



H&M

**CONSCIOUS
ACTIONS**

HIGHLIGHTS 2015

— WELCOME —

Conscious Actions Highlights 2015

“We think H&M’s approach, which seeks to improve the lives of workers and their children across a comprehensive range of issues involving the supply chain and beyond, is one from which other businesses can learn.”

Andrew Mawson

Chief of Children’s Rights and Business at UNICEF

About H&M Conscious

At H&M, we want to make sustainable, good-quality fashion accessible to as many people as possible. We have a passion for fashion – and for our planet and how we affect the world around us. Today, being conscious in every part of the fashion-making process is the core of our business. We offer our customers fashion and quality at the best price, in a sustainable way. With seven commitments at heart, H&M Conscious stands for everything we do to create a better fashion future. Every year, we take hundreds of what we call Conscious Actions – big and small, short and long-term – to make sure these commitments are put into practice. Our Conscious Exclusive Collection is one of many examples of what we do to offer our customers a true look good/feel good combination. We also have a whole range of conscious labelled fashion choices in our stores all year round.

These are the highlights of our Conscious Actions 2015, selected from our annual Sustainability Report.

OUR SEVEN COMMITMENTS

1. Provide fashion for conscious customers
 2. Choose and reward responsible partners
 3. Be ethical
 4. Be climate smart
 5. Reduce, reuse, recycle
 6. Use natural resources responsibly
 7. Strengthen communities
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— COMMITMENT ONE —

Provide fashion for conscious customers

We believe that conscious fashion choices should be available and affordable to everyone – without ever compromising on style. It's all about finding the perfect combination of look good, feel good and do good. By making conscious choices in each step of a garment's life – from cotton farms to customers – together we can make a difference.

This dress is sold in 165 H&M stores as well as online for EUR 149/GBP 119.99.

It is part of our **Conscious Exclusive Collection**, a modern and fashionable collection made from sustainably sourced materials to be worn for **special events** and occasions as well as for **everyday dress up**.



It is made from **72% Tencel®**, an **innovative fabric** made from sustainably-grown wood fibre.

The dress is **embellished** with rhinestones and glass beads made of **50% recycled glass**.

At clevercare.info you can **find inspiration** on how to care for it with **less environmental impact** so you can wear it and love it year after year.

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For this year's Conscious Exclusive collection we present new, sustainably sourced materials like Denimite, made of recycled denim, and material used in embellishments such as recycled glass and rhinestones.

We further increased our use of organic, recycled and Better Cotton so that these three sources now represent 31% of our total cotton use. We are one of the world's biggest users of certified organic cotton.

Together with Better Cotton, our sustainably sourced materials now represent 20% (2014: 14% 2013: 11%) of our total material use. Our products with the highest sustainability credentials are labelled with our Conscious hang tag.

— COMMITMENT TWO —

Choose and reward responsible partners

In today's globalised world, sourcing from emerging markets is not a question for a company like ours. It comes down to how we do it. With our size, we can make a difference and use our influence to promote better working conditions, reduce environmental impacts and respect human rights across our value chain.

This is **Shakuntala**. She is 54 years old and works at the factory where our **Conscious Exclusive Collection** was made.

She started **her profession** with handwork **38** years ago. Today, **she is in charge** of checking and worker guidance.



She likes the **atmosphere** at her workplace and **enjoys seeing the creativity** and innovation of the clothes she makes, which is why she has been in the business so long.

The factories where our suppliers make our products employ about **1.6 million** people alone. About **60%** of them are women, often important **income providers** for their families.

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We have entered a global framework agreement with the global union IndustriALL and IF Metall, working to create further improvements for garment workers, including trade union rights, collective bargaining and fair living wages.

We continued our work towards fair living wages across the textile industry.

To set best practice examples, we scaled up the implementation of the Fair Wage Method in strategic supplier factories.

We were one of the first companies to publish our supplier factory list. In 2015 we have expanded this transparency further; our supplier factory list now also includes those fabric and yarn mills that are involved in making most of our products.

— COMMITMENT THREE —

Be ethical

Being ethical is about doing the right thing.
Respecting laws and regulations wherever we operate, paying taxes accordingly and taking a clear stance against corruption.
Beyond that, it also means respecting human rights and embracing diversity and inclusion.

There are no rules in fashion but one – recycle your clothes.

That was the core message in our very diverse and inclusive 2015 campaign video “Close the Loop”.

We celebrate differences and diversity – both outside and within our own walls.



The film features 69 models of different shapes, cultural backgrounds and lifestyles in locations all over the world.

We work with some of the world's best photographers, models and style icons, aiming to inspire a wide and diverse target group.

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We conducted in-depth training on human rights and responsibility for our top management, as well as key colleagues in functions such as Sustainability, HR and Legal.

77 % of our colleagues are women. So are 72 % of our managers.

For several years in a row, H&M has been named by Ethisphere as the most ethical company in our industry.

— COMMITMENT FOUR —

Be climate smart

Climate change remains one of the greatest challenges of our time. We are continuing our work to increase energy efficiency across our operations and use renewable electricity throughout our stores, offices and warehouses.

Taking this further, we want to use our scale to reduce climate impacts across our entire value chain.

This sweatshirt is made with **100% organic cotton**.

Organic cotton has **46% less carbon impact** than conventional cotton.



About **26%** of the carbon emissions in its life occur when it's washed and cared for at home.

Washing at **30 instead of 60 degrees** will cut energy use in half and save you money too.

