Abstract

This project investigates the research question: *What standards does the H&M Group use to report sustainability in the years 2019, 2020, and 2022 and how do they signal sustainability in the context of the COVID-19 pandemic?* The goal is to compare the standards used in the H&M Group's sustainability reporting and analyse the content of these reports throughout the pandemic.

In this project, the conceptualization of sustainability reporting, corporate social responsibility, and the fast fashion industry is outlined. Furthermore, the triple bottom line introduced by J. Elkington (1994) is used as a framework for sustainability, and the signalling theory by B.L. Connelly (2011) is explained to understand how an organisation can communicate sustainability. The methods used to investigate the problem are as follows: a case study written by B. Flyvbjerg (2006) is used to collect data and qualitative content analysis is made use of to analyse the data. Besides that, the encoding framework proposed by Amaya et al. (2021) is also used to help with designing the project's structure.

The results show that the project's goal was achieved successfully with the comparison of the standards used by the H&M Group in the company's sustainability reporting and various signals to communicate sustainability were recognised. The COVID-19 pandemic had little effect on the structure of the reports investigated but it had an impact on transparency.

Sustainability Reporting of the H&M Group

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Introduction

Sustainability reporting has become an important topic in recent years as businesses and organisations are facing increasing pressure to address the impact of their operations on the environment and society. One industry that has come under scrutiny for its sustainability practices is the fast fashion industry (Lund-Thomsen & Lindgreen, 2013). It has been criticised for its high levels of resource usage in the production process and for creating high emissions and waste (Noyes, 2022). Additionally, the industry has been notorious for many social scandals among workers occurring primarily at the beginning of the supply chains (Lund-Thomsen & Lindgreen, 2013).

Corporate social responsibility (CSR) has emerged as a key approach for companies to address sustainability issues and demonstrate their commitment to environmental and social responsibilities. CSR refers to the voluntary actions taken by companies to address the social and environmental impacts of their operations and can include activities such as reducing greenhouse gas emissions, supporting local communities, and promoting ethical labour practices (Lund-Thomsen & Lindgreen, 2013).

The COVID-19 pandemic has brought additional challenges and uncertainties for the fast fashion industry, with many companies facing disruptions to their supply chains and changes in consumer behaviour. It is important to understand how the crisis has impacted the sustainability reporting practices of fast fashion companies, and whether it has led to any changes or shifts in the way they communicate about their CSR activities.

This report aims to investigate the use of sustainability reporting and CSR of the H&M Group. Apart from being one of the three leaders in the fast fashion industry (Kohan, 2020), the company has been quite transparent about its actions and plans. Ever since 2002, the H&M Group has been reporting CSR and sustainability annually (H&M Group, 2002). In most recent sustainability disclosures the H&M Group has been following widely recognised standards such as the GRI standards and the UNGP framework. The paper focuses only on the former. The GRI standards used by the company will be analysed within three dimensions of the triple bottom line approach; economic, environmental, and social (Elkington, 1994). Qualitative content analysis is

a research method that is used to systematically analyse the content of texts, such as company reports or media articles, to understand their underlying meanings and agendas. In the context of sustainability reporting, qualitative content analysis is used to examine how companies are communicating about their CSR activities and the extent to which they are addressing key sustainability issues in the context of the COVID-19 pandemic. The qualitative content analysis is supported by signalling theory more specifically by three signals - intent, camouflage and need signal. Through the analysis of the signals used in the reports, we are going to investigate how the pandemic has affected the way the H&M Group communicates sustainability to their stakeholders from 2019 and 2021. By examining the way the company addresses sustainability issues in the context of the recent crisis, the report aims to contribute to the broader discussion about the role of business in promoting sustainability and the importance of transparency and accountability to all stakeholders involved.

Problem Area

Stakeholders (employees, customers, suppliers, etc.) have different interests that affect the success of an organisation. One of the interests is sustainability (Hahn & Kühnen, 2013). Many various definitions explaining sustainability can be found in the literature, but one common understanding occurs. It should be somehow measurable, and organisations should provide data on how they are doing regarding sustainability. Some sources define sustainability as *"...the needs of the present without compromising the ability of future generations to meet their own needs" (Chofreh & Goni, 2017).* Additionally, when discussing sustainability many sources point to the triple bottom line (Elkington, 1994). It states that sustainability should be looked at through three dimensions: environmental, economic, and social. Moreover, an organisation's activities should have positive effects on the environment and society. Some studies argue that long-term profitability and company's survival can be achieved best by balancing it with social and environmental values (Chofreh & Goni, 2017). For our project, we decided to follow the above-mentioned definition of sustainability.

Furthermore, stakeholders' demand for disclosure on organisation's environmental and social performances is continuously increasing which makes organisations rethink

their objectives and activities (Siew, 2015). Many businesses take initiatives to transform their companies into sustainable-driven businesses and the need for sustainability modelling and reporting arises. Despite being in government or private/public sector organisations face external pressure to implement sustainability (Ahmed & Sundaram, 2012). One of the channels through which organisations can communicate their sustainable objectives and activities is sustainability reporting. It can be defined as *"the disclosure and communication of environmental, social, and governance (ESG) goals—as well as a company's progress towards them"* (Bosi et al., 2022). By sustainability reporting, organisations can increase transparency, brand value, an organisation's reputation and build customer confidence, signal competitiveness, and motivate employees (Hahn & Kühnen, 2013). Due to the current climate change issues and the recent COVID-19 pandemic, the importance of sustainability reporting has increased due to its value provided to the market players and society (Bosi, et.al, 2022).

This project investigates H&M sustainability reports. The H&M Group is one of the leading and ever-growing companies in the market. More specifically, it can be classified as a fast fashion brand. According to Gupta & Gentry (2018) it can be defined as *"a retail strategy where retailers marketing strategies to respond to the latest fashion trends by frequently updating products with short renewal cycles and turning the inventory at a rapid rate" (Gupta & Gentry, 2018, p.2)*. The fast fashion industry is characterised by launching new products twice a week, maintaining high profit margins while keeping relatively low prices since the production costs are low, focusing on sales mostly through physical stores, and having very short customer lead times (Gupta & Gentry, 2018). However, since there have been many scandals within the fast fashion industry it is considered full of controversy with many social and environmental dilemmas taking place. The fast fashion industry is known for being one of the largest polluting industries (Noyes, 2022). However, it seems that the main challenge the industry has been facing is mainly the supply chain and adhering to corporate social responsibility, namely providing fair wages and decent treatment to their employees in the countries where garments are produced (Lund-Thomsen & Lindgreen, 2013). In many cases to maintain low costs of production, fast fashion companies choose to outsource their manufacturing to Southern Asian countries such

as Bangladesh or India (Lund-Thomsen & Lindgreen, 2013). The paper *Corporate Social Responsibility in Global Value Chains: Where Are We Now and Where Are We Going?* (Lund-Thomsen & Lindgreen, 2013) points out that national labour regulations are oftentimes missing in many countries. However, the existing private social auditing schemes that seek to ensure a basic level of safety and decent work conditions for labourers in export-oriented industries located in developing countries are often inadequate (Locke 2013). Moreover, there are many discrepancies between the CSR reported to the stakeholders and the reality behind the production (Lund-Thomsen & Lindgreen, 2013).

For the purposes of this paper, we decided to use Blowfield and Frynas' definition of CSR: *"an umbrella term for a variety of theories and practices all of which recognize the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) that companies have a responsibility for the behavior of others with whom they do business (e.g., within supply chains); and (c) that business needs to manage its relationship with wider society, whether for reasons of commercial viability or to add value to society" (*Blowfield & Frynas 2005, p. 503). The above-mentioned definition by Blowfield and Frynas' was used because it explains CSR holistically. Another reason is the high relevance in the research of others through a great number of quotations. Our group has come upon this definition in the *Corporate Social Responsibility in Global Value Chains: Where Are We Now and Where Are We Going?* paper written by Lund-Thomsen & Lindgreen (2013).

Upon analysing multiple research papers, our group decided to use CSR and sustainability interchangeably for the purposes of our project. The reason for that is the close relatedness of the two concepts and pointing to the same core values that are also present in the triple bottom line; social, environmental, and economic dimensions (Elkington, 1997).

The recent COVID-19 pandemic had a tremendous impact on business that encompasses multiple levels. It was a completely unforeseen event and its implications for business affected and totally surprised managers all over the world (Pinzaru, Zbuchea & Anghel, 2020). On the other hand, the crisis revealed the ability of mature

businesses to adapt in an agile way both in strategy and operations to the rapidly changing and unpredictable environment and provided various opportunities to capitalise on. Agile resilience, rethinking the organisation, adapting its business models, adopting digitalization, and implementing different marketing strategies are just a few of many examples of the dilemmas businesses had to deal with (Pinzaru et al., 2020). During the crisis, corporations started to pay increasing attention to sustainability and implement strategies and goals based on the triple bottom line dimensions (Lozano, 2021). However, the economical and social dimensions were often prioritised, leaving the environmental dimension behind (Lozano, 2021).

The H&M Group is one of the representative multinational fast fashion companies. Considering the literature we concluded that the company could be potentially impacted by COVID-19 and the rapidly changing environment may force them to prioritise implementing sustainable goals and strategies. That is why our group decided to investigate how the company reports sustainability to their stakeholders and if the crisis had any influence on it.

Report Structure

The structure of this paper is as follows. The subsequent section introduces our research question as well as sub-questions supporting our investigations within this case study. A summary of our mainly used literature then follows. It is noteworthy that the literature included in this section helped us build the whole research. Then we present background information on the H&M Group as well as their sustainability reporting, the GRI standards, and the COVID-19 pandemic. We decided to introduce this information before the theory and methodology sections because knowing about the H&M Group and their sustainability reporting practices as well as the COVID-19 pandemic's effects on the fast fashion industry contributed to the theory and method selections. Followed by that is the development of the theory section introducing the triple bottom line approach and the signalling theory. The methodology section then introduces the approach for this project along with the methods for data collection and data analysis. Lastly, the paper finishes off with an analysis where the findings are summarised and analysed, the discussion concerning the reflection over the theory

and methods and the project's contribution to understanding businesses' role in sustainability and conclusions drawn.

Research question

What standards does the H&M Group use to report sustainability in the years 2019, 2020 and 2021 and how do they signal sustainability in the context of the COVID-19 pandemic?

Sub-questions

1. What is the theory used to communicate sustainability reporting?
2. Which GRI standards does the H&M group use in their sustainability reports in the years 2019, 2020 and 2021?
3. How are the signals distributed within the studied years as well as the TBL dimensions and what do they tell us about the sustainability of the company?

With our research question, we aim to investigate the sustainability reporting of the H&M Group, with a sole focus on compliance with the GRI standards. We follow a twofold approach. On one hand, we intend to provide an overview of the applied GRI standards distributed in the triple bottom line dimensions: economic, environmental, and social. We included published sustainability disclosures and annual reports with integrated sustainability reporting within the years 2019, 2020, and 2021. On the other hand, we make use of the signalling theory and intend to study the communication towards the stakeholders in H&M's sustainability reports. We do that by using the theory and methods proposed in our paper as well as with the three sub-questions specifying our approach to analysis.

Literature Review

The section describes the most important and influential papers concerning our research topic. The first paper inspired the framework used in this project. It is based on a qualitative approach and content analysis - which are essential to achieve our goal of an in-depth understanding of sustainability reporting. The second paper outlines

the fast fashion industry and supply chains - the concepts necessary to understand the H&M Group which is chosen as our case study focus. Investigating sustainability reporting in the context of the COVID-19 pandemic requires a basic understanding of business strategies in the face of crisis. The paper about crisis inspired us to investigate the topic throughout the pandemic, however, we decided to follow the inductive approach. Therefore, any crisis theory is not included in the theoretical framework. Lastly, the paper about the triple bottom line typology is explained in this section to build a conceptual framework of sustainability.

Signalling Theory

Looking for a paper that uses signalling theory, we found the paper: *"Sustainability disclosure practices as seen through the lens of the signaling theory: A study of companies listed on the Colombian Stock Exchange"* (2021) written by López-Santamaría et al. While other papers we have read used a quantitative approach to study sustainability reporting, this paper was one of few ones we found using a qualitative approach, the signalling theory and sustainability disclosure practices as a conceptual framework. This paper studies the industrial and the service sector, including multiple companies at the same time, and is limited to companies that are listed on the Colombian stock exchange. Their study investigates, based on the signalling theory, which signals are used in the sustainability reports of the companies listed on the Colombian stock exchange. They allocated the companies to the industrial and service sector and discovered that, within their study, intent signals were used the most. López-Santamaría et al. (2021) ascribed that to the attribute of intent signals emitting future goals and strategies. Accompanied by the fact that those are most viewed by external as well as internal stakeholders, they complement corporate sustainability. We decided to follow the given qualitative approach from the paper because it goes along with our idea to study the problem of information asymmetry within the sustainability reports of the H&M group and how it is solved by communicating signals that follow the signalling theory. However, we adjusted the research design of this study to go along with a case study of the H&M Group.

Corporate Social Responsibility in Global Value Chains

Another source of information for our project was "*Corporate Social Responsibility in Global Value Chains: Where Are We Now and Where Are We Going?"* (2013) paper by Peter Lund Thomsen and Adam Lindgreen. It outlines the main social issues present along the global value chains and how companies cope with them in their CSR activities. The fast fashion industry is a chosen focus and leading example in the CSR discussion of this research. This paper gave us valuable insights into the fast fashion industry and helped us get a better understanding of its supply chain and the implications it carries.

The authors point out in the beginning that most of the suppliers operating in the fast fashion industry come from India, Bangladesh, or other Asian or African countries of the developing world (Lund-Thomsen & Lindgreen, 2013). Major companies often end up exploiting their workers and not enough CSR activities are undertaken to prevent this. There is a significant lack of national labour regulations and the existing private social reporting schemes are often inadequate in terms of providing decent working conditions and safety to the workers (Locke, 2013). Developing countries such as Bangladesh provide fast fashion companies with many incentives to outsource their manufacturing there. Abundant labour supplies, and having the necessary skills and capabilities are some of the most important factors taken into account. However, much lower wages so that international companies can significantly reduce their cost structures through extensive outsourcing. As a result, enabling their margins to stay very high seems to be the decisive one (Lund-Thomsen & Lindgreen, 2013). According to the authors, suppliers from developing countries often have little to no bargaining power in the CSR discussion. Most of the time, they have limited options for influencing the governance of the chain by the lead firms and have to comply with their demands. As a result, it is hard for the suppliers to undertake significant upgrades in the working or employment conditions for their workers without the threat that corporations will relocate their production to another capable and cheaper manufacturer (Lund-Thomsen, 2013). In the conclusion part of the paper, the authors come to the end that CSR in reality is often different from what the companies claim to their stakeholders.

