



VISION & STRATEGY

Our vision & strategy

At H&M group, we've always believed that great design should – and can – be available to anyone. From the beginning, our role has been to democratise fashion. Today, that means making it sustainable: it's the only way we'll keep making great fashion and design available to many people, for many years to come.

Our vision is to lead the change towards a circular and renewable fashion industry, while being a fair and equal company. Using our size and scale, we are working to catalyse systemic changes across our own operations, our entire value chain and the wider industry. In this way, we can continue to engage our customers and provide great fashion and design choices – today, and into the future.

Our vision and strategy applies to all our brands, while allowing each of them to maintain their own brand identity.

While our business has a long and well-established history in sustainability, projected population growth figures and natural resource levels make it clear that a more focused approach to sustainable fashion is needed. Our role, as leaders in our industry, is to innovate, influence, collaborate, and lead the way towards a truly sustainable fashion future.

This vision is not only necessary from a social and environmental perspective, it also makes good business sense. Long-term investments in sustainability provide us with long-term business opportunities that will keep H&M group relevant and successful in our rapidly changing world.

We know that achieving our vision will not be easy, but our openness to tackling challenges keeps us alert to opportunity. We are strongly positioned to make a positive impact, in part because of our continuing partnership with stakeholders and industry experts who help set and shape our sustainability work. Furthermore, by applying a science-based approach to our work, we can set the best goals and roadmaps possible to drive positive change throughout our company and the wider industry.

Our sustainability strategy



Our ambitions

Our vision and strategy are built on three key ambitions

100% LEADING THE CHANGE

- Promote and scale innovation
- Drive transparency
- Reward sustainable actions

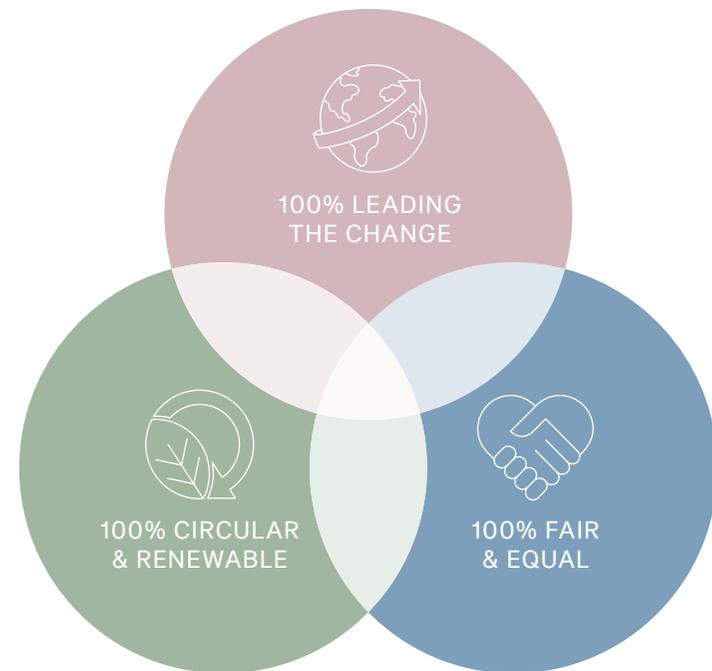
100% CIRCULAR & RENEWABLE

- A circular approach to how products are made and used
- Use only recycled or other sustainably sourced materials
- A climate positive value chain

100% FAIR & EQUAL

- Fair jobs for all
- Inclusion and diversity

To find and implement solutions to the scale and breadth of the challenges facing our industry, we must be clear, bold and visionary. Our three ambitions give us the long-term focus, direction and motivation we need to truly drive positive change through our company and across our industry.



“Big change requires bold actions and the courage to aim high. At the same time, we have to be humble to the challenges our planet is facing. So if we want to make a real change, we have to be brave, push the boundaries and not be afraid to fail.”