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We massively increased our use of renewable electricity to now represent **78%** (2014: 27% 2013: 18%) of our total electricity use globally.

We also reduced our total emissions further by **56%** compared to 2014. The main reason for this is our increased use of renewable electricity.

In early 2016, H&M and 27 other companies teamed up with WWF to become a WWF Climate Saver. Together we will work to transform businesses into leaders of the low-carbon economy.

— COMMITMENT FIVE —

Reduce, reuse, recycle

Our planet's resources are not endless. By recycling, you help save natural materials and contribute to our mission of closing the loop for textile fibres. Don't underestimate your clothes' potential to a second life – drop off the garments you no longer want or need at H&M and we will give them a new life.

You can find boxes like this by the cash desks at almost every H&M store around the world.

This is where you drop off your clothes to give them a new life. We happily accept clothes in any condition and from any brand.

From here, collected garments are sorted and reused or recycled. Nothing goes to waste.



We have already made more than **1 million** pieces of garments using **20% recycled cotton** from our garment-collecting initiative. To increase this share, without losing quality, more technological innovation is needed.

That's why we are investing directly in exciting innovations and the H&M Foundation launched the **Global Change Award**, providing annual grants of **EUR 1 million** to early-stage innovations for textile recycling.

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Over 12,000 tonnes of garments were collected in our stores. That's as much textile fabric as in more than 60 million T-shirts. In 2014, the first products with at least 20% recycled material from collected garments were made. In 2015, we increased the number of these pieces to over one million.

Recycled polyester is usually made from PET bottles. We used the equivalent of over 90 million bottles that otherwise might have ended up in landfills.

— COMMITMENT SIX —

Use natural resources responsibly

Great fashion requires resources and any step in a garment's life might be a risk to our planet. Water is a scarce resource globally, and something we all need. We are committed to reducing resource use across our business operations, and to helping our suppliers and customers do the same.

This pair of jeans is a classic denim piece and is sold in H&M stores around the world.

Producing denim requires significant amounts of water. However, this denim is made with the lowest possible environmental impact compared to traditional production methods.



This is thanks to the environmentally-friendly denim expert consultancy Jeanologia and their methods to measure and reduce the negative effect of washing on our planet.

The result is a greener production process, without any compromise on style.

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All of our denim orders have been scored according to the Jeanologia criteria, ensuring a responsible use of water and energy.

We conducted over 40,000 chemical restriction tests to ensure compliance with our chemical restrictions that are among the strictest in the industry.

We want to secure the awareness and knowledge on water management among our suppliers. In 2014, 89% of our supplier factories were trained in the subject.

In 2015, we expanded the training to our second tier suppliers, where 53% have undergone the training so far.

Strengthen Communities

Our business affects millions of people and it is important for us to give back to the communities that contribute to our success. We can't tackle the challenges alone, which is why we team up with international groups and organisations.

To reach beyond our value chain, the H&M Foundation invests in people, communities and innovation to drive positive change.

Rajitha, 31, grew up in the Mullaitivu district in north eastern Sri Lanka, which is considered one of the country's poorest districts.

She was just 10 years old when she decided that someday, she would become a manager.

Today, she is running a handloom business in the Mullaitivu district.



Still, Rajitha and women like her are held back by difficulties in accessing markets and capital.

The H&M Foundation has teamed up with CARE, a global poverty-fighting organisation, to start a project called WEAVE to enhance these women's opportunities in the handloom industry and linking them to sustainable markets.

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So far almost 75,000 women from various underprivileged communities have been supported in their entrepreneurship and strengthened economically through the projects between H&M Foundation and CARE.

Through our membership in the not-for-profit organisation Better Cotton Initiative (BCI), we help train cotton farmers. In 2015, BCI achieved its goal of training one million farmers in harvesting cotton with less water and chemicals.

Together with partners such as WaterAid, H&M and the H&M Foundation reached the goal to provide 500,000 people with safe water in Bangladesh, India, Pakistan and Ethiopia.

DID YOU KNOW THAT...

We don't own any factories. Instead, we work with about 800 suppliers all around the world.

The 1,900 or so factories where our suppliers make our products employ about 1.6 million people alone.

These factories usually work for many different brands, and their working conditions and wages are the same, with many different price points in store. What makes a difference is what a brand does to improve the conditions, both at the factory and in its community.

We measure each supplier factory's sustainability performance and reward improvements with better business.

We actively support fair living wages across the entire textile industry and, for example, advocate for higher minimum wages. We also work with unions such as IndustriAll to support the development of



collective bargaining systems in our production countries.

Creating fashion can have a heavy impact on natural resources, like water. That's why we have teamed up with partners such as WWF and SIDA (the Swedish International Development Cooperation Agency) to reduce those impacts and advocate for the protection of water sources.

We do not accept animal testing on any cosmetic products, do not sell any real fur or angora wool and apply some of the strictest standards for animal welfare.

The animal rights organisation PETA recognised our

work for animal welfare with the Libby Award for Best Animal-Friendly Clothing Company when the public was asked to vote for their favorite animal-friendly company.

Greenpeace recognised H&M as a "Detox Leader" for our work and support for a fashion industry free from hazardous chemicals.

All of our standard plastic bags are made of recycled plastic. This reduces waste and their light weight means easy transport and low climate impact. By recycling and reusing them, you contribute to reducing the impact on our planet!

We love bringing fashion
to the world in an
exciting and conscious way