Dealing with Crisis

The paper explaining how businesses deal with a crisis that was most influential for this project is introduced by Dr. Paul Shrivastava and called *'Crisis theory/practice: towards a sustainable future'* (1993). Dr. Paul Shrivastava argues that there are many fronts of crisis among others environmental, economic, social, political, cultural, and so on. Furthermore, corporations, governments, and communities are trying to figure out ways of preventing and managing crises (Shrivastava, 1993).

The paper focuses on changes in crisis management. The author starts with the definition of crisis defining it as a disruptive event that pressed fast decisions and has large impacts and causes damages. It can be triggered by accidents but it is not necessary. Crisis management practice focuses on the protection and preservation of organisations from various threats. Therefore, many companies develop crisis management plans to become more responsive to uncertainty (Shrivastava, 1993). The crisis management practice has many trends (Shrivastava, 1993) - in this project, we want to give a short summary of some of the trends without going into too many details as it is not necessary due to the inductive approach. Crisis planning includes preparing for emergencies and monitoring potential threads. Instead of hiring outside consultants companies try to address upcoming issues internally - by making special programs and strategies. On the other hand, strengthening public relations is also noted by the author as a new trend that companies implement. Lastly, the company's goal should not be to return to the pre-crisis status but learn from the challenges and opportunities caused by a crisis and transform the organisation according to new learnings (Shrivastava, 1993). This paper shaped our understanding of businesses dealing with crises. It indicates that companies today have a more proactive approach to crises. Due to the lack of relevant data, we decided to structure the research according to the inductive approach but we kept in mind the trends on how companies strategize dealing with crises described in this paper.

Triple Bottom Line

The triple bottom line concept, also known as the "three pillars" or "sustainability model," is a framework for evaluating the sustainability of an organisation or activity. It was first proposed by John Elkington in 1997 and suggests that organisations should consider their social, environmental, and financial performance in order to be truly sustainable. In the literature, the triple bottom line is often discussed in the context of corporate social responsibility (CSR) and sustainable development. Authors have argued that traditional measures of corporate success, such as profit maximisation, are inadequate and that organisations should consider the impact of their actions on all stakeholders, including employees, customers, communities, and the environment (Doha, 2013).

Studies have found that adopting a triple bottom line approach can lead to positive outcomes for organisations, such as improved reputation, increased customer loyalty, and reduced costs (Hacking, 2008). Some authors have also suggested that the triple bottom line can be used as a tool for strategic planning and decision-making, helping organisations to identify and prioritise sustainability issues (McWilliams, 2016). However, the triple bottom line has also been criticised for being too vague and for lacking clear criteria for measuring sustainability (Sridhar & Jones, 2013). Some authors have suggested that it is difficult to balance the conflicting goals of social, environmental, and financial performance and that trade-offs may be necessary.

In conclusion, the triple bottom line is a widely recognized and influential framework for evaluating the sustainability of organisations. While it has the potential to drive positive change, it also has limitations and may require further development in order to be fully effective.

Background Information

H&M Group

This chapter aims to inform the reader about the background of the H&M Group. Namely, the introduction of the company, its history, the most relevant events from recent years, and its operations. We decided to include this part in our paper to help

the reader understand the company and its vision better, consequently have a broader perspective of the whole report.

The H&M (Hennes & Mauritz AB) Group – opened their first store in 1947 in the Swedish city Västerås. H&M was founded by Erling Persson. Firstly, known as Hennes. The shop, called Hennes (Swedish for "hers"), exclusively sold women's clothing. In 1968, Persson acquired the hunting apparel retailer Mauritz Widforss (founded in 1904 by Laurentzius Mauritz Victor Widforss) in Stockholm, which led to the inclusion of a menswear collection in the product range, and the name change to Hennes & Mauritz.

Its focus is fast fashion clothing for men, women, teenagers, and children. As of 2021, the H&M Group operates in 75 geographical markets with 4,702 stores under various company brands, with 107,375 full-time employees. H&M is the largest international clothing retailer only behind Spain-based Inditex (parent company of Zara). The H&M Group includes eight clearly defined brands – H&M, COS, Monki, Weekday, & Other Stories, Cheap Monday, H&M Home, and ARKET. The company's business concept is to offer fashion and quality at the best price. In 2009 H&M published a Sustainability report for the first time. Before that, they were publishing CSR reports annually. In 2010 H&M first launched its Conscious Collection of clothing made from organic cotton, recycled polyester, and other sustainable materials. Starting in February 2013, H&M began offering patrons a voucher in exchange for used garments. They became the first fashion retailer with a global garment collecting program. In April 2014, H&M joined Zara and other apparel companies in changing their supply chain to avoid endangered forests. The H&M Foundation, a non-profit, was established in 2014 to fund projects that improve humanitarian and environmental issues within the fashion industry. In May 2021, H&M announced a temporary rental clothing service that allows men to rent suits for up to 24 hours for job interviews. Its aim is to become circular and climate-positive by 2040. In recent years H&M has been putting a larger emphasis on various aspects of sustainability which has been reflected in their annual sustainability disclosures (H&M group, 2021). Additionally, the group has been constantly increasing transparency when it comes to disclosing information about their suppliers, the supply chain as a whole, and the social and environmental impact

they are making. Last year, the company was chosen as one of the most transparent according to the Transparency Index 2021 (H&M Group, 2021).

The H&M Group Sustainability Reporting

The H&M Group, a global fashion retailer, has a long-standing commitment to sustainability and has implemented various initiatives to reduce its environmental impact and improve its social and ethical performance (H&M Group, 2022). In line with this commitment, the company publishes annual sustainability reports, which provide information on its progress and performance in relation to sustainability goals. One notable aspect of the H&M group's sustainability reporting is its focus on transparency and accountability.

The company has adopted among others the Global Reporting Initiative (GRI) framework, which is a widely recognized standard for sustainability reporting (Hedberg, 2003). One can find H&M's GRI Index on their website, typically under the "Sustainability" or "Corporate Responsibility" section. The GRI Index provides a list of all the sustainability topics that H&M reports on in its annual sustainability report, as well as the corresponding GRI standard and page number for each topic (H&M Group, 2022).

H&M publishes its sustainability report on an annual basis and updates it each year to reflect the company's progress and performance in sustainability. The report includes information on a wide range of topics, including H&M's environmental impacts, social and labour practices, business ethics, and governance (H&M Group, 2022). It has also undergone external assurance for its sustainability reports, providing additional credibility and assurance to stakeholders. H&M's use of annual sustainability disclosure is part of the company's commitment to transparency and accountability (H&M Group, 2022). By regularly publishing a sustainability report, H&M is able to provide stakeholders with information about its performance and progress in sustainability and to demonstrate its commitment to continuous improvement in this area (H&M Group, 2022).

The report also helps H&M to identify areas where it can improve and set goals and targets for the future. It has also implemented initiatives to increase the use of

renewable energy and reduce the environmental impact of its supply chain (H&M Group, 2022). In terms of social performance, the H&M group has a code of conduct for its suppliers and has implemented programs to improve working conditions and support the development of communities (H&M Group, 2022). It has also launched initiatives to increase the use of sustainable materials and reduce the environmental impact of its products.

Overall, the H&M group's sustainability reporting demonstrates a strong commitment to sustainability and a focus on transparency and accountability. The company's initiatives and targets in the areas of environmental and social performance show a recognition of the importance of these issues and a willingness to take action to address them.

Global Reporting Initiative

Global Reporting Initiative (GRI) standards are a worldwide adopted reporting standard with 73% of the 250 world's largest companies reporting accordingly (GRI, 2022). Since not only H&M uses them as a basis for their reporting, but also other multinational fast fashion companies, they provide a good representation of the sustainable reporting practice in the fast fashion industry. Those GRI indices are categorised into three standards: universal, sector (the textile and apparel sector) and topic standards which every company preparing their sustainability reports according to the GRI guidelines has to follow. The H&M group publishes a yearly GRI index as a part of their reports, which we used as a guideline for the chosen standards. The topic standards are based on the triple bottom line that was first introduced by Elkington (1997). Every single standard can be categorised into economic, environmental, or social matters. We identified various standards to represent the category of the triple bottom line they belong to and compare them over the three years investigeted. While the years 2019 and 2020 are quite similar in the way the GRI Index from the H&M Group is constructed, the 2021 GRI Index does not include a categorisation into the triple bottom line factors of economic, environmental, and social anymore. We nevertheless decided to include that year because, even though the title of the category is gone, the standards and hence the categorisation stayed the same.

COVID-19 pandemic

In this section our group intends to give an introduction to the COVID-19 pandemic and its implications for the fashion industry. We decided to include this part in the report to give a better overview of the crisis to the reader and explain what it meant for the industry H&M is operating in.

The COVID-19 pandemic has had significant implications for society and the economy on a global scale (Ceylan R.F, 2020). On an economic level, the pandemic has resulted in widespread job losses, particularly in sectors such as hospitality and tourism, and has had a significant impact on small businesses (Jackson, 2021). It has also disrupted global supply chains and had a negative impact on international trade (Jackson, 2021). The pandemic has also had social implications, with lockdowns and other measures to control the spread of the virus leading to isolation and loneliness for many individuals (Hwang, Rabheru, Peisah, Reichman & Ikeda, 2020). It has also disproportionately affected marginalised communities and highlighted existing inequalities in access to healthcare and other resources (C. Bambra, 2020). In terms of the environment, the pandemic has led to a temporary reduction in greenhouse gas emissions due to the slowdown in economic activity (A. Kumar, 2022). However, it is unclear whether these emissions reductions will be sustained in the long term (A. Kumar, 2022).

Overall, the COVID-19 pandemic has had far-reaching consequences for various aspects of society, and the long-term impacts are still uncertain. It has highlighted the importance of global cooperation and preparedness for future pandemics, as well as the need to address existing inequalities and vulnerabilities in healthcare systems and other areas.

The crisis had a significant impact on the fashion industry as governments closed down manufacturing plants, decided to close down physical stores in almost every country worldwide and cancelled various fashion-related events. Changing consumer behaviour and demand for fashion and growing growth in e-commerce are other important implications the pandemic carried behind (McMaster et al., 2020). The crisis caused disruption in supply and demand which had effects on supply chain activities and management, indicating a need to build flexibility to mitigate epidemic and demand risks, especially for supply chains that employ concentrated production

(McMaster et al., 2020). The industry is heavily dependent on contracts signed with companies based in countries that were at the epicentre of the virus at the beginning of the pandemic, such as China and Italy. COVID-19 harmed the textile industry in Asian countries, a significant group of countries for the sector. These countries are raw material manufacturers for several other nations (Dara, 2022).

As a result, the logistics of the fashion industry suffered a significant decrease in production which affected contracts with suppliers (Dara, 2022). According to Lund-Thomsen and Lindgreen (2013), the vast majority of fast fashion suppliers come from Asian countries such as India or Bangladesh. The pandemic had serious implications in Asia resulting in supply chain problems such as closing down factories or mistreatment of the workers. According to Fashion Revolution (2020), the workers sewing clothes for global fast fashion companies nearly always get paid long after the order has been fulfilled. As a result of the crisis, many brands did not pay their employees for work already completed and took no responsibility for the harm done to their workers. Moreover, factories had to destroy or dispose of the already-made unwanted goods and lay off thousands of their employees (Fashion Revolution, 2020).

On the other hand, the COVID-19 pandemic presented the fashion industry with multiple opportunities for sustainable development. As social and environmental awareness among customers grew, the need for transforming and implementing more sustainable business models developed (Patil,2020). Consequently, presenting fashion brands with an opportunity to relinquish using linear and start introducing more circular models e.g. in terms of the materials used. As a result of changing business models and ever-increasing customer awareness, the industry started to become more sustainable (Patil, 2020). Apart from that, major players began paying increasing attention to the well-being of their employees and providing them with better support for their professional and personal development (Marci,2020). H&M is an example of such actions. Namely, it has been implementing various initiatives to better train and educate its employees (H&M Group, 2021).

The crisis presented the fast-fashion industry with many struggles and threats. On the other hand, many new opportunities arose. In the following sections, we explain the

theories and methods used to analyse how the H&M Group communicates sustainability in the context of the pandemic.

Theory

In this section, we present an overview of the key theories and frameworks that are central to the study, including a brief description of their main ideas and how they relate to the research question and the data. These theories provide the foundation for our analysis and interpretation of the results, and we refer to them throughout the report to support and contextualise our findings.

Signalling Theory

Signalling theory is a branch of economics and game theory that studies how individuals and organisations can use information to communicate their intentions, abilities, and beliefs (Connelly, 2011). This theory is based on the idea that people and firms often face situations in which they have private information valuable to others, but they may not be able to communicate the information directly. In these situations, people and firms can use signals to communicate their private information to others (Connelly, 2021).

The fundamental idea behind signalling theory is that, in many situations, individuals have incomplete or asymmetric information about one another (Connelly, 2011). For example, a job applicant may have information about their own qualifications and experience, but the employer does not have this information and must rely on the applicant's resume and interview performance to assess their suitability for the job. Similarly, a consumer may have information about the quality of a product, but the producer does not have this information and must rely on product packaging and marketing to convey information about the product to the consumer.

In general, signalling theory is useful for understanding how people and firms can use their actions and decisions to communicate their intentions, abilities, and beliefs to others. This theory is also useful for understanding how firms can use signals to demonstrate their commitment to social and environmental responsibility to stakeholders. For example, a firm that adopts sustainable practices and reports its

environmental performance can use these actions as signals to communicate its commitment to sustainability to stakeholders (Bae, 2018).

One of the key insights of signalling theory is that, because individuals have incomplete or asymmetric information about one another, the signals that are used to convey information can be manipulated or distorted (Connelly, 2011). For example, applicants may exaggerate their qualifications on their resume in order to signal to the employer that they are more qualified than they actually are, while producers may use misleading packaging and marketing to signal to the consumer that their product is of higher quality than it actually is.

Overall, signalling theory provides a framework for understanding how individuals, organisations, and institutions communicate information and how this communication can be used to influence behaviour and decision-making in situations where information is incomplete or asymmetric (Connelly, 2011).

Signalling theory suggests that there are three different types of signals that individuals, organisations, and institutions use to communicate information and influence behaviour: need signals, camouflage signals, and intent signals.