ANNA GEDDA,
HEAD OF SUSTAINABILITY,
H&M GROUP

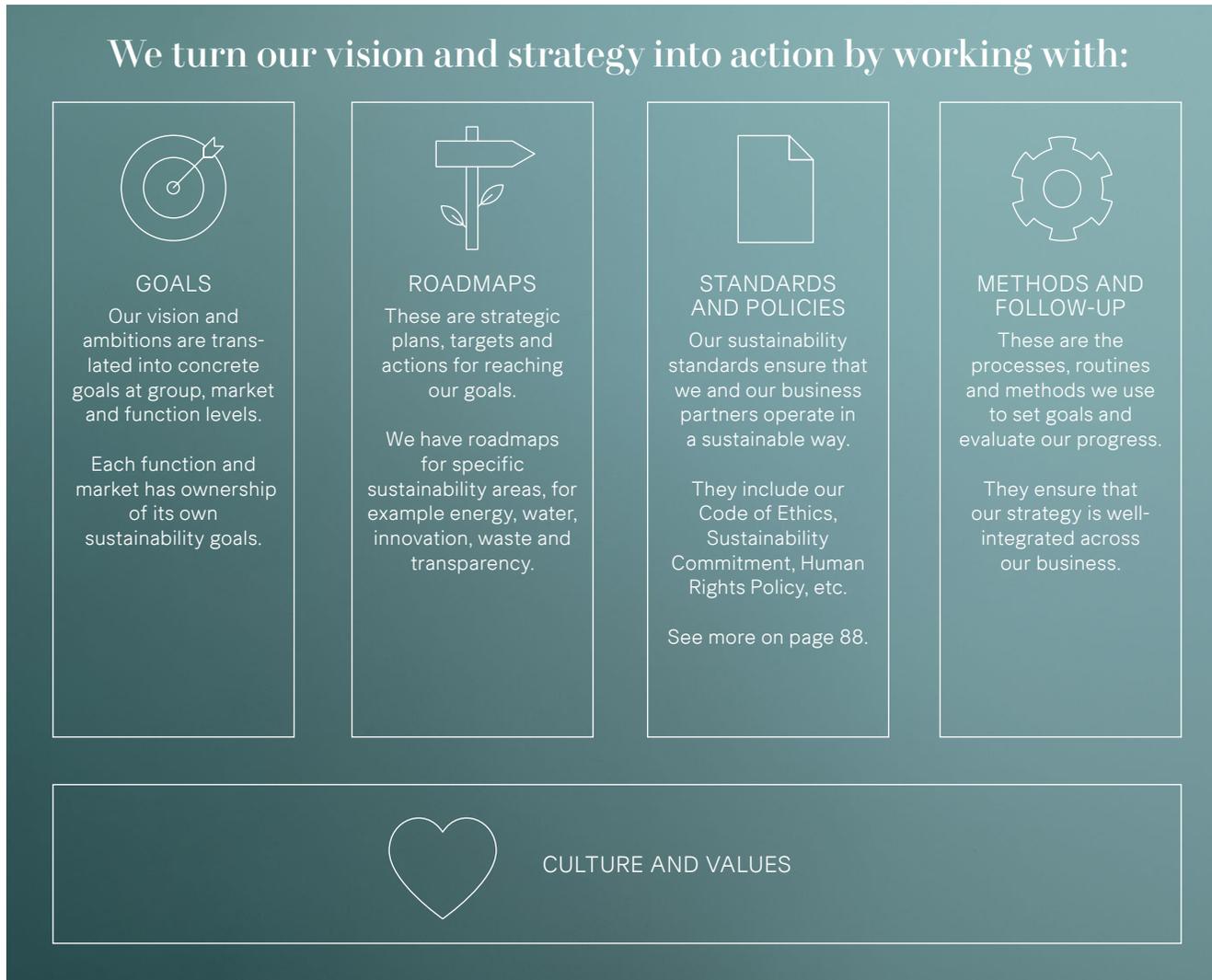
Our Change-Making Programme

By steering and integrating sustainability across our business, our Change-Making Programme turns our strategy into action and drives long-lasting change.

H&M group is comprised of multiple brands, which operate in a variety of functions across many different countries and cultures. Similarly, our value chain is vast and complex. Along with the obvious opportunity this scale offers, it also presents a big challenge: how do we drive systematic and effective long-term change across both our business and value chain?

HOW WE INTEGRATE SUSTAINABILITY

Sustainability is integrated as one of four equally important parameters in our company performance score card. This means that each central function and brand is measured on a set of sustainability KPI's, alongside and in equal weight to sales figures, customer satisfaction, etc. In addition to that, our Change-Making Programme brings together the goals, roadmaps, standards and follow-up methods we need to work towards our vision, while also leaving room for locally tailored implementation and activities. This enables our brands and functions to take ownership and integrate our sustainability strategy across the business, setting its own measurable sustainability goals and activities. Within each sales market, we employ a dedicated sustainability manager who drives the implementation of our strategy from a local perspective to engage all colleagues and customers.



How we are organised

We want to make sure all our efforts keep working together, even as our vision, ambitions and strategy grow and change. This year we strengthened our sustainability steering by establishing a senior cross-functional forum, which reviews strategy performance and defines key priorities.

