



H&M GROUP  
SUSTAINABILITY PROGRESS  
REPORT 2024



# CONTENTS

Liberate fashion for the many	3
Comment from CEO	4
Growing responsibly	4
Word from our sustainability director	5
Our approach to sustainability governance	7
Climate	8
Water	12
Chemicals and water pollution	14
Biodiversity, ecosystems and land-use	16
Resource use and circularity	18
Social impact and human rights	25
Definitions	33

## How we report

H&M Group is committed to transparent, clear and accessible reporting of our sustainability strategies and performance. We openly share our progress using the best available data, while continually improving our level of disclosure.

It is our belief that transparency is key to driving positive change in our industry. Therefore, we share information that meets external reporting standards and helps our diverse stakeholders compare data effectively. In this sustainability progress report, we provide a consolidated overview of our sustainability agenda and progress. In addition, our sustainability reporting consists of the following parts:

- Our [annual and sustainability report](#) details our financial and non-financial performance in 2024, including information on our sustainability impacts and progress. The 2024 annual and sustainability report is aligned with the upcoming Corporate Sustainability Reporting Directive (CSRD) reporting requirements but does not claim to be compliant with the CSRD or the European Sustainability Reporting Standards (ESRS).
- An overview of our identified salient human rights issues is included in the annual and sustainability report 2024 and is complemented by the [modern slavery statement](#).
- Our [climate transition plan](#) consolidates all our climate-related activities and describes our journey towards 2030, presenting targets, strategy and methodology, as well as risks and opportunities.
- A dedicated section of our [corporate website](#) provides additional information on key sustainability topics, including our strategies and policies.



# Liberate fashion for the many

We are here to liberate fashion for the many, making its positive power accessible to everyone. We want to show that there is no compromise between exceptional design, affordable prices, and sustainable solutions.

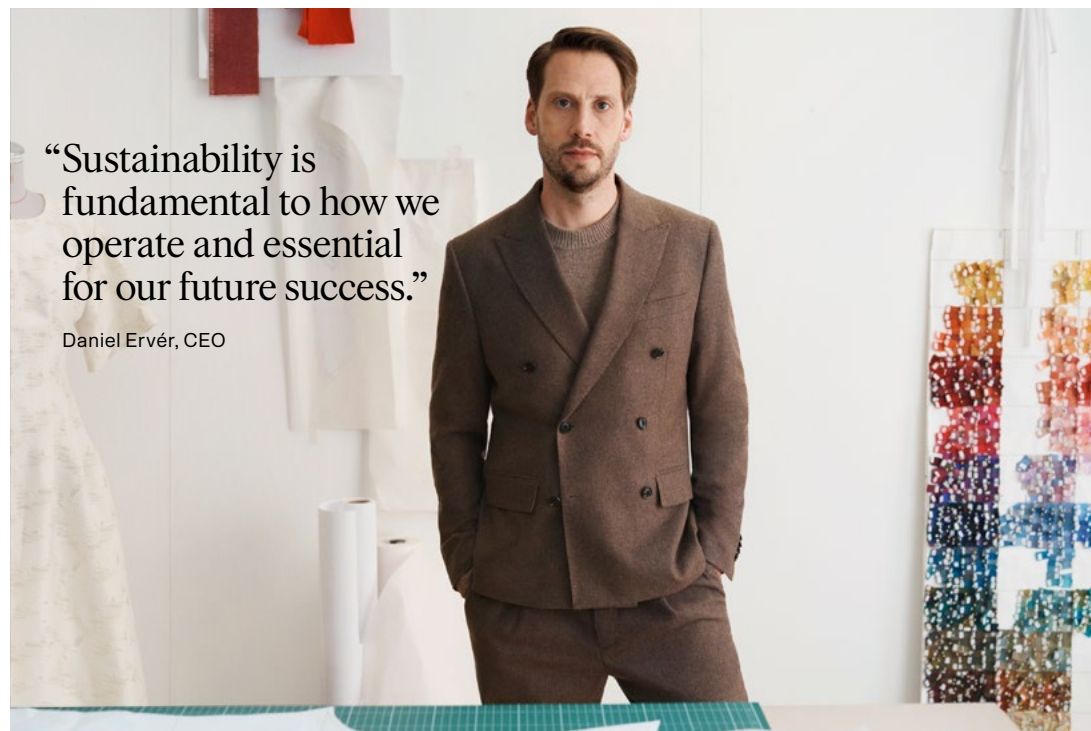
We aim to use our power, scale, and knowledge to push the fashion industry towards agreeing and acting on fashion being produced within planetary boundaries, to harm no-one in creating our goods, and to empower our customers.

