion industry.

Adopting a 100% Circular & Renewable approach to making and using fashion is an essential step to helping our business continue to thrive for the next decades and beyond. It’s not just important, but a prerequisite for our growth and future success, just as it is for every other fashion brand. When it comes to striving for 100% Fair & Equal, we want our business to benefit everyone it connects with, from empowering our customers to express their personality through fashion – wherever they are in the world – to the millions of people who work across our value chain. By building stronger, more rewarding connections with our customers, employees and suppliers, our business will benefit in many different ways.

Our new vision sets a high bar. Ultimately, it will help us create sustained and balanced growth that meets demand while also helping to improve our environment and society. However, although this vision is essential to the future of our business, we don’t yet have all of the solutions in place for achieving our goals, many of which are breaking new ground. We know there is a significant journey ahead of us, but our vision gives us clear long-term focus and direction and provides the motivation we will need to succeed.
Vision & Strategy

Our strategy

Our strategy will allow us to fulfil our vision and take our sustainability work to the next level.

The H&M group has come a long way since our first sustainability strategy in 2009. In 2016, we reported on our seven Conscious Commitments for the last time. This year, we have started reporting on our new vision and strategy.

We have developed our new strategy in partnership with internal and external stakeholders and experts from across our value chain. We mapped and prioritised our human rights risks, and identified how we could leverage positive change by addressing these risks. And we used an inclusive and science-based process. Working with our partners, we defined our ambition areas as 100% Leading the change, 100% Circular & Renewable and 100% Fair & Equal. Each area is covered in an individual chapter in this report.

At the heart of our sustainability work is our Change-Making Programme, which makes our strategy come to life. By bringing together all of the component parts of our strategy, including our goals, roadmaps, standards and methods, it integrates sustainability into every part of our business. Read more about the Change-Making Programme on page 17.

Underpinning all of this is our ongoing commitment to engage changemakers – the people from across our value chain who turn goals and ambitions into action and achievements. There is simply no way we will fulfil our vision without their help.

That said ‘100%’ is not an exact goal – it demonstrates the scale of our ambition and our commitment to change, and creates a clear long-term direction and momentum at H&M group and across our industry that will lead to the best possible results.
Vision & Strategy

Q&A with Anna Gedda, head of sustainability

Our vision for sustainability at the H&M group is ambitious. It imagines a whole new way of making and consuming fashion for the world. It’s a vision that is built on the experience we have gained about what works and what doesn’t.

Anna Gedda, head of sustainability at the H&M group, explains where the new strategy came from and how it will become a reality.

Why has the H&M group updated its sustainability strategy?
The H&M group has been committed to sustainability for a long time, and we are proud of what we have achieved so far. But the fashion industry is still facing big challenges and we need to rethink how fashion is made and used. We have the size, scale and ambition to help lead that change.

Sustainability is fundamental to the future of our business. Looking 20 or 30 years ahead, we need a strategy that will both help ensure that our planet has enough resources to go around and that enables us to use and produce those materials in a sustainable way.

Our new strategy is built on years of hard work and experiences of both successes and setbacks. But all of the original building blocks, such as setting long-term goals, collaboration and integrating sustainability in all of our business operations, are still there. Our seven Conscious Commitments helped us achieve a lot, and our new vision and focus areas will take us even further.

What makes the H&M group’s sustainability strategy unique?
Many things. First, our ambition. We want to lead the change towards a circular and renewable fashion industry while also being a fair and equal company. That is a huge commitment to make.

Second, the size of our business. We are one of the world’s biggest fashion companies. This comes with both responsibility and opportunities as we have a unique reach and possibility to create change. Because of this, our sustainability ambitions won’t just set our agenda, they will help drive change across the industry.

The third thing that makes our strategy unique is that it is about true sustainability. We are not here to outperform our competitors. It doesn’t matter if we have the smallest carbon footprint compared to anyone else. Instead, we are using a scientific approach to find out where our planet needs us to be – in terms of our environmental and social impact – and then setting goals around that.

And finally, because there is simply no way we will be able to reach these goals without getting our customers, employees, business partners and other stakeholders on board, our strategy is founded on the need for engagement and collaboration.