Need signals are used to indicate a need or desire for something (Connelly, 2011). For example, babies may cry to signal to their caregiver that they are hungry, while customers may use nonverbal cues such as pointing or gesturing to signal to a waiter that they would like to order a drink. In both of these cases, the sender is using a need signal to communicate their desire for something and to elicit a specific response from the receiver.

Camouflage signals, on the other hand, are used to conceal information or deceive the receiver (Connelly, 2011). For example, a predator may use camouflage to blend in with its surroundings and avoid detection by its prey, while a seller may use misleading advertising to conceal information about a product's flaws and deceive potential customers. In both of these cases, the sender is using a camouflage signal to mislead the receiver and influence their behaviour in a dishonest or manipulative way.

Finally, intent signals are used to indicate an individual's intentions or future actions (Connelly, 2011). For example, drivers may use hand signals to indicate to other

drivers that they intend to turn left or right, while politicians may use rhetoric and body language to signal to voters that they intend to prioritise certain issues if elected. In both of these cases, the sender is using an intent signal to communicate their intentions and to influence the receiver's expectations and behaviour.

Overall, signalling theory suggests that individuals, organisations, and institutions use a variety of different signals to communicate information and influence behaviour in situations where information is incomplete or asymmetric. These signals can be categorised as need signals, camouflage signals, or intent signals, depending on their purpose and the type of information they convey.

Triple Bottom Line

Triple bottom line (TBL) is a framework for evaluating the performance of organisations that considers the economic, social, and environmental dimensions of their activities. This framwork is based on the idea that organisations have a broader set of responsibilities than just maximising financial returns for shareholders, and that they should aim to achieve a balance between economic, social, and environmental goals (Elkington, 2013).

The concept of the triple bottom line originated in the 1990s as a response to the narrow focus of traditional business metrics, such as profit and shareholder value, on the economic dimension of organisational performance (Rogers & Hudson, 2011). The triple bottom line framework proposes that organisations should also consider their social and environmental impacts and that they should measure and report on these impacts in addition to their financial performance (Elkington, 1997).

For example, an organisation that adopts sustainable practices and reduces its environmental footprint can use the triple bottom line to evaluate its performance in terms of its economic, social, and environmental impacts (Elkington, 2013). This organisation could measure and report on its financial performance, such as its profit and revenue, as well as its social impacts, such as its contributions to the local community and the wellbeing of its employees. It could also measure and report on its environmental impacts, such as its greenhouse gas emissions and water usage (Elkington, 2013).

The economic dimension of the triple bottom line refers to an organisation's financial performance and its ability to generate profit. This includes measures such as revenue, profit, return on investment, and market share. The economic dimension is often considered the primary focus of traditional business models, as it is seen as the key indicator of an organisation's success and viability (Elkington, 1997).

The social dimension of the triple bottom line refers to an organisation's impact on society and its stakeholders. This includes measures such as employee satisfaction, community involvement, and support for social causes. The social dimension is concerned with the ways in which an organisation contributes to the wellbeing of its employees, customers, and the broader community (Goel, 2010).

The environmental dimension of the triple bottom line refers to an organisation's impact on the environment and its sustainability. This includes measures such as energy and water consumption, waste production, and carbon emissions (Goel, 2010). The environmental dimension is concerned with the ways in which an organisation minimises its negative impact on the environment and promotes sustainable practices (Goel, 2010).

The triple bottom line concept provides a comprehensive framework for evaluating the performance of organisations and for considering the economic, social, and environmental dimensions of their activities (Elkington, 1997). First, the triple bottom line provides a comprehensive and nuanced approach to evaluating organisational performance (Rogers & Hudson, 2011). It suggests that organisations should be evaluated not just on their financial performance, but also on their social and environmental impact. This approach recognizes the interdependence of these dimensions and the need for organisations to balance their financial performance with their social and environmental impact (Rogers & Hudson, 2011).

Second, the triple bottom line is well-suited to the specific aims and methods of qualitative content analysis. Qualitative content analysis involves analysing and interpreting the content of written, oral, or visual communication, and the triple bottom line provides a framework for evaluating this type of communication in terms of its economic, social, and environmental impact. This allows the researcher to

explore the ways in which an organisation's communication conveys information in these three dimensions.

Third, the triple bottom line is a widely recognized and used theoretical framework in the field of business and management. It has been adopted by many organisations as a way of measuring and reporting their performance, and as such, it is familiar to many researchers and practitioners in these fields. This makes it an accessible and relevant framework for qualitative content analysis.

Overall, the triple bottom line is a useful theoretical framework for qualitative content analysis because it provides a comprehensive, relevant, and widely recognized approach to evaluating organisational performance based on the content of their communication.

The Reasoning for Theory

For this project, the originally chosen theories to work with were stakeholder theory and institutional theory but found it necessary to change the direction in our project and focus on a different set of theories. This will be further explained in this subsection.

Stakeholder theory is a business model that suggests that organisations should be accountable to all of their stakeholders, not just their shareholders (Parmar et al., 2010). Stakeholders are individuals or groups that have a vested interest in the success of the organisation, such as employees, customers, suppliers, and the broader community. Stakeholder theory suggests that organisations should consider the needs and interests of all of their stakeholders and strive to balance these competing interests in their decision-making (Drucker, 1954).

Institutional theory is a branch of sociology that studies the ways in which institutions, such as governments, schools, and businesses, shape individual behaviour and social norms (DiMaggio & Powell, 1983). Institutional theory focuses on the formal and informal rules and structures that govern organisational behaviour, and how these rules and structures influence individuals and groups within the organisation (DiMaggio & Powell, 1983). Institutional theory is concerned with understanding the ways in which institutions create and enforce norms, values, and expectations that

shape individual behaviour and the functioning of society as a whole (DiMaggio & Powell, 1983).

There are several reasons why we chose to move away from using the stakeholder theory and the institutional theory and instead use the signalling theory and the triple bottom line framework for qualitative content analysis. Some of these reasons are as follows:

1. Signalling theory and the triple bottom line provide a more comprehensive and nuanced approach to analysing organisational performance. The signalling theory focuses on the ways in which organisations communicate information to stakeholders and other parties, while the triple bottom line provides a framework for evaluating organisations based on their economic, social, and environmental performance. Together, these two provide a more comprehensive view of organisational behaviour and performance than the stakeholder theory and the institutional theory alone.

2. Signalling theory and the triple bottom line are better suited to the specific aims and methods of qualitative content analysis. Qualitative content analysis involves analysing and interpreting the content of written, oral, or visual communication, and the signalling theory and the triple bottom line provide a framework for understanding the information that is conveyed through this type of communication. The stakeholder theory and the institutional theory, on the other hand, focus more on the relationships between organisations and their stakeholders, which may not be as relevant to the content analysis of written, oral, or visual communication.

3. Signalling theory and the triple bottom line theory are more flexible and adaptable than the stakeholder theory and institutional theory. Signalling theory and the triple bottom line are both broad, general theories that can be applied to a wide range of organisational contexts and situations. Stakeholder theory and institutional theory, on the other hand, are more focused on specific aspects of organisational behaviour and may not be as applicable to all organisations and situations.

Overall, signalling theory and the triple bottom line framework may be more suitable than stakeholder theory and institutional theory for a qualitative content analysis

because they provide a more comprehensive, relevant, and adaptable framework for understanding organisational behaviour and performance.

Methodology

This chapter describes the methods and frameworks used in the project. The first subsection includes a description of the project's approach and analytical strategy. The next subsection focuses on the general framework of the project. The framework is based on the step-by-step approach introduced in the paper *'A step-by-step method to classify corporate sustainability practices based on the Signalling Theory'* (2021) by Amaya et al. The rest of the subsections outline in more detail the case study method and qualitative content analysis. To understand the problem area and answer the research question, a single case study is chosen for data collecting and a qualitative content analysis is chosen to analyse the collected data in order to gain in-depth knowledge about the topic.

Project approach

This project investigates mainly sustainability reporting in the fast fashion industry. Our goal is to gain in-depth knowledge about sustainability reporting by focusing on a specific case within the fast fashion industry. Furthermore, our interest stretches out to see how the way sustainability is communicated changes in the face of a crisis – here the COVID-19 pandemic. Two approaches are chosen in the project to help us answer the research question: the qualitative approach and the inductive approach.

The qualitative approach is chosen based on the fact that sustainability is communicated by companies mostly in the form of reporting. The bigger part of the studies uses the quantitative approach (Amaya et al., 2021). Looking through the sustainability reports we notice that the reports are very descriptive and textual rather than numerical. This realisation makes us think that a qualitative approach fits our project the most. Moreover, the qualitative approach meets our motivation for in-depth understanding of sustainability reporting in a better way than e.g. qualitative approach.

The inductive approach is chosen based on the fact that the COVID-19 pandemic is a relatively new phenomenon that happened recently. Although there are papers and studies investigating the COVID-19 pandemic's effects on the world as well as theories explaining business strategies facing a crisis, the decision is made to investigate the problem with open minds that are not bound to any particular theory. We do not want to confirm any exciting theory. Instead, we want to openly investigate sustainability reporting and the COVID-19 pandemic's potential effects on it.

The step-by-step framework by Amaya et al. outlines guidelines and structure for the project. The case study method is chosen for data collection. Our case involves the H&M Group's sustainability reporting practices. The next subsection describes the method in more detail. As mentioned before we want to investigate how H&M Group reported sustainability in the context of the COVID-19 pandemic. Therefore, temporal comparisons are performed to compare the reporting structure and content before, during, and at the end of the pandemic. Three reports from 2019, 2020, and 2021 are compared based on specific factors constructed on the triple bottom line framework, Global Reporting Initiative standards, and signalling theory. The TBL and the signalling theory are described in the theory section of our paper and GRI standards can be found in the section about sustainability reporting practices of the H&M Group. The content of chosen reports is analysed with the help of qualitative content analysis.

Framework

In this project the step-by-step approach proposed by Amaya et al. in a paper called *'A step-by-step method to classify corporate sustainability practices based on the Signalling Theory'* (2021) is used. The approach is based on content analysis principles (Amaya et al., 2021). It includes seven steps of performing encoding procedures which are summarised below.

Step 1: Organising database

The first step called 'organising database' focuses on collecting and organising data (Amaya et al., 2021). This step includes our research on three topics - the fast fashion industry, sustainability, and corporate social responsibility. The problem area section describes these concepts in more detail as these are considered to be the building

blocks necessary to understand sustainability reporting. Furthermore, this project aims to gain an in-depth understanding of sustainability reporting. Therefore, the case study method is chosen to illustrate how a fast fashion company reports sustainability. Our choice is the H&M Group as it is one of the most known fast fashion companies. In addition, sustainability reporting practices performed by H&M are investigated in the context of the COVID-19 pandemic. The case study method is described in detail in the next subsection.

In this project, a temporal comparison is performed. The intention is to explore differences and similarities in H&M's sustainability reporting before, during, and at the end of the pandemic. The structure, as well as the content of the three sustainability reports, will be taken into consideration and analysed. The figure below presents the overview of the comparison strategy.

Figure 1: The structure of comparion

The event that distinguishes the before and the during situation is the start of the COVID-19 pandemic. It is not possible to select a specific date when the pandemic started because it differs from country to country. The same goes for the event that separates the during and after situation as the slow reopening after the COVID-19 pandemic did not happen simultaneously all over the world. The threads of the pandemic are not gone to this day. In this project, we understand 'after the pandemic' as the point at the end of lockdowns. Furthermore, the full reports available until now end in 2021. The decision is made to compare three reports - a report from 2019 as a representative for *'before the pandemic'*, 2020 as a *'during the pandemic'* representative, and 2021 as *'after the pandemic'* which should be understood as 'at the end of the pandemic' or slow reopening of the world after all lockdowns. The factors used for comparison are based on the triple bottom line and GRI standards that are

described in the previous sections of this project. Moreover, each factor is going to get assigned one of the three signals introduced in the theory section.

To summarise the temporal comparison is made to find differences and similarities in sustainability reporting in the context of the COVID-19 pandemic.

Step 2: Defining the unit of analysis

Step 2 is defined by Amaya et al. (2021) as *'The unit of analysis is "an expression that encompasses a general meaning" [20] (p. 89) and refers to the definition of the basic unit of the text to be coded '* (p.4). It can be expressed in a single sentence or a group of sentences (Amaya et al., 2021). This step starts with finding out what standards the H&M Group uses to report sustainability. The H&M Group posts a GRI Index on its official website that helps navigate through sustainability reports. By using this GRI Index we are able to easily find pages that describe each GRI standard. It helps find the right quotations to define the unit of analysis. Furthermore, the GRI Index provided by the H&M Group turned out to be very useful and practical while making the code dictionary described in the next step.

Step 3: Code dictionary

The generation of initial codes is considered to be step 3. The triple bottom line approach from Elkington (1997), the three types of signals presented by Connelly et. al. (2011), and the GRI topic standards used by the H&M Group are included in the code dictionary. The TBL is chosen as a definition for sustainability which is a multidimensional concept that includes social, environmental, and economic aspects (López-Santamaría et al., 2021). The three signal types are employed to help understand the reporting dynamics (Amaya et al., 2021). Lastly, GRI standards are chosen based on the H&M Group reporting practices. It is important to mention that some of the definitions below are defined by using quantitative language like 'percentage' or 'average'. We are not trying to analyse the numbers but rather the way that information is communicated in a view of the signalling Theory.