Our insights from 25 years of learning and development in sustainable fashion outline our way to success. Our findings clearly show that progress towards sustainable fashion can never be achieved when it is treated separately; it must be integrated into all our decisions. By empowering our people to focus on sustainable design, sourcing, production, distribution, and a circular approach to goods,

we can significantly impact the world around us and secure our business for the long term. As this report shows, we can see how this approach has moved the needle over the years and will continue to do so. Our progress presented in this report is the outcome of our correct actions and investments, even though we acknowledge that industries and global systems are not changed overnight.

As a global family of strong fashion brands that shares the same purpose, business idea, values, and overall strategy, we have the power to be the change and show that action matters and that this is all possible.





“Sustainability is fundamental to how we operate and essential for our future success.”

Daniel Erv r, CEO

## Comment from CEO

Sustainability cannot be treated as something on the side of regular business. It is an integral part of what we do, which is why we have been integrating the sustainability agenda further into our business to create even stronger impact in our prioritised areas.

In 2024, we made significant strides toward achieving our sustainability ambitions, led by our work to decarbonise our supply chain. Our targeted investments and integrated approach have already put us on track to meet our ambitious science-based targets.

Sustainability is fundamental to how we operate and essential for our future success. There is a lot of work remaining to be done, but our ambition is clear – we want to show that there is no compromise between exceptional design, affordable price and sustainable solutions.

Daniel Erv r, CEO H&M Group

## Growing responsibly

We want to show that it is possible to grow our business decoupled from resource use and extraction, with products and materials circulating at their highest value.

This is a challenge but also a great opportunity. We have integrated sustainability into our business from the materials we choose to the products we sell.

We have identified four areas where our actions matter most: Decarbonising our supply chain, shifting towards recycled or sustainably sourced materials, optimising production to demand and scaling circular business models to keep materials in use and extend product life. In all our work and key areas, respecting human rights remains an integral component.

We are also developing sorting, recycling and resell infrastructures – connecting these to each other and integrating them into our value chain. We continue integrating sustainability into our entire core business operation making it a natural part of everything we do.

As a global company we face different challenges along the value chain. We adjust and prioritise our interventions depending on where we have identified the biggest impacts.

All challenges are connected, and ultimately people are at the centre of everything we do. We continue our work securing respect for human rights and dignity for people contributing to our success, whether they are our colleagues, workers in the value chain, affected communities or our customers.

## Validated Science Based Targets

We have set ambitious climate targets, which have been validated by the Science Based Targets initiative (SBTi), and by 2030 we aim to reduce our greenhouse gas emissions by 56 percent from a 2019 baseline. Additionally, we aim to only use recycled or sustainably sourced materials in our commercial products, with at least 50 percent coming from recycled materials.



# Word from our sustainability director

As we close yet another year filled with progress and learning, I would like to share my reflections on the steps we have taken towards a more sustainable fashion future.

At H&M Group our purpose is to liberate fashion for the many, making its positive power accessible for everyone, showing that there is no compromise between exceptional design, affordable price and sustainable solutions. Sustainability is an area we have been dedicated to for decades, continuously refining and evolving our approach to tackle emerging challenges and incorporate new insights.

This year, we have taken several important steps to further integrate sustainability into our operations, demonstrating that it is both possible and essential. During the past years we have increased our focus on actions to meet our high ambitions, and in doing so, we are demonstrating that sustainability is not an afterthought – it is at the heart of everything we do and the results in all our key areas are clear evidence of that.

I am proud to see that our ambitions turned into actions, leading to strong results. This year we increased the share of recycled or sustainably sourced materials, reaching 89 percent in our commercial products and keeping us well on track towards our 2030 goal. Additionally, a total of 29.5 percent of

the materials used in our commercial products came from recycled sources – almost reaching our 30 percent target a year early.