How can you continue to expand while also becoming more sustainable?
According to the UN, there will be 9.7 billion people living on this planet by 2050, with a rapidly growing middle class. We believe that all of these people should be able to access and afford clothes they love that are also sustainable – no matter where they live or how much money they have. To accomplish this, we have to grow our business sustainably and move towards a circular use of resources. That means making sure our growth is not linked to, or dependent on, similar growth in our resource use. It won’t happen overnight, but we will get there.

Leadership is obviously a key element of the new strategy. Why is that?
Our size, scale and influence mean that we have both a responsibility to do the right thing and an opportunity to create real, lasting change. We have the ability to create large-scale impacts that few others have.

Anna Gedda.
Vision & Strategy

For me, being a leader means using this position to lead by example and break new ground. By testing new ideas or doing what others have not done before, we can pave the way and try new things. This will also hopefully lead others to follow our example or join us in our movement for change.

Of course, while being first gives you an advantage, it also means you are more likely to make mistakes. That’s why it is important to remember that perfect is the enemy of good. Instead of putting brands off from taking the kind of bold steps we need, I hope that we can celebrate the milestones that take us closer to a more sustainable industry. I believe leadership deserves both scrutiny and encouragement, and I hope our efforts will attract both.

What does 100% mean?
Basically, ‘100%’ is our ultimate ambition, and it will take us decades to achieve. Any company can say it wants to become circular, but unless we all aim for 100% we’ll never fully get there. We want to be part of the solution and help advance science in this area, and to do that we need to be transparent about our ambitions. Our roadmap doesn’t have all the answers on how we’ll get there, but we do know you have to be bold to make things happen. For us, 100% is not necessarily an exact measurement, but a way to demonstrate our ambition and create action – both within our company and outside of it.

"Our size, scale and influence mean we have both a responsibility to do the right thing and an opportunity to create real lasting change."

Which sustainability achievements are you most proud of from 2016?
I’m really proud of our ambition to become 100% Circular. It’s a big, daring commitment, and I see it is an achievement to have made it. Obviously, it’s the starting point for much more to come! Looking at the challenges around resource use that not only our, but all industries face, this marks such an important step towards a more sustainable way of making and enjoying fashion.

I’m also proud of the steps we’ve taken to become more transparent, in particular the extent to which we’ve implemented and used the Higg Index® to evaluate our suppliers. The Higg Index exists to help businesses like ours get a clear picture of our environmental, social and labour impacts and identify areas for improvement. See more in the Standards & Policies chapter on p. 99. It takes time to both create a universal standard and for it to be adopted industry-wide to work. No other brand of our size has made this kind of commitment to transparency yet, but we hope that by us using it, others will follow.

After a successful first year, we also extended our Global Framework Agreement to become a permanent collaboration with IndustriALL and the Swedish trade union IF Metall. We see this as a foundation for creating a well-functioning dialogue between our suppliers and local trade unions, which is necessary for lasting improvements in all areas of working conditions, including fair living wages.

Finally, I would like to mention the work we’re doing to engage our customers to be more sustainable. We need their help if we’re going to reach our goals. For example, since we introduced our garment collecting initiative globally in 2013, we have gathered almost 39,000 tonnes of garments to give them a new life so nothing goes to waste. By showing them that sustainability is part of the H&M group’s brands, we’re changing their behaviour when it comes to caring for and disposing of clothes. Our objective is to make fashion sustainable and sustainability fashionable.

What does sustainability mean to you?
For me, it’s very real and a big part of both my professional and private life. I have two young children and I want to know that I’m leaving them a better world to build their lives in. That means everything from taking care of how we use resources to helping people around the world enjoy good and healthy lives in a more fair and inclusive society. I’m really proud to be working for a company that wants to be part of making this change happen.
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Our Change-Making Programme: Turning our strategy into action

Our Change-Making Programme is the ‘nuts and bolts’ of how we turn our sustainability strategy into action and make our vision a reality.

The H&M group is a big, global and diverse fashion company and we recognise (perhaps more than most) that one size doesn’t fit all. The Change-Making Programme will allow us to integrate sustainability into our business by bringing our sustainability strategy to life in a systematic way across all of our functions, brands and countries. It makes sustainability a practical part of everyone’s daily working life. The programme brings together the goals, roadmaps, standards and follow-up methods we will need to work towards our vision while at the same time leaving room for locally-tailored implementation and activities.