Reporting directly to our CEO, our Head of Sustainability is responsible for the implementation of our sustainability vision and strategy together with the Executive Management Team. Twice a year, Head of Sustainability reports performance (against key sustainability indicators) to our Board of Directors.

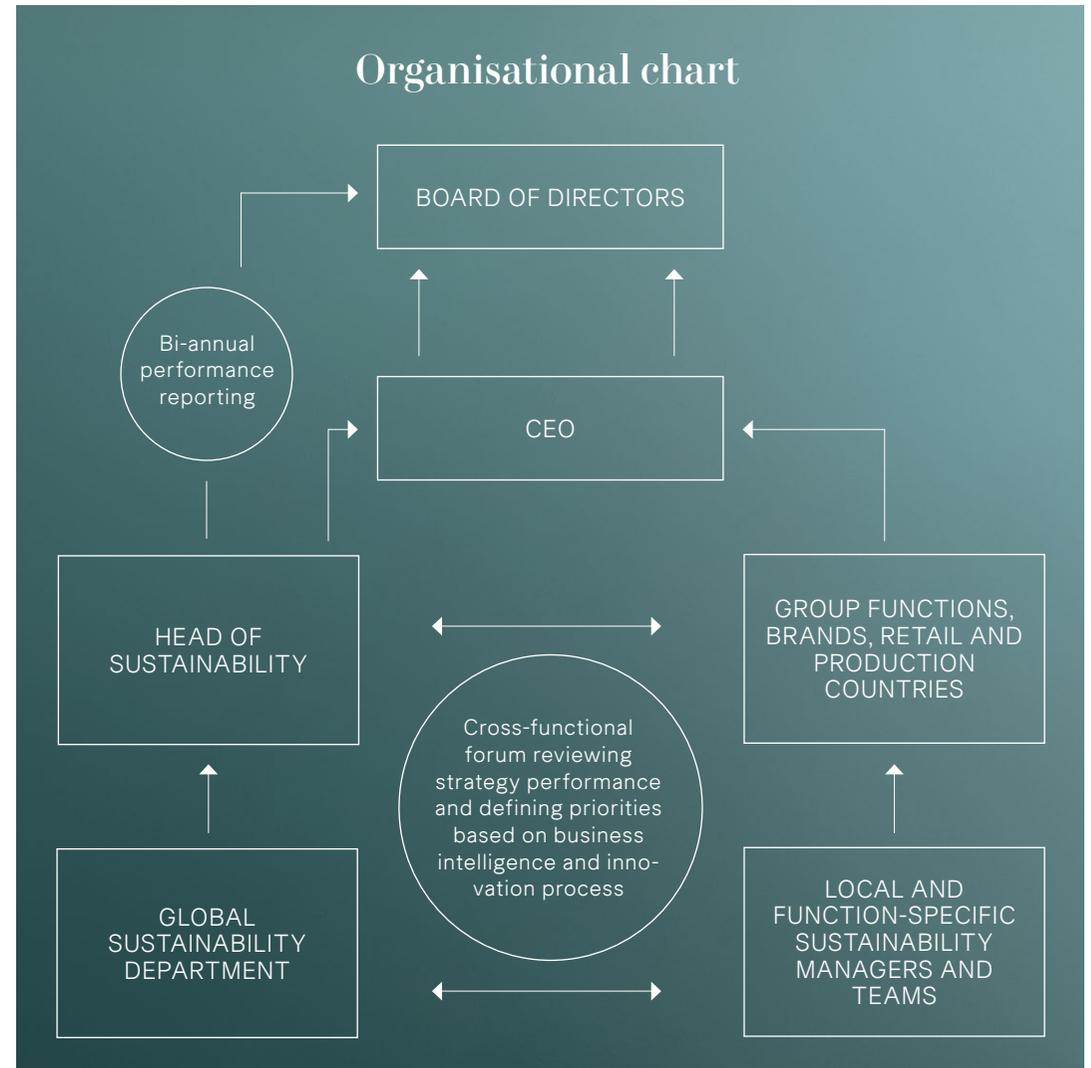
Our global sustainability department consists of more than 30 experts responsible for setting strategies, targets, goals, policies and follow-up procedures to ensure that our sustainability work is carried out systematically.

Every retail market and H&M group function has sustainability managers. In our 20 production markets, we employ more than 150 people working specifically with sustainability. These colleagues work directly with

our business partners to assess their performance against our Sustainability Commitment and support them in making improvements through capacity-building programmes and activities. Read more about our Sustainability Commitment on page 95.



ARKET.