Our efforts to use less and cleaner energy are delivering results. Renewable electricity and renewable thermal energy both now exceed coal in our supply chain, an important milestone towards reducing emissions. Looking ahead, we will focus on eliminating the remaining on-site coal boilers in our value chain and ensuring that 100 percent of the electricity in our supply chain comes from renewable sources. Our absolute scope 1 and 2 emissions have decreased by 41 percent and absolute scope 3 emissions (excluding use-phase emissions) decreased by 24 percent compared with our 2019 baseline.

These results confirm that our actions are making a difference, and we are moving closer to our 2030 targets – though there is still more to do. We are proud to be recognised by CDP as a global leader in climate action, earning an ‘A’ score for our climate leadership. This achievement underscores our strong progress and commitment. Our climate transition plan, with its focus on transparency and tangible impact, has been one of the key contributors to this success. While challenges remain, this recognition reinforces our direction and determination to drive meaningful change across our value chain.



Leyla Ertur, Sustainability director, H&M Group

## Score A by CDP for our climate work

In 2024 we were awarded an A, the highest possible score for our climate work by CDP, joining a small number of top scorers out of the close to 25,000 companies participating.

In 2024, Fashion Revolution released ‘What Fuels Fashion?’, a special edition of its Fashion Transparency Index zooming in on climate and energy related transparency, placing us 3rd out of the 250 companies reviewed.

As a global fashion company, we engage with millions of people across our own operations and value chain and must address the individuals whose lives and livelihoods are deeply intertwined with the fashion value chain. Respecting human rights is an integral part of our efforts and strategy, and we believe everyone deserves to be treated equally and with respect and dignity.

In our continuous efforts to respect human rights, we have renewed our Global Framework Agreement with IndustriAll Global Union and IF Metall to strengthen the voice of the workers.

For the second year in a row we have been recognised by Forbes magazine and in this year’s edition of Forbes World’s Top Companies for Women list, H&M Group ranked 11th.

While climate change, resource depletion and water scarcity continue to strain the planet, people,

---

# No. 11

## on Forbes World’s Top Companies for Women list

For the second year in a row we have been recognised by Forbes magazine and in this year’s edition of Forbes World’s Top Companies for Women list, H&M Group ranked 11th.

and businesses, the need to unite and find sustainable solutions grows even stronger. I am pleased to see that we jointly in the industry continue to align and cooperate to accelerate the sustainability agenda.

At the same time, as the regulatory landscape continues to evolve, with stricter requirements for governance, verifiable data, and robust processes, we find ourselves adapting to a shifting industry. This evolution is not just a challenge, but an opportunity that accelerates the need for data-driven, impact-focused sustainability initiatives.

We are committed to ongoing learning, investing in sustainable practices and taking meaningful action to benefit both the planet and the people in our industry. This progress would not have been possible without the effort of our colleagues, who have lived our values and demonstrated their unwavering commitment to sustainability through every action.

This report is not just a snapshot of our actions, progress and key learning – it is also a testament to our ongoing commitment to transparency, clear communication, and accessible reporting of our sustainability efforts. Every year, we strive to openly share our progress, driven by the best available data, ensuring that all our stakeholders are part of the journey.

I invite you now to continue to read this report but before that, I would like to thank all our colleagues at H&M Group for their hard work and dedication, and express our sincere gratitude to all our readers for your ongoing support and engagement. Your dedication to this journey is vital as we move forward together towards continued progress.

I hope you enjoy reading more about how we turn ambitions into action in our 2024 sustainability progress report.

Leyla Ertur  
Sustainability director, H&M Group





# Our approach to sustainability governance

Our sustainability strategy is integrated into our business strategy and put into action across H&M Group, with each team driving change in their area. The sustainability department reports on sustainability goals and key performance indicators bi-annually to the board of directors and quarterly to the CEO and CFO. Quarterly reports cover KPIs, key challenges, learning, activities, impacts, and achievements across brands and markets.

We take a systematic approach to human rights and environmental due diligence. It is an ongoing process to identify, prevent, mitigate and remedy potential and actual negative impacts on people, while leveraging opportunities to advance their rights. Our human rights and environmental due diligence (HREDD) process is integrated into our corporate governance and risk management processes to ensure business decisions consider impacts on affected stakeholders.