Code:	Definition:
Economic dimension	
Economic performance	Directly generated and distributed economic value. Risks and opportunities associated with climate change. Plans with defined benefits, obligations, and other retirement plans. Support from the government in the form of financial assistance (GRI 201: Economic Performance 2016).
Anti-corruption	Risk assessment for corruption-related operations. Policies and procedures related to anti-corruption communication and training. Actions taken in response to confirmed corruption incidents. (GRI 205: Anti-corruption 2016)
Tax	Taxation approach. Risk management, control, and tax governance. engagement of stakeholders and handling of tax-related problems. Reporting on each nation separately. (GRI 207: Tax 2019)
Environmental dimension	
Materials	Materials utilised based on volume or weight. Utilised recycled resources as input. Items packaged with recycled materials. (GRI 301: Materials 2016)
Energy	Usage of energy within the organisation. Externalised energy use outside of the organisation. Energy intensity. Reduction in energy usage. Reductions in the amount of energy needed to provide goods

	and services. (GRI 302: Energy)
Water	Interactions with water, as a common resource. Impact management associated with water discharge. Water withdrawal. Water emitted. (GRI 303: Water and Effluents 2018)
Biodiversity	High biodiversity value of operational locations outside of protected areas that are owned, leased, or managed in protected areas. Significant effects on biodiversity of activities, goods, and services. Preserved or restored habitats. Red List species and species under national conservation lists whose habitats are located in operationally impacted areas. (GRI 304: Biodiversity 2016)
Emissions	Greenhouse gas emissions occurring directly (Scope 1). Indirect greenhouse gas emissions from the production of energy (Scope 2). Different unintentional greenhouse gas emissions (Scope 3). intensity of emissions of greenhouse gases. decrease in emissions of greenhouse gases. emission of compounds that harm the ozone layer. Significant air pollutants include NOx, SOx, and others. (GRI 305: Emissions 2016)
Effluents and waste	Water discharged according to quality and location. Waste by type and method of disposal. Substantial spilling. Transport of dangerous garbage. Water bodies impacted by water runoff or discharge. (GRI 306: Effluents and Waste 2016)

Environmental compliance	Environmental laws and regulations infringed upon. (GRI 307: Environmental Compliance 2016)
Supplier environmental assessment	New suppliers who passed an environmental screening. The supply chain's negative environmental effects and the measures adopted. (GRI 308: Supplier Environmental Assessment 2016)
Social dimension	
Employment	Turnover and the hiring of new employees. Benefits that are only offered to full-time employees and not to temporary or part-time workers. Maternity leave. (GRI 401: Employment 2016)
Occupational health & safety	Employees covered by a management system for occupational health and safety. Occupational injuries. Work-related ill health. (GRI 403: Occupational Health and Safety 2018)
Training & education	Average annual training hours per employee. Initiatives to improve staff skills and transition support services. Percentage of employees that regularly receive career development and performance assessments. (GRI 404: Training and Education 2016)
Diversity & equal opportunity	Employee and governing body diversity. Ratio of women's to men's basic pay and compensation. (GRI 405: Diversity and Equal Opportunity 2016)
Non-discrimination	Discrimination incidents and steps done to address them. (GRI 406: Non-discrimination 2016)

Freedom of association & collective bargaining	Operations and vendors where the freedom of association and the right to collective bargaining may be threatened. (GRI 407: Freedom of Association and Collective Bargaining 2016)
Child labour	Significant danger of child labour occurring in operations and suppliers. (GRI 408: Child Labor 2016)
Forced or compulsory labour	Significant danger of incidences of enforced or compelled labour for operations and suppliers. (GRI 409: Forced or Compulsory Labor 2016)
Human rights assessment	operations that have undergone human rights impact evaluations or reviews. Employee education on human rights regulations or practices. Important investment contracts and contracts with human rights provisions or those who have been a subject to human rights screening. (GRI 412: Human Rights Assessment 2016)
Local communities	Operations involving impact analyses, development projects, and local community participation. Operations that have a considerable negative actual and prospective impact on the community. (GRI 413: Local Communities 2016)
Supplier social assessment	New suppliers that passed social screening. The supply chain's negative societal effects and the steps taken. (GRI 414: Supplier Social Assessment 2016)
Public policy	Contributions to politics. (GRI 415: Public Policy 2016)
Customer health & safety	Evaluation of the impact of different product and service categories on health and safety. Incidents of non-compliance relating to the effects of goods and services on health and

	safety. (GRI 416: Customer Health and Safety 2016)
Marketing & labelling	Labelling and informational requirements for goods and services. incidents of non-compliance with information and labelling requirements for products and services. incidents involving marketing communications non-compliance. (GRI 417: Marketing and Labeling 2016)
Customer privacy	Complaints with evidence of data loss and privacy violations involving customers. (GRI 418: Customer Privacy 2016)
Socioeconomic compliance	Disregard for social and economic laws and regulations. (GRI 419: Socioeconomic Compliance 2016)
Types of signals	
Camouflage signals	The idea here is to conceal possible liability of the organisation and redirect attention from a potential vulnerability that could lead to corporate action. (B.L. Conelly, 2011)
Intent signals	Indicating actions that are potentially dependent on the response of the receiver referred to in the means of organisational disclosure. (B.L. Conelly, 2011)
Need signals	The target of these signals is to convey the company's compliance requirements.(B.L. Conelly, 2011)

Table 1: The code dictionary

Step 4: Performing the coding process

The coding process enables the identification of new codes or redefinition of already defined ones (Amaya et al., 2021). In this step the coding takes place and it is performed by researchers independently. It should be noted that the signals and references are discussed between the members of the project.

Step 5: Defining signals

Step 5 is about identifying signals that are used to communicate the codes which are grouped into TBL dimensions. This step takes into consideration the theoretical framework that is described in the theory section meaning that it combines the TBL approach, the signalling theory, and the GRI standards. The codes are created based on GRI standards and are grouped into the three TBL dimensions - economic, environmental, and social. The signals - intent, camouflage, and need - are based on the signalling theory.

According to B.L. Connelly (2011), there are three ways to distinguish a signal. Camouflage signals lead attention away from contingent accountabilities towards other attributes. A strategic alliance, for example, can signal organisational legitimacy while distracting attention (Connelly, 2011). Future actions are communicated by intent signals. Possibly relying on the receiver's reciprocation, it also has the potential of revealing a firm's toughness in the market conditions, when they, for example, answer rapidly to a rival's action (Connelly, 2011). Need signals indicate demands in a report. Every sector of a company has to signal their requirements, overall conveying the firm's compliance requirements (Connelly, 2011). Besides signals, codes are also grouped into the TBL dimensions. Three dimensions characterise sustainability according to the TBL approach - economic, environmental, and social. As mentioned in the theory section, economic dimension refers to financial performance, environmental refers to environmental impact and sustainability, and social refers to the impact on society and stakeholders. The GRI standards are worldwide adopted reporting standards and the list of GRI standards used by H&M can be found in step 3 - code dictionary. Lastly, the relevant reference from the H&M's reports that is a part of step 2 is allocated to the right code and the adequate signal is assigned. The results

of this step are presented in three tables - one for each dimension and can be found in the appendix. An example of a table is shown below.

Economic Dimension		
2019	**2020**	**2021**
Code: Economic performance **Type of signal**: Need signal **Reference**: "Adaptation to changes in customers' shopping patterns was accelerated during the year. The net addition of new stores for full-year 2019 was 108, rather than 175 as communicated at the beginning of the year". (HM-Group-Sustainability-Performance-Report, 2019, p.18)	**Code**: Economic performance **Type of signal**: Need signal **Reference**: "The pandemic has accelerated the already rapid changes in customer behaviour and we are therefore continuing to focus on digital growth. In the 2020 financial year the H&M group opened 129 stores including franchises and closed 187 stores, making a net decrease of 58 stores compared with a net increase of 108 stores in 2019". (HM-Group-Annual Report, 2020, p.14)	**Code**: Economic performance **Type of signal**: Intent signal **Reference**: "The H&M group's aim is to make fashion and design accessible to everyone in a way that is good for people, the planet and the business". (H&M Group Annual and Sustainability Report 2021, p.15)

Table 2: The example of defining the type of signal

It must be noted that we prioritised the COVID-19 pandemic meaning that if two different topics within one code were presented in reports then the one concerning the pandemic would be chosen as a reference. Furthermore, more general descriptions of the topics were assigned as references because they characterise the topic in a broader

spectrum. The length of the reference was also taken into consideration - shorter references expressed a given topic more clearly and therefore, were preferable.

Step 6: Review signals

This step includes reviewing the signals and codes and ensuring that they are classified well. In this stage we argue our choices - this part is described in the analysis section. Furthermore, the findings are discussed in comparison to the information collected during the research. The case study subsection describes in more detail how to review collected data.

Step 7: Summarise the results

Step 7 focuses on preparing the report. Here all the findings are summarised according to their usefulness in answering the research question. The case study subsection describes in more detail how to summarise collected data.

Case Study

Sustainability is constructed and understood based on human affairs which makes it more context-dependent than context-independent knowledge. In this instance using the case study method allows us to study a phenomenon in a specific context – here studying sustainability reporting performed by H&M in times of crisis.

The choice of the case study method is rooted in our motivation. As this project aims to investigate the problem in-depth and in real-life scenarios, the case study method seems to be well fitted as in the centre of the case study method lies concrete expertise and content-dependent knowledge (Flyvbjerg, 2006). Such an approach allows us to get a nuanced view of reality. It is important for this project as the sustainability definition differs in various literature and is not standardised (Hahn & Kühnen, 2013). Furthermore, in many schools of thought sustainability definition is somehow dependent on the norms, beliefs, and behaviour of various stakeholders and it cannot be fully understood from only a theoretical point of view *(Chofreh & Goni, 2017)*.

This method of collecting data allows us to move beyond rule-based beginners to virtuoso experts. The claim is that beginner's knowledge is built on textbooks whereas

a virtuoso expert's knowledge is based on experiences. As a result, expertise and concrete cases enable one to move from beginner to expert level (Flyvbjerg, 2006). As our main motivation is learning about sustainability reporting, choosing the case study method can be helpful with applying book-based knowledge in practice and gaining a deeper understanding of reporting that is built on expertise. The goal of this project is not to prove something, the learning process is far more in focus. Sometimes learning something can be the goal of research and not proving something, which also has a scientific value (Flyvbjerg, 2006).

Generalisation is possible from a single case study; it depends on the goal of the research and the selection of the case. Strategies for selecting case studies are listed in the table below.

Table 1
Strategies for the Selection of Samples and Cases

Type of Selection	Purpose
A. Random selection	To avoid systematic biases in the sample. The sample's size is decisive for generalization.
1. Random sample	To achieve a representative sample that allows for generalization for the entire population.
2. Stratified sample	To generalize for specially selected subgroups within the population.
B. Information-oriented selection	To maximize the utility of information from small samples and single cases. Cases are selected on the basis of expectations about their information content.
1. Extreme/deviant cases	To obtain information on unusual cases, which can be especially problematic or especially good in a more closely defined sense.
2. Maximum variation cases	To obtain information about the significance of various circumstances for case process and outcome (e.g., three to four cases that are very different on one dimension: size, form of organization, location, budget).
3. Critical cases	To achieve information that permits logical deductions of the type, "If this is (not) valid for this case, then it applies to all (no) cases."
4. Paradigmatic cases	To develop a metaphor or establish a school for the domain that the case concerns.

Figure 2: The strategies for selecting a case (Flyvbjerg 2006, p. 230)

Bent Flyvbjerg (2006) explains how strategic selection can increase generalizability. He states that if the goal of the research is to collect as much information as possible atypical or extreme cases can provide more useful and rich data in comparison to representative or random samples. The extreme case is more fitting for the research if

it tries to get a point in a dramatic way. Another type of selection is a critical case study. It follows the principle *'If it is not valid for this case, then it is not valid for any (or only few) cases. (Flyvbjerg, 2006, p. 230)'*. The general characterization for critical samples is to look for either *'most likely'* or *'least likely'* scenarios where cases can either confirm or falsify a hypothesis or assumption (Flyvbjerg, 2006). The last type of strategy is a paradigmatic case study which is defined as *'... the paradigmatic case. Kuhn (1987) has shown that the basic skills, or background practices, of natural scientists are organised in terms of "exemplars," the role of which can be studied by historians of science. (Flyvbjerg 2006, p. 232)'*. Such cases do not have any set of rules as paradigmatic cases set the rules (Flyvbjerg, 2006). Choosing the right case study strategy is based not only on the goal of the project but also must take into consideration other members of the academic community. Lastly, strategies do not exclude each other (Flyvbjerg, 2006). A paradigmatic case is chosen for this project as it aims to investigate sustainability reporting by using H&M reporting practices as an example.

One of the concerns about the case study method is a bias toward verification. It can be understood as a tendency to confirm the researcher's assumptions about the studied topic. On the other hand, any other method faces the same problem. The case study method has its rigour in validation that differs from other methods within the qualitative approach (Flyvbjerg, 2006). The advantage of a case study is that it focuses on close observation of real-life situations and tests views in direct relation to phenomena as they unfold in practice.

Another critique point of the case study method is summarising the research. The ability to summarise is not always desirable in case studies. The hard-to-summarise narrative should not be reviewed as problematic or difficult because it indicates that the study has exposed a rich problem. The case study shifts away from an omniscient narrative and instead focuses on storytelling which allows the researcher to manifest the phenomenon holistically as many-sided and complex. As mentioned, the beginner's level is bound to characteristics of theories whereas expertise is based on experience and various nuances of phenomena. To be a virtuoso of social phenomena one does not need to form rules or theories (Flyvbjerg, 2006).

Qualitative Content Analysis

Content analysis is used to explore communicative material in any form that is fixed or recorded. It includes both formal and latent meanings. It includes sources like interviews, discourses, observation, videos, music, and documents (Amaya et al., 2021). The main goal of qualitative content analysis is to keep the systematic way of content analysis and simultaneously uncover the hidden content of a communication source (Amaya et al., 2021).

Three qualitative content analysis approaches can be distinguished: conventional, directed, and summative. The conventional approach indicates that codes emerge during the analysis process. The directed approach suggests that codes are formed before and during the analysis process. In the summative approach, codes are constructed before and during the analysis process as in the directed approach but the codes are based on researchers' interest, literature, and repetition of information (Amaya et al., 2021). The directed content analysis is used in this project. This is built on the fact that the characterization of sustainability reporting is based on codes that are based on previously formulated GRI standards. Furthermore, the TBL dimensions and the three signals are previously established in the theoretical proposals of Elkington and Connelly et al. (Amaya et al., 2021).

Analysis

In this section of the paper, we are going to analyse three years of reporting from the H&M Group to delve into how sustainability reporting was communicated before, during, and at the end of the COVID-19 pandemic.

Firstly, we look at the similarities and differences in GRI standards within the TBL dimensions from years: 2019 (before COVID-19), 2020 (during), and 2021 (after). This gives us an overview of the GRI standards that are used in the reports from these years. The results are summarised below.

Economic Standards 2019	Economic Standards 2020	Economic Standards 2021
GRI 201: Economic performance	GRI 201	GRI 201

GRI 205: Anti-corruption	GRI 205	GRI 205
//*	GRI 207: Tax	GRI 207

Table 3: The comparison of economic standards used by the H&M Group

We compare the GRI standards in the economic dimension. The results show that in the report from 2020 the H&M Group adds one new standard - GRI 207: Tax. This standard is also included in the report 2021.