How we will turn our vision and strategy into action

GOALS
Our vision and ambitions are translated into concrete goals at group, market and function levels. Each function and market has ownership of its own sustainability goals.

ROADMAPS
These are strategic plans, targets and actions for reaching our goals. We have roadmaps for specific sustainability areas, for example energy, water, innovation, waste and transparency.

STANDARDS AND POLICIES
Our sustainability standards ensure that we and our business partners operate in a sustainable way. They include our Code of Ethics, Sustainability Commitment, Human Rights Policy, etc.

METHODS AND FOLLOW-UP
These are the processes, routines and methods we use to set goals and evaluate our progress. They ensure that our strategy is well-integrated across our business.

CULTURE AND VALUES

NB: At the time of print, we are still defining some of the initial goals for our sustainability strategy. For the best results, goal setting must be an ongoing process that works with the latest insights and information available and is supported by our internal functions and external stakeholders. By constantly improving our goals, we will stay aligned internally on fulfilling our vision. We anticipate all initial goals to be set throughout 2017 and onwards. Please see the interview on p. 18 for more information on our goal-setting process.
Interview with Cecilia Strömblad Brännsten: Our science-based goal setting explained

What’s your background and role at the H&M group?
I started out in the buying office at H&M in 2004. Five years ago, I moved to the Global Sustainability Department to work on circularity and sustainable materials as an expert in sustainable business. I am also the Global Project Manager for the garment collecting initiative.

How will the H&M group reach 100% circularity?
Reaching 100% circularity is an ambitious vision, and we don’t have all the answers for getting there yet. We are currently working with internal and external stakeholders to set the goals, roadmaps and actions that will push us forwards on our journey. You will see many of these goals in this report, but some are not ready to share yet.

What’s your role in the goal-setting process?
Together with my colleagues in the Global Sustainability Department, I lead the goal-setting process for 100% circularity. That means we set the direction and ambition level, and ensure we are on the right track from an environmental and business perspective. We also work to facilitate cross-functional goal setting – many of our targets will only be achieved if different functions across our business are aligned. To realise our vision, we also need to continuously revise our ambition level – and set new goals that push us forward.

Why is a science-based approach so critical?
Leading the change towards a circular fashion industry means running our business in a way that is in line with what our planet can afford. A science-based approach helps us collaboratively and transparently work with experts to define priorities and targets consistent with these planetary boundaries, see box on p. 37. It pushes us to increase our pace of innovation, make the big leaps that are necessary and set our long-term goals.

One example for how science helps our goal setting is our research project with the Stockholm Resilience Centre and the Ellen MacArthur Foundation. Together, we are working to identify what a circular fibre system within planetary boundaries could look like for the textile industry. The outcomes of this long-term project will influence what material-use goals we set for ourselves, and provide guidance for the whole textile industry.

How important is it to work with external stakeholders when it comes to goal setting?
I believe it’s very important. Our external stakeholders inspire and challenge us, and push us in the right direction. When it comes to circularity, we have the privilege of working with some of the most influential stakeholders in the field including the Ellen MacArthur Foundation, the Stockholm Resilience Centre and the WWF.

Wherever possible, we follow a science-based approach to goal setting – we want to base every decision on facts and data. Currently, this approach is most valid for goals concerning climate change and water use, but we are taking an ‘outside in’ perspective to understand and thereby mitigate our local and global impact across all areas of action. It is also our job to continuously connect with our internal and external stakeholders to share progress and get further input.

Vision & Strategy
Vision & Strategy

How we are organised

Our head of sustainability, reports directly to our CEO and has responsibility for the implementation of our sustainability strategy together with the Executive Management Team.

Twice a year, our CEO, CFO and head of sustainability review the progress made. With the same frequency, our head of sustainability reports performance against key sustainability indicators to our Board of Directors.

At our head office, our global sustainability department consists of more than 25 colleagues responsible for setting the strategic directions and ambition level, reviewing our progress, and supporting and advising all relevant departments on the development and implementation of our strategy.

At the group functions and brands, we have approximately 15 colleagues. They have set specific sustainability goal and targets. Their performance is measured and follows the same procedure as for any other goal.