Our sustainability strategy is underpinned by our commitment to our stakeholders and a respect for people and the environment. We continuously engage with our stakeholders to ensure material issues are identified, prioritised and incorporated into the company's strategies and procedures. To identify and prioritise the sustainability matters that are most relevant to our business, we analyse inputs from our stakeholders and investors in a materiality analysis.

In 2023, we began developing our materiality analysis process to align our approach with CSRD, the mandatory European sustainability reporting framework. As a result, we conducted an impact

materiality analysis assessing impact across the entire value chain – from planning and design to sourcing, production, transport, sales, use, reuse, and recycling.

Read more about our sustainability governance, our stakeholders and our materiality analysis in the annual and sustainability report 2024, in the chapter Our approach to sustainability.

---

## Impact areas

It is our ambition to support the transition towards a more sustainable fashion industry by offering our customers responsibly made products that are designed to be used, reused and recycled. Our sustainability strategy is based upon our key sustainability impact areas, which have been identified through our impact materiality analysis. These areas are deeply interconnected, requiring an integrated approach, and inform our overall strategy and business idea to ensure we meet our stakeholders' expectations.

Our key impact areas include:

- Climate
- Water, chemicals and pollution
- Land-use and biodiversity
- Raw materials and resource use
- People

# Climate

At H&M Group our ambition is to contribute to the limiting of global warming to 1.5°C in line with the Paris Agreement. We aim to achieve this by decarbonising our supply chain, optimising production and improving resource efficiency. To reach our ambition, we have integrated accountability for reaching our climate targets into our brands and operations.

We recognise the need for urgent action to reduce our negative environmental impact, including greenhouse gas (GHG) emissions, to manage climate risks and opportunities, and to drive change in our value chain. Our five-step climate action framework guides and supports our climate commitments and helps us reach our environmental ambitions.

For more details on our climate strategy, see our [climate transition plan](#).

H&M Group's climate targets have been validated against the SBTi net zero standard as being in line with what is needed to limit global warming to 1.5°C above pre-industrial levels.

Our goals are to:

- Reduce absolute scope 1, 2 and 3 GHG emissions by 56 percent by 2030, against a 2019 baseline.
- Reach net zero by reducing absolute scope 1 and 2 emissions and absolute scope 3 emissions respectively by at least 90 percent by 2040, against a 2019 baseline, and balance out any remaining emissions with permanent carbon removal.

## Our climate action framework

	STEPS	ACTIONS
Actions for wider and accelerated change within and beyond our value chain	<b>Advocate for systemic change</b>	<ul style="list-style-type: none"> <li>• Advocate for public policy that aims to limit global temperature rise to 1.5°C and push for legislation that accelerates the decarbonisation of our value chain.</li> <li>• Engage and collaborate with peers and others to enable and inspire global climate action.</li> </ul>
	<b>Contribute to addressing impact</b>	<ul style="list-style-type: none"> <li>• Remove and permanently store atmospheric carbon dioxide to reach net zero by 2040.</li> <li>• Protect existing carbon sinks to avoid emissions and biodiversity loss that arise from degradation.</li> </ul>
Impact targets	<b>Address direct and indirect impact</b>	<ul style="list-style-type: none"> <li>• Prioritise actions for emissions reductions based on potential for impact and our ability to influence.</li> <li>• Identify and work collaboratively to remove barriers to decarbonisation, through financing and innovation.</li> <li>• Reduce absolute emissions in line with a 1.5°C pathway.</li> </ul>
Foundation	<b>Calculate and disclose impact</b>	<ul style="list-style-type: none"> <li>• Collect GHG emissions- and energy use-data in accordance with the latest industry models and science.</li> <li>• Disclose results transparently and openly.</li> </ul>
	<b>Identify, quantify and mitigate risk</b>	<ul style="list-style-type: none"> <li>• Identify climate risks in line with the latest science and best practice.</li> <li>• Assess financial, people and planet effects and prioritise risks.</li> <li>• Create and follow up on plans to mitigate risks and build resilience.</li> </ul>



### Supporting targets

To advance our progress we have also set supporting targets:

#### Own operations

- By 2030, achieve a 36 percent reduction in electricity intensity in our stores from a 2016 baseline<sup>1</sup>.
- By 2030, source 100 percent renewable electricity in our own operations, including ≥50 percent from power purchase agreements (PPAs) with new renewable electricity generation.