Environmental Standards 2019	Environmental Standards 2020	Environmental Standards 2021
GRI 301: Materials	GRI 301	GRI 301
GRI 302: Energy	GRI 302	GRI 302
GRI 303: Water	GRI 303	GRI 303
//*	GRI 304 Biodiversity	GRI 304
GRI 305: Emissions	GRI 305	GRI 305
GRI 306: Effluents and waste	GRI 306	GRI 306
GRI 307: Environmental compliance	GRI 307	//*
GRI 308: Supplier environmental assessment	GRI 308	GRI 30

Table 4: The comparison of environmental standards used by the H&M Group

We look up the environmental standards. As the table outlines one standard is added in the reports from 2020 and 2021 - GRI 304: Biodiversity. Besides this change, one standard is not included in the rapport from 2021- GRI 307: Environmental compliance.

Social Standards 2019	Social Standards 2020	Social Standards 2021
GRI 401: Employment	GRI 401	GRI 401
GRI 403: Occupational health & safety	GRI 403	GRI 403
GRI 404: Training & education	GRI 404	GRI 404
GRI 405: Diversity & equal opportunity	GRI 405	GRI 405
GRI 406: Non-discrimination	GRI 406	GRI 406
GRI 407: Freedom of association & collective bargaining	GRI 407	GRI 407

GRI 408: Child labour	GRI 408	GRI 408
GRI 409: Forced or compulsory labour	GRI 409	GRI 409
GRI 412: Human rights assessment	GRI 412	//*
GRI 413: Local communities	GRI 413	GRI 413
GRI 414: Supplier social assessment	GRI 414	GRI 414
GRI 415: Public policy	GRI 415	GRI 415
GRI 416: Customer health & safety	GRI 416	GRI 416
GRI 417: Marketing & labelling	GRI 417	GRI 417
GRI 418: Customer privacy	GRI 418	GRI 418
GRI 419: Socioeconomic compliance	GRI 419	//*

Table 5: The comparison of social standards used by the H&M Group

**GRI not used for this year*

Lastly, the GRI standards within the social dimension are compared. Two standards that are included in the 2019 and 2020 reports are not included in the report from 2021 - GRI 412: Human rights assessments and GRI 419. Socioeconomic compliance.

The results reveal that not a lot of changes in the use of GRI standards can be observed. There are no shifts in focus on any of the TBL dimensions before, during or after the COVID-19 pandemic. On the other hand, this part of the analysis proves to be useful as it illustrates the GRI standards that are used by the H&M Group. As it is demonstrated above the social dimension is addressed the most in compersion to the others dimensions. The next step is to examine the content of these reports and see how the H&M Group communicates sustainability throughout the COVID-19 pandemic.

The following part of the analysis section of our report presents summarised key findings from 2019, 2020 and 2021 sustainability disclosures of the H&M Group. Each table presents codes based on GRI standards used by the company within dimensions of the triple bottom line; economic, environmental and social. Furthermore, each code has an assigned type of signal. The three tables are presented and the codes are analysed below. Independently, if the alterations in signalling occurred or not, we analysed each standard and came up with findings and conclusions on how the H&M

Group communicated the dimensions of the TBL to their stakeholders throughout the pandemic.

The more detailed tables of economic (Appendix A), environmental (Appendix B) and social (Appendix C) dimensions can be found in the appendix. The tables in the appendix include references to the codes.

Economic Dimension			
GRI standard	**2019**	**2020**	**2021**
Economic performance	Need signal	Need signal	Intent signal
Anti-corruption	Camouflage signal	Camouflage signal	Camouflage signal
Tax	//	Need signal	Need signal

Table 6: The signals used to communicate the economic standards

The economic dimension is reported with three GRI standards in 2020 and 2021 and two standards in 2019. In comparison to the other dimensions, environmental (eight standards) and social (sixteen standards), it is the least reported of all dimensions. But still, the style of reporting changes over the three years of the disclosures we decided to study. Within the code of economic performance the references we chose in 2019 and 2020 are communicated with a need signal. That means that the H&M Group follows its compliance requirements with the coverage of the topic (Connelly, 2011). In 2021 they changed their way of communicating to an intent signal, referring to the company's future actions (Connelly, 2011), changing the flow of information to a broader information asymmetry towards the stakeholders of the H&M Group. While studying the GRI standard of anti-corruption, the signals we identified within the chosen references are only camouflage signals in all years. Since camouflage signals are used to report one action to hide another (Connelly, 2011), this could indicate that the company needs validation for their actions from their stakeholder without actually following them. Moreover, that is an interesting finding, taking into account that there is evidence that every stakeholder develops a personal reputational perception of a

company. Using camouflage signals can harm the trustworthiness of the company and thus potentially influence investment decisions (Gunawardena et al., 2019). Not changing their reporting strategy during the pandemic could indicate that the loss of potential investors was not of great concern for the H&M Group. Every other standard in the economic dimension is not reported with a camouflage signal. The standard tax is only reported in the years 2020 and 2021 since it was added in 2020. We were able to identify two need signals indicating compliance requirements within the company. In 2020 H&M explicitly mentions COVID-19 as a part of their tax challenges, potentially admitting that the pandemic had an impact on their economic dimension in the TBL. Throughout all three years of reporting in the economic dimension the need signal is used the most, while the intent signal is used the least, leading us to the assumption that the H&M Group indeed reports on their fulfilment of the duties, but less on future goals.

Environmental Dimension			
GRI standard	**2019**	**2020**	**2021**
Materials	Intent signal	Intent signal	Intent signal
Energy	Intent signal	Intent signal	Intent signal
Water	Need/Camouflage signal	Need/Camouflage signal	Camouflage signal
Biodiversity	//	Need signal	Camouflage signal
Emissions	Intent signal	Need/Intent signal	Intent signal
Effluents and waste	Intent signal	Intent signal	Camouflage signal
Environmental compliance	Need signal	Need signal	//
Supplier	Camouflage signal	Camouflage signal	Need/Camouflage

environmental assessment			signal

Table 7: The signals used to communicate the environmental standards

The environmental dimension of the GRI standards of the H&M Group was reported with eight different codes throughout the COVID-19 pandemic. The company addressed six out of eight standards every year throughout the crisis. However, two exceptions were reported in the years investigated. Namely, biodiversity and environmental compliance. The company decided to leave out the former in 2019 and started to address it only in the following years. The latter standard was reported in 2019 and 2020 and afterward got removed from the sustainability disclosures of the H&M Group in 2021. We can observe that for some of the environmental GRI standards reported by the company the signals used have changed and for others, they remained the same.

To begin with, the first standard communicated in the environmental dimension by the H&M Group is materials. Upon looking at the reports it can be concluded that the company covers this code widely and puts serious consideration into all three disclosures. The company used intent signals in 2019, 2020 and 2021 to communicate the materials. This means that the H&M Group prioritises communicating plans and indicates readiness for future actions (Connelly, 2011) regarding the materials to their stakeholders. One can observe that the company largely prioritises the sustainability and circularity of their products. In all reports, they indicate their goals of having entirely recycled or sustainably sourced materials by 2030 or increasing the recycled materials used. H&M reports on their material goals and repeats them or adds some new ones year by year. However, a clear plan and description of milestones on how they want to achieve those goals are often not provided in detail. Therefore, one can doubt the credibility and achievability of such ambitious goals.

The second standard discussed in the sustainability disclosures of the H&M Group is energy. The company reports this standard similar to the previous one about the materials. Namely, intent signals were used in 2019, 2020 and 2021. It is observable that the company prioritises future goals and declares its plans for taking action. Significantly reducing emissions and increasing energy efficiency are mentioned. However, more importantly, in 2019, the company indicated a goal of becoming

climate positive by no later than 2040. Over the following years, the H&M Group has been repeating its ambitious goal and depicts the progress they have been making. However, we can conclude they aim to potentially catch the reader's attention with it instead of indicating a plan for how to get there.

Water is another GRI environmental standard reported on by the company in its sustainability disclosures. We identified the signals used in 2019 and 2020 as a blend between a need and a camouflage signal. The reason for this is our belief that two of these signals are present in the references used in those years, making it hard to choose only one. On one hand, in the references, the H&M group emphasises the problem of water scarcity in communities and ecosystems worldwide and acknowledges the need of preserving this resource. On the other hand, in 2020 the company states *"Our industry needs water but we use too much"* (H&M-Group- 2020-Sustainability-Performance-Report, p.43), acknowledging their liability and potentially misleading or deceiving the reader about the topic of water at the same time. Therefore, it can be observed that a need and a camouflage signal were used (Connelly, 2011). In 2021, the H&M group did not address the need for water preservation much. The main focus lies in communicating their duty to become more sustainable. As a result, we identified a camouflage signal that can distract the reader's attention from the undertaken actions by the company concerning water.

Subsequently, H&M reports on biodiversity. However, they do not address this standard in their 2019 sustainability disclosures. They started reporting on it in 2020 which may be a potential consequence of the pandemic. In 2020 the company uses a need signal acknowledging the necessity of preserving biodiversity for the sake of people, nature and the resilience of their supply chains as business as a whole. However, in the disclosure from 2021, the company does not address the need of preserving biodiversity in the same way. Instead, they focus on emphasising their need for survival and state that they have to become more sustainable. Therefore, we identified a camouflage signal in that year since they might be covering a potential liability for overusing natural resources in that section. The use of a camouflage signal and a larger emphasis on resilience can also be linked to the pandemic since the need of survival for businesses grew significantly (Lozano, 2021).

The fifth environmental standard reported on by the H&M Group is emissions. In the 2019 disclosure, an intent signal was used. The company indicates its willingness to reduce its emissions and introduces a goal for becoming climate positive alongside its value chains by 2040. However, in the following year, they state: *"Commitments are not enough"* (H&M-Group- 2020-Sustainability-Performance-Report, p.31-32). Therefore, recognise that they must take more action to cut down on their emissions and contribute to preventing global warming from accelerating. Next to that, they indicate readiness to act on their emission goals and introduce a new one to halve their emissions every decade. That is why a need and an intent signal were recognised. In 2021, the company prioritises communicating its intention to act on the emission goals using an intent signal.

Subsequently, the company reports on effluents and waste. In 2019 and 2021 intent signals were used to communicate them. H&M Group recognises that they have acted on reducing the waste of their textiles and indicates readiness to act in this regard. They do so by communicating their intentions about introducing automated sorting of textiles and recycling solutions. In 2021, a camouflage signal was identified. The company communicates that every player in the fashion market should rethink their approach to effluents and waste and encourages others to become more circular. We believe it is used to hide the liability of H&M. Since they primarily follow a linear model at the moment and just started implementing circularity, it could distract the reader's attention. Raise of environmental awareness of consumers due to the pandemic can be a potential reason why H&M started giving priority to following circular goals in 2021 (Patil, 2020).

The seventh environmental standard reported on by the H&M Group is environmental compliance. Similar to biodiversity this standard has only been reported twice in the last three years in 2019 and 2020. In both cases, a need signal was used. The company communicates a necessity to keep the emission levels low and comply with international environmental regulations to maintain sustainability of our planet for future generations. A potential reason for not covering this standard in 2021 can be addressing it in the energy and emissions part of the disclosure.

Lastly in this dimension, the company communicates supplier environmental assessment to their stakeholders. Every year it is signalled in a similar way. Namely, for 2019 and 2020 a camouflage signal was identified and for 2021 a blend of a need and camouflage was recognised. Throughout all the years they have indicated that the company collaborates only with reliable suppliers who adhere to and share their environmental vision. However, no specific explanation is given as criteria for choosing the suppliers. As a result, it can be misleading and camouflage some relevant information. In 2021, a need signal was used to emphasise their duty to comply with and even go beyond social and environmental regulations. As a global fashion brand with an extensive supply chain, it should set a certain standard for others in the industry to follow. Using the need signal in 2021 can be a potential consequence of the pandemic and supply chain crises it brought.

Environmental Dimension			
	Intent signal	**Camouflage signal**	**Need signal**
2019	4	2	2
2020	4	2	4
2021	3	4	1

Table 8: The overview of signals used across the years investigated within the environmental dimension

In 2019 the H&M Group prioritised communicating their plans and readiness to act to move closer to achieving their environmental goals through the intent signals. Apart from that, the company used two camouflage and two need signals. In 2020 when the pandemic outbreak occurred the firm focused on communicating its intentions by using four intent signals, the same as in the previous year. However, the number of needed signals doubled in that year from two to four. This can be a potential consequence of the crisis that took a heavy toll on the business and forced them to change and adapt its sustainability strategies (H&M Group, 2020). H&M identified a growing need for environmental activities related to various standards such as materials, emissions and others and made it the main focus of the 2020 sustainability

disclosures. We came up with interesting findings from last year. Namely, in 2021 the company used camouflage signals the most, and this number doubled from two to four compared to the previous years. An attempt to cover potential liabilities for their environmental actions and compliance with their promises could be a potential consequence of struggles during the pandemic. Furthermore, H&M communicated sustainability in the environmental dimension with three intent signals and only one need signal in 2021. The number of former and latter signals used in that year was the lowest in the last three years. It can be concluded that some of the need and intent signals used in 2019 and 2020 turned into camouflage in the last year of analysis. Overall, the company used intent signals the most (11), followed by camouflage signals(8) and lastly needed signals (7) in the environmental dimension in compliance with the GRI standards.

Social dimension			
GRI Standard	**2019**	**2020**	**2021**
Employment	Intent signal	Camouflage signal	Need signal
Occupational health & safety	Camouflage signal	Need signal	Need signal
Training & education	Intent signal	Need signal	Intent signal
Diversity & equal opportunities	Need signal	Camouflage signal	Intent signal
Non-discrimination	Intent signal	Intent signal	Camouflage signal
Freedom of association &	Need signal	Need signal	Need signal

collective bargaining			
Child labour	Need signal	Need signal	Need signal
Forced or compulsory labour	Camouflage signal	Camouflage signal	Camouflage signal
Human rights assessment	Need signal	Intent signal	//
Local communities	Need signal	Camouflage signal	Need signal
Supplier social assessment	Need signal	Intent signal	Intent signal
Public policy	Intent signal	Intent signal	Need signal
Customer health & safety	Need signal	Need signal	Need signal
Marketing & labelling	Intent signal	Intent signal	Intent signal
Customer privacy	Need signal	Intent signal	Need signal
Socioeconomic compliance	Intent signal	Camouflage signal	//

Table 9: he signals used to communicate the social standards

The general overview of the social dimension looks as follows - as mentioned before, the social dimension includes sixteen GRI standards used by the H&M Group in the reports to communicate their sustainability goals. The number of social standards is significantly larger in comparison to the other dimensions. Five of the sixteen GRI standards are communicated by using the same signals throughout the three years we have chosen to investigate. Nine out of the sixteen GRI standards are communicated in various ways throughout the COVID-19 pandemic. Two GRI standards are not

included in the report from 2021 but different signals are used to communicate them in the reports from 2019 and 2020.