Engaging our changemakers

Changemakers are the people who help H&M group achieve our vision of a sustainable fashion and design industry. Through effective collaboration we can accelerate impact to drive long-lasting change.

STAKEHOLDERS & EXPERTS

Building and maintaining partnerships and dialogue with industry stakeholders and experts is crucial to achieving our vision. Not only do they give us direction and expertise for our long-term goals and action plans, they also work with us to find the best solutions and address specific challenges.

BUSINESS PARTNERS

We always aim to build long-term rewarding relationships with our business partners. By becoming partners, we can work together to raise environmental and social standards across our industry.

OUR COLLEAGUES

Everyone at H&M group should feel they can contribute to our sustainability vision and goals. By enabling our employees to use their unique talents, skills and passions in their daily work, our business can lead the change our industry needs.

OUR CUSTOMERS

Our size and scale means we have many customers, so every single action, no matter how small, makes a huge collective difference. That is why it is so important that we inspire and enable our customers to make sustainable choices for the environment, people and communities. One example of how we engage with customers is the garment collecting initiative that we have across our group. Read more on page 29.

To read further on how we engage with our stakeholders, please visit sustainability.hm.com.



“Engaging with our many and diverse stakeholders gives us new perspectives and helps us build partnerships for solutions that we could not achieve on our own.”

HENDRIK ALPEN,
SUSTAINABILITY ENGAGEMENT
MANAGER, H&M GROUP



INTERVIEW WITH ANNA GEDDA, HEAD OF SUSTAINABILITY, H&M GROUP

“We must continue to dare and push the boundaries”

The fashion industry is going through a major transformation. How is H&M group positioning itself to be a part of this journey?

As a major player in the industry, we are well-positioned to not only be part of, but to also lead the change on this journey. One area that we have been focusing on for a while is the shift from a linear to a circular business model, where we have the ambition to become fully circular.

We are also constantly innovating and developing our sustainability work in line with other developments in the industry. For example, we have accelerated our investments in AI and algorithm-driven retail and see them as important tools to not only grow our business in a sustainable way, but also reach our sustainability goals.

How do you see the customer becoming a part of H&M group’s sustainability journey?

Today we see a positive trend in customer behavior, where more and more customers want to know where and how the garments are made, and how they can contribute to a sustainable fashion future. This year, we have developed a customer-facing transparency layer where our online customers can see sustainability information such as materials used, or in which factory the product has been made.

We have also expanded our Take Care concept across more markets, which we see as

an important step in helping our customers care for their favorite pieces longer and in that way prolong the lifespan of the product.

Looking back over the year, what has been the greatest achievement?

There are many things I’m proud to have been a part of, but one that stands out this year is our results from the five-year Fair Living Wage Strategy. We have not only achieved, but exceeded in all our goals, affecting the lives of almost one million garment workers. This has been the result of many of my colleagues’ tremendous efforts to make an impact and drive change in a very challenging area. There is still a lot to be done and I can’t stress enough the need of alignment between different actors throughout the whole industry.

Another achievement is our new packaging strategy, which is an important milestone towards our circular ambition. With our goal to only use recycled or sustainably sourced packaging materials by 2030, we will be able to have a big environmental impact, create a better shopping experience for our customers, and a better work environment for our colleagues.

... and what are the biggest lessons learned?

That big change takes a long time. For example, even though I am very proud of our results of our Fair Living Wage Strategy,

I also wish that we could have come even further. But the issue of wages goes far beyond our own suppliers and their factories and we alone cannot change the industry.

This also goes for many other sustainability challenges, such as scaling technologies for garment recycling, developing solutions for microfibre shedding and driving transparency on sustainability performance across the industry.

Another important lesson from this year is the need to constantly keep sustainability integrated into the business, which can be a challenge given the rapid change and transformation that the retail industry is undergoing. In the light of the hoodie incident, we have learned that we need to do even more to integrate inclusion and diversity across our operations and beyond.

Back to H&M group leading the change in the fashion industry transformation.

Where do you see us in five years?

I hope that we will continue to lead the change towards a sustainable fashion industry. With all the technological advancements and ever-changing expectations from customers, it’s hard to have a clear picture of what exactly will be happening five years from now. But I am positive, that by then we will see a wide use of both circular technologies and renewable energy that will move the fashion industry within the planetary



Anna Gedda (right) with colleagues during the Fair Living Wage Summit in Cambodia.

boundaries. I hope that we will continue to stay true to our long-term direction and at the same time keep our agility. And of course, that we continue to dare, push boundaries, test, and never be afraid to fail.