### **Material Categorisation**

#### What is this?

Our material categorisation framework is designed to guide product teams at H&M Group to take better sourcing decisions.

#### How does it work?

Using this framework allows us to compare materials within a material family, for example paper or cotton or leather. Materials in each family are categorised into four groups - A, B, C and D. Those in group A-C are our preferred materials while materials in group D include conventional, virgin materials.

Our aim is to increasingly move towards the highest category and continually raise the bar in our requirements. Materials that fall in the higher categories, i.e. A and B need to be certified by credible third parties. For materials where third-party certifications do not yet exist, we establish alternative schemes to ensure responsible sourcing. For recycled materials, we have two different approaches – the fully certified supply chain and GRS certified manufacturers using chemical tracers to verify the recycled content.

The material categorisation is guided by our animal welfare and material ethics policy as well as <u>Textile Exchange's Preferred Fiber & Materials</u> <u>Matrix</u> methodology. We evaluate the environmental impact of each material using third-party lifecycle assessment (LCA) data. This includes LCAs for individual materials as well as external material benchmarks based on LCA data, such as the <u>Material Sustainability Index (MSI)</u> by <u>Sustainable Apparel Coalition (SAC)</u>. Using these third-party assessments helps to create industry alignment and makes it easy for customers and stakeholders to compare and understand how we are doing.

## The categories

The highest category, A, includes recycled fibres as well as natural or regenerated fibres made from agricultural residues. Regenerative organic farming that prioritises soil health also falls into this category.

Category B includes organic fibres as well as synthetic fibres or plastics made with biobased certified feedstocks. Recycled polyester from PET bottles also falls into this category because although it's recycled, textile to textile recycling is preferred to truly close the loop. In terms of manmade cellulosic fibres, this category includes FSC certified feedstock that uses less hazardous solvents in a closed loop production process.

Category C includes materials and fibres that have less impact compared to the conventional option, for example bast fibres that are farmed more responsibly, require relatively little water to cultivate, grow fast and usually don't need pesticides. Synthetic fibres and plastics made with biobased feedstock and certified with a mass-balance approach fall into this category. Manmade cellulosic fibres that use FSC certified feedstock in a production process that meets the emissions limits set in <u>EU BREF on production of polymers</u>.

Finally, as previously explained, the lowest category (D) includes conventional, virgin materials.

#### **Regularly reviewed**

We recognise that working with materials is an ongoing process that requires a progressive approach and that materials need to be evaluated regularly to make sure we take into consideration the latest science, best practices and knowledge. This benchmark will be updated whenever there is new information or data.

FIBER/MATERIAL	А	В	С	D
COTTON	RECYCLED COTTON - GRS/RCS REGENERATIVE ORGANIC - Regenerative Organic Std	ORGANIC COTTON - OCS, GOTS	BETTER COTTON, Better cotton initiative, BCI	CONVENTIONAL COTTON
MAN MADE CELLULOSIC FIBRES	NEXT GENERATION FIBERS (RECYCLED CELLULOSICS, AGRICULTURAL RESIDUES) - GRS/RCS, RSB	LYOCELL - FSC CERTIFIED FEEDSTOCK	MODAL - FSC CERTIFIED FEEDSTOCK VISCOSE - FSC CERTIFIED FEEDSTOCK	CONVENTIONAL MAN-MADE CELLULOSIC FIBRES
BAST & OTHER NATURAL FIBERS	RECYCLED FIBRES, GRS/RSC AGRICULTURAL RESIDUES, RSB	ORGANIC LINEN - OCS, GOTS ORGANIC HEMP - OCS, GOTS	LINEN HEMP	
PAPER	RECYCLED PAPER - FSC, GRS/RCS AGRICULTURAL RESIDUES - RSB	PAPER - FSC		CONVENTIONAL VIRGIN PAPER
WOOD	RECYCLED WOOD - FSC, GRS/RCS	WOOD - FSC		CONVENTIONAL WOOD
POLYESTER	RECYCLED POLYESTER - Textile to Textile, GRS/RCS	RECYCLED POLYESTER FROM PET BOTTLE - GRS/RCS BIOBASED FEEDSTOCK - RSB	BIOBASED FEEDSTOCK - ISCC	CONVENTIONAL VIRGIN POLYESTER
ACRYLIC	POST-CONSUMER RECYCLED - GRS/RCS		PRE-CONSUMER RECYCLED - GRS/RCS	CONVENTIONAL VIRGIN ACRYLIC
POLYAMIDE	POST-CONSUMER RECYCLED - GRS/RCS	BIOBASED FEEDSTOCK - RSB	PRE-CONSUMER RECYCLED - GRS/RCS OR BIOBASED FEEDSTOCK - ICSS	CONVENTIONAL VIRGIN POLYAMIDE