The following paragraphs are divided into two parts - the first one includes a summary and analysis of the standards that are communicated in the same way, and the second paragraph focuses on the GRI standards that are communicated with various signals throughout the years investigated. The structure used for analysing the social dimension differs compared to the previous TBL dimensions. The reason for this is that the social dimension is the most extensive out of the three. Additionally, we concluded that analysing it using the structure based on grouping is more readable and clearer than explaining every standard one by one from top to bottom of the table.

The following paragraph focuses on the GRI standards that are communicated with the same signal throughout the reports from 2019, 2020 and 2021. The freedom of associations & collective bargaining standard is communicated with the need signal. It seems like the pandemic did not have a significant influence on this aspect. There is no mention of the pandemic in the context of this topic in any of the three reports considered. On the other hand, H&M is still showing the desire to influence and act on that aspect by communicating it with a need signal (Connelly, 2011).

Another GRI standard that shows the same results is the child labour standard. The H&M Group communicates child labour by using the need signal and it did not change through the three reports investigated. This topic signals H&M's readiness to act on this topic emphasizing zero tolerance policy for child labour (see Appendix C - Child Labour).

The forced or compulsory labour standard is communicated in the same way in 2019, 2020 and 2021 but the signal identified here is a camouflage signal indicating that the sender is trying to mislead or deceive the reader about this topic (Connelly, 2011). The company manifests their willingness to address this problem but they do not provide any concrete plans on how they want to act on it, which could lead the reader to perceive their words as deceiving (Connelly, 2011). It is difficult to find any concrete information on how the company tries to address forced or compulsory labour as well besides the information that training about the topic has been held. It can be interpreted as a camouflage signal taking into consideration that providing such

training may be not enough to affect the problem greatly. On the other hand, providing the necessary skills to recognise the problem and act on it immediately signals H&M's proactive approach to dealing with a potential crisis (Shrivastava, 1993).

The customer health & safety standard is expressed by using a need signal in all the years but the content has changed in 2020 and 2021 in comparison to the report from 2019. The reports from 2020 and 2021 clearly include the COVID-19 pandemic. The H&M group prioritises customers' health and safety concerning the challenges caused by the pandemic.

The last GRI standard that is communicated in the same way before, during and at the end of the pandemic is the marketing & labelling standard. The type of signal recognized here is an intent signal indicating the willingness for future actions. The H&M Group focuses on transparency and it did not change in the context of the pandemic. It should be pointed out that the H&M Group discloses in the 2021 report that the company has scored 68% in the 2021 Fashion Transparency Index and 73% in 2020 showing that transparency is important for the company's sustainability goals. On the other hand, H&M underlines that transparency is not an end goal, but rather enables one to reach the set goals (see Appendix C - Marketing & labelling).

The following paragraph focuses on the GRI standards that are communicated with various signals throughout the reports from 2019, 2020 and 2021. The employment GRI standard is communicated by three different signals: the intent signal in 2019, the camouflage signal in 2020, and the need signal in 2021. It is to be noted that this standard in 2021 focuses on helping employees after the pandemic - among others by providing financial and emotional support. Furthermore, the company shows the need for digitalisation of some aspects of the working environment - like app-based training programs (see Appendix C - Employment). The latter is also outlined in the training & education standard from 2021 which is signalled by an intent signal. The intent signal indicates the company's readiness for future action (Connelly, 2011) - here the H&M group signals the desire to explore challenges and opportunities caused by the pandemic. In 2019 before the pandemic, the intent signal is used by H&M to show their readiness to put the training plans into action but in 2020 because of the pandemic, internal training was not possible - this is communicated by the need signal.

To summarise the company signals that the pandemic disturbed training & education goals but the report from 2021 signals that the company is back on track with new ideas that were inspired by the pandemic. It can also be interpreted as an intent signal indicating the company's readiness to draw conclusions from a recent crisis and use those to be better prepared for the next crisis (Shrivastava, 1993).

Another standard that is influenced by the pandemic is the occupational health & safety standard. In the 2019 report, the company uses a camouflage signal to address the general well-being of employees and customers. The H&M Group manifests a willingness to make the working environment safe and healthy but the company does not put an effort to explain how it will be achieved. It can be potentially read as misleading. The focus within this standard changes in 2020 and 2021 - H&M uses the need signal to address the COVID-19 pandemic issues regarding health and safety.

The diversity & equal opportunities standard is communicated by various signals during these three years. In 2019 the need for diversity and equal opportunities is signalled. In 2020 the signal changed to camouflage, raising the question of whether the pandemic could have influenced the change in signals. The standard in 2020 can be interpreted as camouflage in the context of the COVID-19 pandemic due to the fact that while the shops and factories were closing, diversity and equal opportunities could not be executed (Hwang et al., 2020). Moreover, this interpretation is strengthened by the fact that no concrete plans are signalled in the report from 2020. In 2021 the signal changed once more to an intent signal indicating that the company responded to the need for increasing its efforts of providing diversity and equal opportunities. Examining this standard, one can observe how the need signal changes over the years to the intent signal - from the need for something to readiness to act.

The non-discrimination standard was communicated by intent signal throughout the reports from 2019 and 2020. The way of communicating this code changed in the 2021 report to camouflage. The company states that the pandemic made them re-evaluate their role in supporting the most vulnerable people. It seems misleading to the reader because the GRI standards concerning the most vulnerable people in their value chain did not change or are omitted (see Appendix C). Here as an example, we can consider the child labour topic that did not change at all over the pandemic, the forced or

compulsory labour standard that is identified as a camouflage signal in all the years investigated.

Lastly, the socioeconomic topic is not included in the 2021 report. On the other hand, the H&M Group signals their acknowledgement that the pandemic has worsened the problem of the most vulnerable people in their value chain. Even the word value chain seems to be misleading as it is a very broad concept that is not clearly defined. Furthermore, this camouflage signal is strengthened by the fact that the H&M group decided not to include the human rights assessment GRI standard in 2021.

The local communities GRI standard before the pandemic and after the pandemic is communicated in the same way - by using the need signal. However, in the 2020 report, it is communicated by the camouflage signal. The reason for identifying this standard as a camouflage could be the COVID-19 pandemic and the fact that people in most of countries in the world were in isolation.

The supplier social assessment is reported by the need signal in 2019 and 2020. In 2021 the signalisation changes to an intent signal.

The public policy GRI standard is communicated by an intent signal in 2019 and 2020 but this changes in 2021. The company uses the intent signal in 2019 and 2020 to show readiness for action - to be the leading example in sustainability and change the fast fashion industry. In 2021 the company includes more stakeholders to work on social and environmental topics which are communicated by the need signal. Including more stakeholders can be recognised as the company's reaction to the crisis - government help in the pandemic could have been essential for H&M.

The last GRI standard that changed over the three years investigated is the customer privacy standard. In the 2019 and 2021 reports the standard is communicated by the need signal and in 2020 by the intent signal. It is noteworthy that the company not only addresses the customer privacy problem in a way that signals the need or readiness for action but also gives concrete examples of not being good at executing this standard. The H&M Group communicates in a transparent way that customers are complaining about privacy issues and in response addressed this using need and intent signals. Lastly, the socioeconomic compliance standard is communicated differently

in 2019 and 2020 and is not addressed at all in 2021. In 2019 the signal used to communicate this aspect is intent. In 2020 the topic is communicated by using the camouflage signal. The camouflaged message is concerning the COVID-19 pandemic.

The table below presents the number of times when each type of signal is used within a given year. It was prepared in order to introduce the findings more clearly as there are sixteen GRI standards in the social dimension.

Social Dimension			
	Intent signal	**Camouflage signal**	**Need signal**
2019	6	2	8
2020	6	6	5
2021	4	2	8

Table 10: The overview of signals used across the years investigated within the social dimension

The results reveal that the intent signal was used the most in 2019 and 2020 and least in 2021. It can indicate that before and during the pandemic H&M signalled greater readiness to act. On the other hand, the two GRI standards that were not reported in 2021 could potentially influence that number. The camouflage signal increased significantly in 2020 indicating more misleading or deceiving information during the COVID-19 pandemic. Lastly, the amount of identified need signals is the same in 2019 and 2021 - the lower number can be caused by the fact that the camouflage signals were used more often in 2020. We keep in mind that the number of need signals could potentially be larger by two in 2021 due to the omitted GRI standards.

Discussion

The section starts with a short summary of the findings and key understandings. Next, our interpretations of key concepts concerning this project are discussed - sustainability reporting, CRS, and the fast fashion industry. Furthermore, these concepts are considered in the context of the COVID-19 pandemic. The following is reviewed as well - sustainability from the managerial point of view, the framework, theories, and methods. The latter are evaluated and limitations are acknowledged. Lastly, the project's usefulness is reflected upon as well as our learnings from this research process.

Demand for disclosure sustainability is increasing and one of the ways an organisation can communicate with stakeholders is through sustainability reporting. One of the most polluting industries is the fast fashion industry which involves many controversies concerning social and environmental issues. Furthermore, the COVID-19 pandemic had a huge impact on businesses. Therefore, this project investigates what GRI standards are used in sustainability reporting by the H&M Group and how the company signals sustainability in the context of the recent pandemic.

The first part of our analysis answers the question about the GRI standard. Throughout the three years selected, the H&M Group communicates three economic standards with one exception. In the 2019 report, one standard is not included. Within the environmental dimension, eight standards are included with two exceptions - one standard is left out in 2019 and another standard is left out in 2021. Sixteen standards are addressing the social dimension with two exceptions. Both of them happened in 2021. Overall, the social dimension is the most reported of the TBL and the economic dimension is the least reported.

The second part of the research question concerns the signal used to communicate each standard. The use of the signals is analysed within a given year and across the years. The economic dimension due to its limited usage of standards does not reveal any interesting patterns or unexpected information in the context of the pandemic. The environmental dimension unfolds that in the 2021 report the camouflage signal is the most recognized, indicating that the H&M Group communicated environmental issues in a misleading or deceiving way (Connelly, 2011). On the other hand, the H&M

Group uses the need signal to communicate the company's agendas concerning the environment as well. Lastly, the intent signal is identified to be the most used in 2019. The social dimension is recognised to be communicated by the need signal the most, especially in 2019 and 2020. Furthermore, the camouflage signal was used the most in 2020 to communicate social issues. Overall, the COVID-19 pandemic has a little effect on the use of GRI standards but it had quite an impact on transparency pushing demands for sharing more information with the stakeholders.

The step-by-step framework proposed in the paper *'A step-by-step method to classify corporate sustainability practices based on the Signaling Theory'* (2021) by Anaya et al. is used in this project for the encoding process. The first concern about this framework considered not very efficient for the project is grouping codes based on GRI standards into the TBL dimensions, as the GRI topic standards are based on the TBL approach and the standards are already grouped by GRI. This is the reason why we decided to omit this part of step 5 (defining the signal). We used the grouping of standards pre-defined by GRI and it was not our decision which standard is recognized as economic, environmental or social. It is noteworthy, and the reason why can be illustrated by the anti-corruption standard. It can be identified both as economic or social issues depending on interpretation. We decided to follow the GRI's definitions and classifications. Moreover, the step-by-step approach suggests that the steps should be done one by one. The paper outlines that step 5 should have at least two circles of encoding (Amaya et al., 2021). The linear approach turned out to be well organised on paper but troubling during the execution of coding and encoding processes. Therefore, the iterative process is concluded to be more efficient for this project. To exemplify this concern, step 2 concerning references and step 5 concerning the recognition of signals could not be done separately. Identifying and allocating signals to references forced us to reevaluate a few aspects of the reference collection process. Something similar happened during steps 6 and 7 - preparing the analysis part raised a lot of questions about a few decisions in the previous steps. On the other hand, due to the limited time, we were not able to perform encoding more than once and it is suggested in the paper to do at least two rounds of encoding (Amaya et al., 2021). We recognised that it was not sufficient to encode the reports only once for various reasons which we will discuss later on in this section.

On one hand, our experience suggests that the framework could have been done in an iterative manner from the beginning instead of a linear manner with encoding done in two circles. On the other hand, we recognized that we did not follow the structure very strictly due to the limited time we had.

The first reason for one-time encoding being not sufficient concerns the members of this project. Being new to business projects and unfamiliar with the encoding method resulted in the first round being time-consuming and learning-oriented. While the first round of the encoding enabled us to understand the reports in a better way, it was also overwhelming for us considering all the new information we have found. The second circle of encoding would be definitely helpful in finding more nuanced views on the standards. Furthermore, working with the methods made us realise how crucial validations and limitations were for choosing references. This can be illustrated by our decision to prioritise shorter references in order to avoid confusion about the signals. Longer references caused more trouble with identifying the type of signal which brings us to the issues we experienced with recognising signals based on chosen references.

In the beginning, we would like to underline that we recognized the fact concerning interpretation dependency on the context and point of view. If the research would be repeated considering the knowledge that we gained, it would bring different results. Moreover, we noticed very clearly how the interpretation differs from person to person as we are different people with different backgrounds. We talked about our interpretation within the project sharing various points and suggestions during the encoding process which was strengthened by the constant feedback we would give to each other during summarising and analysing part of the project. On one hand, it created disadvantages toward summarising the research and setting the limits on when to stop analysing. According to Flyvbjerg (2016) it should not be considered s an issue as at the same time it signalises that the problem investigated unfolds interesting but complex information (Flyvbjerg, 2016). On the other hand, it allowed us to investigate the problem from various points of view which brought a more nuanced portrait of the problem. This point is in consonance with Flyvbjerg's paper about the case study method and proved to be helpful in gaining comprehensive understanding of sustainability reporting (Flyvbjerg, 2016). Lastly, the signals presented by Connelly et al. were not always easy to allocate. It is noticeable in the

environmental dimension where we identified two types of signals within one standard.