In our production markets, we have approximately 145 sustainability managers that operate from 21 local production offices around the world. They work directly with our commercial business partners to assess their performance against our Sustainability Commitment and support them in making improvements through capacity building programmes and activities.

In our sales markets, we have 35 sustainability managers who support the implementation of our strategy across all of our sales markets.

We have 220 colleagues globally who work with sustainability as their core task.
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Impacts along our value chain

Our value chain is connected to countless people, communities, ecosystems and other businesses around the world – that is what it means to be part of the global economy. Our business’ social, environmental and economic impact is significant and far-reaching, and we want it to be as positive as possible.

This means creating positive change along our value chain – from the farms and factories that supply us to our millions of customers. We can do this in our own operations, but what about the parts of the value chain that lie outside of our direct control? Our strategy is grounded on the idea that we must use the size and scale of our business to leverage change and create maximum positive impact and minimum negative impact. One particular focus area is the protection and improvement of human rights along our value chain. This is explained in full in the Standards & Policies chapter on p. 92.

OUR CHALLENGE Sustainability starts at the drawing board. We need to create fashion without compromising on design, quality, price or sustainability. Our choice of materials and our designs impact the environment and the people who make and wear our clothes. We can make our impact more positive, for example, by choosing sustainable materials and reducing what ends up on the cutting room floor.

OUR CHALLENGE Processing raw materials such as cotton is an area we must pay close attention to. It involves high water and chemical use, and it is often associated with poor working conditions. There is a potential risk of child and forced labour, and concerns around land rights issues (identified as salient human rights issues for us). There are also considerable traceability challenges as we do not always have full insight on where our conventional cotton comes from. Our choices matter, which is why we work to use raw materials as efficiently as possible, making and promoting sustainable raw material choices and working towards our 100% circular ambition.

OUR CHALLENGE When our business partners buy yarn and fabric, we need to consider water use (a salient human rights issue for us), chemical use, working conditions and greenhouse gas emissions. Generally speaking, we do not have direct business relationships with mills. Instead, we work with organisations such as Solidaridad and the Natural Resources Defence Council (NRDC) to help mills improve their performance. We have already integrated fabric and yarn mills that are involved in making about 56% of our products into our supplier assessment system.
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OUR CHALLENGE Over 1.6 million people work in the factories of our business partners, 65% of whom are women. Social security, wages, freedom of association and collective bargaining, health and safety, and working hours are all salient human rights issues. Our industry must ensure fair living wages, reductions in overtime and workplace safety to become socially sustainable.

OUR CHALLENGE Transport represents approximately 2% of the greenhouse gas emissions in a garment’s lifecycle. By choosing the right modes of transport, we can reduce this impact even further. And as an important customer of the transport companies we work with, we have the opportunity to influence their awareness and action on environmental issues as well.

OUR CHALLENGE We have over 4,351 stores across 64 markets. As we grow, enter new markets and employ new people, we need to keep living up to our values and ensure an inspiring and healthy working environment. Discrimination and harassment are human rights issues and our internal policies, such as our Global Diversity, Inclusion and Equality Policy and Non-Harassment Policy, are vital to ensure a good workplace. Our customers rightfully expect good quality products and shopping experiences. As part of that, we need to ensure the privacy of their and our colleagues’ data, and to advertise in a responsible way.

OUR CHALLENGE Caring for clothes at home represents about 18% of the greenhouse gas emissions in a garment’s life. Our challenge is to create affordable fashion that our customers will love from season to season and that is easy to care for in a low-impact way. We need to inspire our customers to be more conscious in the way they care for their garments and make it easy for them to not let fashion end up in landfills.

* Climate impacts are based on a scope 3 assessment made by Kofsys in 2016, based on 2014 data. Calculations in the footprint analysis are based on a combination of good quality H&M group data (2014 material usage) combined with best available public data sources on CO2 emissions. We are working to further improve the calculations by using primary data from our main suppliers. The water footprint is based on the Water Footprint Network’s methodology and includes green, blue and grey water footprints. Deviation from 100% due to rounding effects.** For more information about our social impact, see p. 114. A number of these issues related also to the H&M group’s salient human rights issues, i.e. those human rights at risk of the most severe impact across our operations and supply chain.