ELASTANE	POST-CONSUMER RECYCLED - GRS/RCS	PRE-CONSUMER RECYCLED - IN COMBINATION WITH BIOBASED FEEDSTOCK, GRS/RCS, ISCC BIOBASED FEEDSTOCK - RSB, ISCC	PRE-CONSUMER RECYCLED - GRS/RCS OR BIOBASED FEEDSTOCK, - ICSS	CONVENTIONAL ELASTANE
WOOL & ANIMAL HAIR	RECYCLED WOOL & ANIMAL HAIR - GRS/RCS	RESPONSIBLE & REGENERATIVE WOOL	RESPONSIBLE WOOL - RWS THE GOOD CASHMERE STD - GCS RESPONSIBLE MOHAIR STD - RMS	CONVENTIONAL WOOL & ANIMAL HAIR
DOWN	RECYCLED DOWN - GRS/RCS		RESPONSIBLE DOWN - RDS	CONVENTIONAL DOWN
SILK	RECYCLED SILK - GRS/RCS		ORGANIC SILK - GOTS	CONVENTIONAL SILK
LEATHER	POST-CONSUMER RECYCLED -GRS/RCS (TOTAL CHROMIUM CONTENT <500PPM)	RESPONSIBLY AND REGENERATIVELY SOURCED LEATHER ORIGINATING FROM KNOWN FARMS THROUGH TRACEABILITY PROJECTS	PRE-CONSUMER RECYCLED -GRS/RCS (WASTE FROM OUR OWN SUPPLY CHAIN	CHROME TANNED LEATHER
PLANT BASED ALTERNATIVES TO PU/TPU	COATING: BIOBASED COATING >90% BIOBASED CONTENT >55% - RSB POST-CONSUMER RECYCLED >50% - GRS/RCS FILLER: BIOBASED CONTENT >10%, RSB BACKING: RECYCLED, GRS/RCS ORGANIC, GOTS/OCS BIOBASED FEEDSTOCK, RSB	COATING: BIOBASED COATING > 70% BIOBASED CONTENT > 30% - ISCC (physical segregation) POST-CONSUMER RECYCLED - GRS/RCS FILLER: BIOBASED CONTENT > 10% - ISCC (physical segregation) BACKING: RECYCLED - GRS/RCS ORGANIC - GOTS/OCS BIOBASED FEEDSTOCK - ISCC (physical segregation)	COATING:  BIOBASED COATING > 70%  BIOBASED CONTENT > 30%. Feedstock has clear traceability. Feedstock with self-declaration by T4/T3 level.  POST-CONSUMER RECYCLED - GRS/RCS  FILLER:  BIOBASED CONTENT > 10% - ISCC mass-balance  TOTAL BIOBASED CONTENT:  >40%  BACKING:  RECYCLED - GRS/RCS  ORGANIC - GOTS/OCS  BIOBASED FEEDSTOCK - ISCC mass-balance	DMF FREE PU
RUBBER	RECYCLED RUBBER - GRS/RCS RECYCLED THERMOPLASTIC RUBBER (TPR) - GRS/RCS	NATURAL RUBBER - FSC OR BIOBASED FEEDSTOCK - RSB, ISCC		CONVENTIONAL RUBBER
PLASTICS	POST-CONSUMER RECYCLED - GRS/RCS POLYETHYLENE TEREPHTHALATE (PET) POLYMETYLMETAKRYLAT (PMMA) THERMOPLASTIC POLYURETHANE (TPU) POLYETHYLENE (PE) POLYPROPYLENE (PP) POLYCYCLOHEXYLENEDIMETHYLENE TEREPHTHALATE GLYCOL (PCTG) POLYETHYLENE TEREPHTHALATE GLYCOL (PETG)	BIOBASED FEEDSTOCK - RSB	BIOBASED FEEDSTOCK - ISCC	CONVENTIONAL PLASTICS PRE-CONSUMER RECYCLED PLASTIC
METAL	RECYCLED METAL - GRS/RCS or SCS			VIRGIN METAL
GLASS	RECYCLED GLASS - GRS/RCS			VIRGIN GLASS

# Glossary of abbreviations

#### **FSC**

Forest Stewardship Council

### **GOTS**

**Global Organic Textiles Standard** 

### **GRS/RCS**

Recycled Claim Standard/Global Recycled Standard

#### **ISCC**

International Sustainability and Carbon Certification

### <u>OCS</u>

**Organic Content Standard** 

### **RDS**

Responsible Down Standard

### **RMS**

The Responsible Mohair Standard

### **RSB**

Roundtable on Sustainable Biomaterials

#### **RWS**

Responsible Wool Standard

# <u>SCS</u>

**SCS Global Services**