This project provided us with valuable insights and gave a greater understanding of sustainability reporting, CSR discussion, the fast fashion industry, the H&M Group as a company and deep dive into the field of business as a whole. Thanks to analysing annual reports and sustainability disclosures of the H&M Group, we got familiar with the GRI standards as a way to structure the reports and report sustainability. We got a greater understanding of the triple bottom line concept and its three dimensions and what they entail. We learnt that fast fashion brands maintain low prices for the goods offered because of having very low costs of production. This way, they can keep their profit margins high (Lund-Thomsen & Lindgreen, 2013). Within this industry, international retailers capture most of the value from global value chains. That is why the suppliers and workers originating from developing countries like India or Bangladesh obtain only marginal shares of the entire value generated (Lund-Thomsen & Lindgreen, 2013). Moreover, the retailers like the H&M Group have great bargaining power over suppliers. Therefore, they comply with their extensive demands even if not treated fully fairly. Oftentimes, there is asymmetry of information along the value chains between the suppliers, buyers and often customers within the fast fashion industry (Locke, 2013). However, upon analysing the reports more thoroughly and diving into the literature on sustainability reporting and the recent pandemic, we realised there is a growing need for transparency (Lozano, 2021). Thanks to COVID-19, the social and environmental awareness of customers grew (Patil,2020). That resulted in a change in their purchasing behaviour to buying less and spending more time using online shopping where there is a larger demand for information. Furthermore, managers of brands worldwide including the ones operating in the fast fashion industry became more aware of the need for a transition towards transparency (Dara, 2022). As a consequence of the pandemic, undertaking more CSR-related activities within the supply chains became increasingly important and adapted (H&M 2021).

Communicating sustainability to the stakeholders of a company within the economic, environmental and social dimensions are often done through sustainability disclosures. However, sometimes what the companies claim does not reflect reality

especially when it comes to the social dimension (Locke, 2013). There is often a lack of national labour regulations and the social auditing schemes regarding standards such as safety for the workers in developing countries are often inadequate (Locke, 2013). Since they adhere to a wide variety of standards we concluded that the H&M Group treats all TBL dimensions seriously. However, based on the number of standards covered in their disclosures it seems they prioritise environmental and social sustainability dimensions. Upon reading and analysing the sustainability disclosures from the H&M Group we presumed that the company is quite open and transparent on all three TBL dimensions. Thanks to following the widely-recognised GRI standards and reporting on almost all of them in the last year, the company seems to provide reliable data.

In the process of writing this report we had plenty of interesting insights concerning the managerial decisions of sustainability reporting. Since sustainability started to be a more prominent topic in society there is a higher external pressure coming from the stakeholders of a company to cope with this daily challenge. Sustainability reporting can help to increase a company's reputation and competitiveness because the stakeholders have secured facts about the sustainable actions of a company. Furthermore, the practice of reporting sustainability according to for example the GRI standard could enlarge transparent communication towards the stakeholders. With the use of a coding process to distinguish those GRI standards into the three different kinds of signals: camouflage, intent and need, it could be easier for stakeholders to carve out a company's intentions while reading a sustainability report, which again could result in a more transparently perceived company. Intent signals for example, show the recognition of a company to engage in market competition. While stakeholders could tend to focus on articles in newspapers or the general commentatorship, companies that use sustainability reporting have the possibility to address their stakeholders first hand and do not rely on third parties to report about their actions in the field of sustainability.

As we concluded before, greater social and environmental awareness grew in society that resulted in managers needing to adapt to these changes through for example adapting more circular business models. The H&M Group is an example of a company that has been adapting a more sustainable and circular approach to their business

(H&M Group, 2021). This way, they aim to lower the harm being done to the environment during e.g. production process and increase the social impact done. Their sustainable strategies together with goals and future actions have been transparently reported on in their sustainability disclosures.

From our understanding, sustainability reporting serves the company as a way of communicating the three dimensions of the TBL to its stakeholders. Reporting should be a genuine reflection of the company's activities undertaken in that particular year. However, it is the undertaken actions that matter most, not only the promises made by businesses in their sustainability disclosures.

Conclusion

This project aimed to investigate sustainability reporting in the context of the COVID-19 pandemic. In order to examine the project's research question which is: *'What standards does the H&M Group use to report sustainability in the years 2019, 2020 and 2022 and how do they signal sustainability in the context of the COVID-19 pandemic?',* firstly it was crucial to understand the basis of sustainability, CSR and the fast fashion industry. Secondly, the following methods were used to help us explore sustainability reporting performed by the H&M Group - the case study method to collect the needed data and qualitative content analysis to analyse the collected data.

Despite the fact of having time constraints, we believe that we were able to achieve our goals. We succeeded in comparing the GRI standard used by the H&M Group over the years investigated. Furthermore, we were able to identify the type of signal used to communicate each of the standards within the TBL dimensions. Lastly, we were able to identify which signals were used the most across the years 2019, 2020, and 2021. We could conclude that the use of the GRI standards did not change much with a few exceptions during the pandemic. Besides that, the content of the reports investigated changed in the context of the COVID-19 pandemic. We noticed that the pandemic had an impact on transparency and the increasing demand for sharing more information with various stakeholders was observed. In addition, one of the main goals of our project was to gain in-depth knowledge about sustainability reporting and CSR activities. We concluded that the case study method helped us to transform the book-

based knowledge into a real-life context which according to Flyvbjerg (2006) is a step toward gaining comprehensive knowledge about a topic.

It should be noticed that the second round of encoding could potentially improve our research. The first round was more learning-oriented or could be more understood as a test drive. We were learning the method and getting familiar with the reports. Moreover, we were slowly exploring the advantages and disadvantages of the two methods which brought us to conclusions concerning improvement of the framework. In our opinion, it should be an iterative process and not a step-by-step process. Additionally, the signals proved to be not completely efficient which also leaves room for improvement.

We conclude that in spite of the fact that our main motivation was learning about sustainability reporting, our research can add value to business studies. Firstly, the qualitative research approach is not very popular in sustainability reporting studies. Our group proved that it can be done and can contribute to academia. Secondly, our research shows that a crisis can increase the demand for sustainability disclosure.

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Appendix

Appendix A

Economic Dimension of the GRI standards used by the H&M Group in their sustainability disclosures 2019-2021 with selected references

Economic Dimension		
2019	**2020**	**2021**
Code: Economic performance **Type of signal**: Need signal **Reference**: "Adaptation to changes in customers' shopping patterns was accelerated during the year. The net addition of new stores for full-year 2019 was 108, rather than 175 as communicated at the beginning of the year". (HM-Group-Sustainability-Performance-Report, 2019, p.18)	**Code**: Economic performance **Type of signal**: Need signal **Reference**: "The pandemic has accelerated the already rapid changes in customer behaviour and we are therefore continuing to focus on digital growth. In the 2020 financial year the H&M group opened 129 stores including franchises and closed 187 stores, making a net decrease of 58 stores compared with a net increase of 108 stores in 2019". (HM-Group-Annual Report, 2020, p.14)	**Code**: Economic performance **Type of signal**: Intent signal **Reference**: "The H&M group's aim is to make fashion and design accessible to everyone in a way that is good for people, the planet and the business". (H&M Group Annual and Sustainability Report 2021, p.15)

Code: Anti-corruption **Type of signal**: Camouflage signal **Reference: "**Acting ethically, with respect and integrity is an unquestionable rule within the company and is intrinsic to the company's values. The company has a strong anti-corruption programme in place, with a focus on preventing corruption". (HM-Group-Sustainability-Performance-Report, 2019, p.51)	**Code**: Anti-corruption **Type of signal**: Camouflage signal **Reference:** "For the H&M group, acting with respect, integrity, transparency and honesty is essential to its business and is deeply rooted in its corporate values". (HM-Group-Annual Report, 2020, p.52)	**Code**: Anti-corruption **Type of signal**: Camouflage signal **Reference:** "Through our risk assessment process, we first identify and document the risk, before assessing the risk and deciding our response." (H&M Group Annual and Sustainability Report 2021, p.70)
//*	**Code**: Tax **Type of signal**: Need signal **Reference**: "The historically high tax rate is Covid-19 related since the proportion of non-deductible expenses has a greater percentage impact on the tax rate when earnings before tax decrease so substantially compared with a normal year". (HM-Group-Annual Report, 2020, p.55)	**Code**: Tax **Type of signal**: Need signal **Reference**: "The H&M group is present in many countries and through its operations contributes to the community via various taxes and levies such as corporate tax, customs duties, income taxes and indirectly via VAT on the clothes sold to consumers." (H&M Group Annual and Sustainability Report 2021, p.58)

Appendix B

Environmental Dimension of the GRI standards used by the H&M Group in their sustainability disclosures 2019-2021 with selected references

Environmental Dimension		
2019	**2020**	**2021**
Code: Materials **Type of signal**: Intent signal **Reference**: "Material choice is central to the sustainability and circularity of all our products. Our goal is to source 100% recycled or other sustainably sourced materials by 2030." (HM-Group-Sustainability-Performance-Report, 2019, p. 39)	**Code**: Materials **Type of signal**: Intent signal **Reference**: "By 2030, we aim for 100% of our materials to be either recycled or sourced in a more sustainable way, including our new goal of 30% recycled materials by 2025 — to further accelerate use of recycled fibres". (HM-Group-Sustainability-Performance-Report, 2020, p. 37)	**Code**: Materials **Type of signal**: Intent signal **Reference**: "To reduce our environmental impact, we aim for 100% of our materials to be either recycled or sourced in a more sustainable way by 2030, including 30% recycled materials by 2025". (HM-Group-Sustainability-Disclosure-2021, p. 31)
Code: Energy **Type of signal**: Intent signal **Reference**: "We focus on reducing our emissions by increasing energy efficiency, using renewable energy and	**Code**: Energy **Type of signal**: Intent signal **Reference**: "We're committed to being part of the solution to the climate	**Code**: Energy **Type of signal**: Intent signal **Reference**: "To support our climate positive targets we aim to use as little energy as possible across the whole value

moving towards full circularity. But we want to go further and become climate positive by no later than 2040".(HM-Group-Sustainability-Performance-Report, 2019, p. 29)	crisis. Our goal is to become climate positive by 2040, supported by reaching our reduction targets".(HM-Group-Sustainability-Performance-Report, 2020, p. 31)	chain — including in our own operations, logistics activities and throughout our supply chain ". (HM-Group-Sustainability-Disclosure-2021, p. 19)
Code: Water **Type of signal**: Need/Camouflage signal **Reference**: "Water scarcity and poor water quality are already impacting communities and ecosystems in many parts of the world, and climate change is making the situation worse. Our industry needs water. We must do all we can to conserve it and keep it clean and usable. That's why we take a whole value chain approach to reducing our water impacts". (HM-Group-Sustainability-Performance-Report, 2019, p. 29)	**Code**: Water **Type of signal**: Need/Camouflage signal **Reference**: "Our industry and business need water, but we use too much. Clean water is a basic human right and essential for thriving biodiversity. It's our responsibility to conserve water, reuse and recycle wherever possible and keep it clean for future generations". (HM-Group-Sustainability-Performance-Report, 2020, p. 43)	**Code**: Water **Type of signal**: Camouflage signal **Reference**: "We have a duty to use water responsibly and help safeguard water quality, accessibility and availability, especially in areas of high water risk". (HM-Group-Sustainability-Disclosure-2021, p. 27)
//*	**Code**: Biodiversity **Type of signal**: Need signal **Reference**: "We must do	**Code**: Biodiversity **Type of signal**: Camouflage signal **Reference**: "We have a responsibility to avoid or reduce our impact on biodiversity by preserving and enhancing the natural

	more to help protect and restore biodiversity, avoid over-exploitation of natural resources, and ensure we operate within planetary boundaries. This is essential not only for the wellbeing of people and nature, but also for the resilience of our supply chain and our business". (HM-Group-Sustainability-Performance-Report, 2020, p. 35)	world — for the sake of current and future generations and to ensure the resilience of our own business and supply chains". (HM-Group-Sustainability-Disclosure-2021, p. 25)
Code: Emissions **Type of signal**: Intent signal **Reference**: "We plan to reduce and decouple emissions from business growth through our four priority areas — energy efficiency, 100% renewable energy, our circular approach and carbon sinks — in order to achieve a climate positive value chain by 2040". (HM-Group-Sustainability-Performance-Report, 2019, p. 30)	**Code**: Emissions **Type of signal**: Need/Intent signal **Reference**: "Commitments are not enough. We must move faster to bring our performance in line with a 1.5°C trajectory across all emission scopes. Our ambition is to halve our emissions every decade — this becomes more challenging with every year that our emissions increase. We're more determined than ever to get there, by collaborating	**Code**: Emissions **Type of signal**: Intent signal **Reference**: "We take a climate positive approach throughout our value chain and beyond. To do this we will: - Halve our emissions every decade - Achieve net-zero no later than 2040". (HM-Group-Sustainability-Disclosure-2021, p. 19)

	and investing in new solutions". (HM-Group-Sustainability-Performance-Report, 2020, p. 31-32)	
Code: Effluents and waste **Type of signal**: Intent signal **Reference**: "We are determined to find solutions to eliminate textile waste by scaling up promising pilot projects. For example, we have successfully trialled the removal of mould which can grow on fabrics in humid conditions during shipping". (HM-Group-Sustainability-Performance-Report, 2019, p. 51)	**Code**: Effluents and waste **Type of signal**: Intent signal **Reference**: "Textile recycling technologies are moving towards scale but securing adequate volumes of recyclable, post-consumer textiles remains challenging. We need to establish automated sorting of waste textiles and improve availability of product-level information on chemical and material content.". (HM-Group-Sustainability-Performance-Report, 2020, p. 41)	**Code**: Effluents and waste **Type of signal**: Camouflage signal **Reference**: "Today, offcuts and scraps generated in the production process or during product delivery are considered waste. Our vision is that the whole mindset of the fashion industry shifts to treat this waste as the valuable resource it is. Similarly, faulty clothes or pre-loved items that have reached the end of their time with our customers offer a wealth of materials that can be recovered, reused and eventually recycled into new products.". (HM-Group-Sustainability-Disclosure-2021, p. 37)
Code: Environmental compliance **Type of signal**: Need	**Code**: Environmental compliance	//*

signal **Reference**: "An average global temperature increase of more than 1.5°C from pre-industrial levels will have catastrophic consequences for people and nature. To stay within the 1.5°C trajectory, global carbon emissions must halve every 10 years. We recognise our shared responsibility and we are committed to playing our part in the transition to a low-carbon economy". (HM-Group-Sustainability-Performance-Report, 2019, p. 29)	**Type of signal**: Need signal **Reference**: "We must not go beyond an average global temperature increase of 1.5°C from pre-industrial levels. This requires current carbon emissions to halve every decade. Without immediate, coordinated action, global communities, ecosystems and economies will suffer significant damage". (HM-Group-Sustainability-Performance-Report, 2020, p. 31)	
Code: Supplier environmental assessment **Type of signal**: Camouflage signal **Reference**: "Our starting point is to select suppliers who share our mindset. This helps ensure we are working with business partners that meet or go beyond the minimum requirements of our Sustainability Commitment. We use a system of risk-based audits to monitor and maintain compliance with	**Code**: Supplier environmental assessment **Type of signal**: Camouflage signal **Reference**: "Our Sustainability Commitment outlines our expectations for suppliers and business partners. This includes compliance with minimum requirements and international standards, and the aspiration to go beyond compliance for	**Code**: Supplier environmental assessment **Type of signal**: Need/Camouflage signal **Reference**: "As a global fashion company with an extensive supply chain, we have a responsibility to manage our supply chain impacts. We work with suppliers to move beyond compliance and towards continuously improving environmental and social performance ". (HM-

these requirements". (HM-Group-Sustainability-Performance-Report, 2019, p. 77)	lasting impacts. (HM-Group-Sustainability-Performance-Report, 2020, p. 77)	Group-Sustainability-Disclosure-2021, p. 66)

Appendix C

Social Dimension of the GRI standards used by the H&M Group in their sustainability disclosures 2019-2021 with selected references

Social Dimension		
2019	**2020**	**2021**
Code: Employment **Type of signals**: Intent **Reference**: "To maintain awareness of human rights risks across our business we plan to roll out further training, including to regional and local management at various functions." (HM-Group-Sustainability-Performance-Report, 2019, p.62)	**Code**: Employment **Type of signals**: Camouflage signal **Reference**: "For many working in the garment and textile sector, especially women, this is their first formal employment and an opportunity to earn a regular income." (HM-Group-Sustainability-Performance-Report, 2020, p.63)	**Code**: Employment **Type of signals**: Need **Reference**:"...through the challenging times of the Covid-19 pandemic, we continued to take a responsible, sensitive approach to supporting our colleagues. Our markets have taken a range of actions, including making managers and human resources available for regular phone calls, providing additional benefits or compensation to support transition and offering app-based training to develop new skills."(HM-Group-Sustainability-Disclosure-2021, p.56)
Code: Occupational health & safety **Type of signals**: Camouflage signal	**Code**: Occupational health & safety **Type of signals**: Need signal **Reference:** "In response to the pandemic, we acted	**Code**: Occupational health & safety **Type of signals**: Need signal **Reference:** "Throughout the Covid-19 pandemic,

Reference: "We are committed to creating healthy and safe workplaces that contribute to the wellbeing of our employees and customers." (HM-Group-Sustainability-Performance-Report, 2019, p.64)	on the recommendations of the World Health Organization, European and US Centres for Disease Control and local health authorities to keep colleagues safe**. "** (HM-Group-Sustainability-Performance-Report, 2020, p.61)	we have provided practical support and advice to our teams. This included enhanced health and safety guidelines and routines, and personal protective equipment and training for those who could not work from home. " (HM-Group-Sustainability-Disclosure-Report, 2021, p.55)
Code: Training & education **Type of signals**: Intent signal **Reference**: " We aim to play a proactive role in ensuring the rights of workers in our supply chain are upheld, as well as advocating for wider changes in labour practices to enable systemic progress." (HM-Group-Sustainability-Performance-Report, 2019, p.66)	**Code**: Training & education **Type of signals**: Need signal **Reference:** "Internal training was disrupted by COVID-19. We digitised part of our training, letting us reach more employees faster" (HM-Group-Sustainability-Performance-Report, 2020, p.69)	**Code**: Training & education **Type of signals**: Intent signal **Reference**: "We began developing the "H&M Group at Work" model, exploring how we can meet the challenges and opportunities presented by new ways of working following the pandemic. " (HM-Group-Sustainability-Disclosure-2021, p.55)
Code: Diversity & equal opportunities **Type of signals**: Need signal	**Code**: Diversity & equal opportunities **Type of signals**: Camouflage signal	**Code**: Diversity & equal opportunities **Type of signals**: Intent signal

Reference: "Since 2018, 2,500 people across sales and operations, buying, assortment, design and print took part in comprehensive training on I&D aspects — including legal issues — related to our updated Product and Print Policy." (HM-Group-Sustainability-Performance-Report, 2019, p.72)	**Reference:** "We advance inclusion of people in the societies we are part of through global and local initiatives. We have a dedicated strategy to promote gender equality in our supply chain" (HM-Group-Sustainability-Performance-Report, 2020, p.68)	**Reference:** " By 2025, we aim for our workplaces to be more inclusive and diverse, to leverage our diversity for better business, and to use our business to advance inclusion in our communities" (HM-Group-Sustainability-Disclosure-2021, p.56)
Code: Non-discrimination **Type of signals**: Intent signal **Reference**: "We want to embrace all definitions and be a truly inclusive company, combining a global approach with knowledge, recognition and appreciation of local contexts." (HM-Group-Sustainability-Performance-Report, 2019, p.72)	**Code**: Non-discrimination **Type of signals**: Intent signal **Reference:** "We recognise that there's more to be done to ensure our I&D ambitions are upheld across every single area of our business. To do this, we're working on market-specific plans, starting with key markets such as the United States" (HM-Group-Sustainability-Performance-Report, 2020, p.70)	**Code**: Non-discrimination **Type of signals**: Camouflage signal **Reference:** " The Covid-19 pandemic has led us to re-examine our role in supporting suppliers through periods of challenge and increasing supply chain resilience, to protect the most vulnerable people in our value chain. We've had to focus on fundamental supply chain management issues like protecting jobs and wages. At the same time, we've kept driving progress by developing industry standards and advocating for policies that enable suppliers to perform better" (HM-

		Group-Sustainability-Disclosure-2021, p.69)
Code: Freedom of association & collective bargaining **Type of signals**: Need signal **Reference**: "Our Global Framework Agreement (GFA) with trade unions IndustriALL and IF Metall focuses on the right to freedom of association and collective bargaining across many our production markets. Its purpose is to strengthen industrial relations and enable peaceful conflict resolution in our global supply chain." (HM-Group-Sustainability-Performance-Report, 2019, p.67)	**Code**: Freedom of association & collective bargaining **Type of signals**: Need signal **Reference:** "Respect every employee's right to freedom of association and collective bargaining. This is affirmed by our Global Labour Relations Principles and our Global Framework Agreement with Union Network International" (HM-Group-Sustainability-Performance-Report, 2020, p. 61)	**Code**: Freedom of association & collective bargaining **Type of signals**: Need signal **Reference:** " We support the right to freedom of association and believe that strong industrial relations contribute to resilient, stable supply chains and decent work. We work with suppliers to increase democratically elected worker representation and to empower workers to know their rights" (HM-Group-Sustainability-Disclosure-2021, p.57)
Code: Child labour **Type of signals**: Need signal **Reference**: "Our Child Labour Policy confirms our commitment that factories producing for H&M Group remain free from child labour."	**Code**: Child labour **Type of signals**: Need signal **Reference:** "We continually monitor compliance and investigate and remediate any suspected cases of child labour. In 2020, we identified no cases of child labour in our supply	**Code**: Child labour **Type of signals**: Need signal **Reference:** "The UN declared 2021 International Year for the Elimination of Child Labour. We remain committed to uphold the Children's Rights and Business Principles,

(HM-Group-Sustainability-Performance-Report, 2019, p.61)	chain" (HM-Group-Sustainability-Performance-Report, 2020, p. 64)	which includes not accepting child labour in our supply chain." (HM-Group-Sustainability-Disclosure-2021, p.50)
Code: Forced or compulsory labour **Type of signals**: Camouflage signal **Reference**: "We identify and address risks of forced labour through our due diligence process and describe this work in our annual Modern Slavery Statement." (HM-Group-Sustainability-Performance-Report, 2019, p.62)	**Code**: Forced or compulsory labour **Type of signals**: Camouflage signal **Reference:** "We identify and address risks of forced labour through our due diligence process and produce an annual Modern Slavery Statement" (HM-Group-Sustainability-Performance-Report, 2020, p. 64)	**Code**: Forced or compulsory labour **Type of signals**: Camouflage signal **Reference:** "The International Organization for Migration provided training on forced labour to 41 colleagues and 298 supplier factories, with a total of 517 participants" (HM-Group-Sustainability-Disclosure-2021, p.49)
Code:Human rights assessment **Type of signals**: Need signal **Reference**: "We systematically conduct due diligence to identify, address and report on human rights-related risks or impacts during relevant assessment processes — including risk	**Code**:Human rights assessment **Type of signals**: Intent signal **Reference:** "We will continue to integrate human rights management and due diligence across our business, with a focus on service supply chains, materials and circular	//*

management processes, internal audits, business partner assessments, stakeholder engagement, grievance handling and internal training." (HM-Group-Sustainability-Performance-Report, 2019, p.61)	business models" (HM-Group-Sustainability-Performance-Report, 2020, p. 59)	
Code: Local communities **Type of signals**: Need signal **Reference**: "All our retail markets have community investment activities running, based on their local context and priorities." (HM GRI-index Final, 2019, p.13)	**Code**: Local communities **Type of signals**: Camouflage signal **Reference:** "We have a Community Development Strategy with clear guidelines, applicable for all markets. We continuously support and provide guidance to the markets and central functions throughout implementation of the strategy. " (HM-Group-GRI-Index, 2020, p.12)	**Code**: Local communities **Type of signals**: Need signal **Reference:**"Total community investments are aimed at creating shared value and strengthening communities across our value chain, and passing on donations and contributions by H&M Group customers to various charitable causes." (GRI-Index-2021,p. 14)
Code: Supplier social assessment **Type of signals**: Need signal **Reference**: "The programme goes beyond a simple compliance	**Code**: Supplier social assessment **Type of signals**: Intent signal **Reference:** "We weren't able to integrate as many suppliers as we'd hoped	**Code**: Supplier social assessment **Type of signals**: Intent signal **Reference:** " We evaluate suppliers annually using industry

evaluation to include a broader sustainability assessment, encompassing management systems, performance over time, and leading practices." (HM-Group-Sustainability-Performance-Report, 2019, p.77)	this year due to COVID-19, but we'll continue to extend coverage and refine assessments to align with our strategic goals" (HM-Group-Sustainability-Performance-Report, 2020, p. 79)	tools and Group specific performance data on social and environmental impacts. High performing suppliers are rewarded with increased business opportunities, incentivising them to improve." (HM-Group-Sustainability-Disclosure-2021, p.49)
Code: Public policy **Type of signals**: Intent signal **Reference**: "Creating sustainable change within a rapidly-evolving industry requires us to combine leading by example with partnerships and dialogue, so that we can achieve positive impacts in our own value chain while driving long-term industry wide progress." (HM-Group-Sustainability-Performance-Report, 2019, p.17)	**Code**: Public policy **Type of signals**: Intent signal **Reference:** "We're committed to Leading the Change to a better fashion future This starts with improving sustainability performance in our own value chain and demonstrating the resilience of sustainable business" (HM-Group-Sustainability-Performance-Report, 2020, p. 20)	**Code**: Public policy **Type of signals**: Need **Reference:** "We engage with governments on key environmental, social and business topics" (HM-Group-Sustainability-Disclosure-2021, p.11)
Code:Customer health & safety	**Code**:Customer health & safety	**Code**:Customer health & safety

Type of signals: Need signal **Reference**: "All of our products are assessed for health and safety improvements, for example in regards to chemical safety" (HM GRI-index Final, 2019, p.15)	**Type of signals**: Need signal **Reference:** "Our first priority was employee and customer health and safety, and we cooperated closely with the relevant authorities in all markets." (HM-Group-Sustainability-Performance-Report, 2020, p. 7)	**Type of signals**: Need signal **Reference:** "During the Covid-19 pandemic, we prioritised customer health and safety. Our global crisis team coordinated efforts, collaborating with local teams to work with customers as well as colleagues, suppliers, landlords and communities. We cooperated closely with the relevant authorities in all markets." (GRI-Index-2021,p. 15)
Code: Marketing & labelling **Type of signals**: Intent signal **Reference**: Increased transparency can lead to closer external scrutiny and sometimes negative media coverage, because information is more visible. (HM-Group-Sustainability-Performance-Report, 2019, p.20)	**Code**: Marketing & labelling **Type of signals**: Intent signal **Reference:** "Transparency helps our customers understand the story behind our business and products, helps us build relationships based on trust and accountability, and pushes us to do better" (HM-Group-Sustainability-Performance-Report, 2020, p. 23)	**Code**: Marketing & labelling **Type of signals**: Intent signal **Reference:** "H&M Group ranked second in Fashion Revolution's 2021 Fashion Transparency Index, scoring 68% (73% in 2020). We recognise that transparency shouldn't be seen as an end goal. Instead, it is a vital enabler to reach many of our long-term sustainability objectives" (HM-Group-

		Sustainability-Disclosure-2021, p.8)
Code: Customer privacy **Type of signals**: Need signal **Reference**: "H&M Group is committed to protect our customers' and employees' privacy. We have a dedicated data privacy team in place and have mature systems to ensure compliance with the EU General Data Protection Regulation (GDPR)." (HM GRI-index Final, 2019, p.16)	**Code**: Customer privacy **Type of signals**: Intent signal **Reference:** "H&M Group is committed to protect our customers' and employees' privacy. We have a dedicated data privacy team in place and have mature systems to ensure compliance with the EU General Data Protection Regulation (GDPR)." (HM-Group-GRI-Index, 2020, p.14)	**Code**: Customer privacy **Type of signals**: Need signal **Reference:** "We had 16 substantiated complaints concerning breaches of customer privacy during 2021. We recognise the growing importance of data privacy to our customers. Protecting personal data and privacy is of greatest concern to H&M Group and we work with the relevant supervisory authority to resolve complaints." (GRI-Index-2021,p. 16)
Code: Socioeconomic compliance **Type of signals**: Intent signal **Reference**: "Our starting point is to select suppliers who share our mindset. This helps ensure we are working with business partners that meet or go beyond the minimum requirements of our Sustainability Commitment." (HM-Group-Sustainability-	**Code**: Socioeconomic compliance **Type of signals**: Camouflage signal **Reference:**"With the COVID-19 pandemic disrupting global supply chains, we adapted our processes to suit changing restrictions and to safeguard the wellbeing of our employees and workers in our supply chain." (HM-Group-Sustainability-	//*

Performance-Report, 2019, p.77)	Performance-Report, 2020, p. 77)	