### Supply chain

- By 2030, source 100 percent renewable electricity for our garment production supply chain, from spinning to a finished product (tier 1–3).
- By 2026, phase out on-site coal from all of our garment suppliers in tier 1, 2 and 3<sup>2</sup>.

### Green investment strategy

Investment is needed to achieve systemic change. Our strategy helps us invest where it matters most, balancing potential emission reductions with financial viability. Instead of focusing on profit, we measure success by how much we reduce emissions within this strategy. Our in-house green fashion initiative supports our suppliers to decarbonise, offering technical guidance and financing on favourable terms. In 2024, our total spend on decarbonisation activities across the value chain was approximately SEK 1.7 billion. This includes various initiatives aimed at phasing out fossil fuels, supporting energy efficiency, and replacing conventional materials with recycled or sustainably sourced alternatives.

1. This is an updated target, since we reached our 2030 target in 2023 and we have increased the ambition in reducing electricity demand in our stores.  
 2. The increased traceability, allowing us to include tier 3 facilities in the coal phase-out by 2026, means the total number of facilities increased by 12 for 2024, to a total of 39.

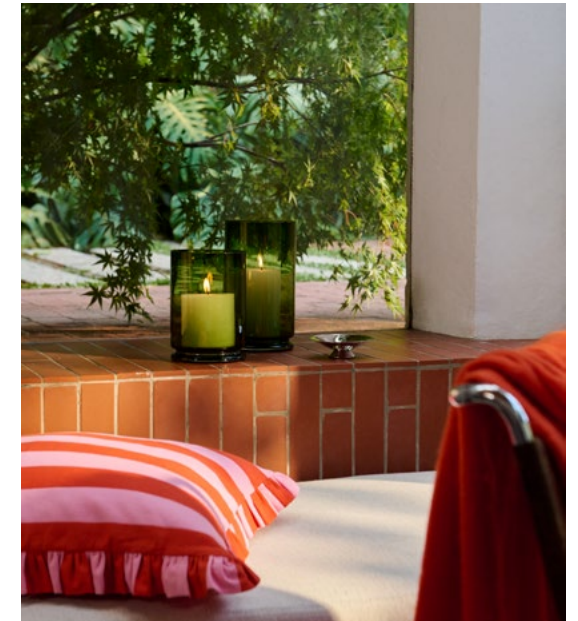
## Progress

### Emissions

Our absolute scope 1 and 2 emissions decreased by 41 percent compared with our 2019 baseline. Compared to last year, this is a decrease of 25 percent or 13,607 tonnes CO<sub>2</sub>e. This reduction is primarily driven by an increase in our procurement of renewable electricity, through PPAs and unbundled renewable energy certificates. During 2024, we added the Philippines and Colombia to the countries we source renewable electricity for, bringing the total to 96 percent.

Our absolute scope 3 emissions (excluding use-phase emissions) decreased by 23.7 percent compared with our 2019 baseline, a reduction of 2,160,000 tonnes CO<sub>2</sub>e. Compared to 2023, emissions increased by 201,000 tonnes CO<sub>2</sub>e, or about 3 percent. This can be attributed largely to two factors. Firstly, an increase in total material weight during the year. Secondly, a small increase in air-freight, to just below 3 percent share of inbound transports, up from a very low share historically and still below the 2019 figure.

Our ongoing efforts to shift to cleaner energy in our supply chain is showing results as emissions from fabric production increased less (3 percent) than the total garment material weight (8 percent), all compared to 2023. Reductions since the base year have primarily been driven by an increased share of recycled and sustainably sourced materials for garments and packaging, and the shift to cleaner energy and energy efficiency improvements in our supply chain. In addition, while emissions are still linked to resource use, total scope 3 emissions per revenue (tonnes of CO<sub>2</sub>e/SEK million) has decreased by 24 percent compared with 2019 and increased by 4 percent compared with 2023.



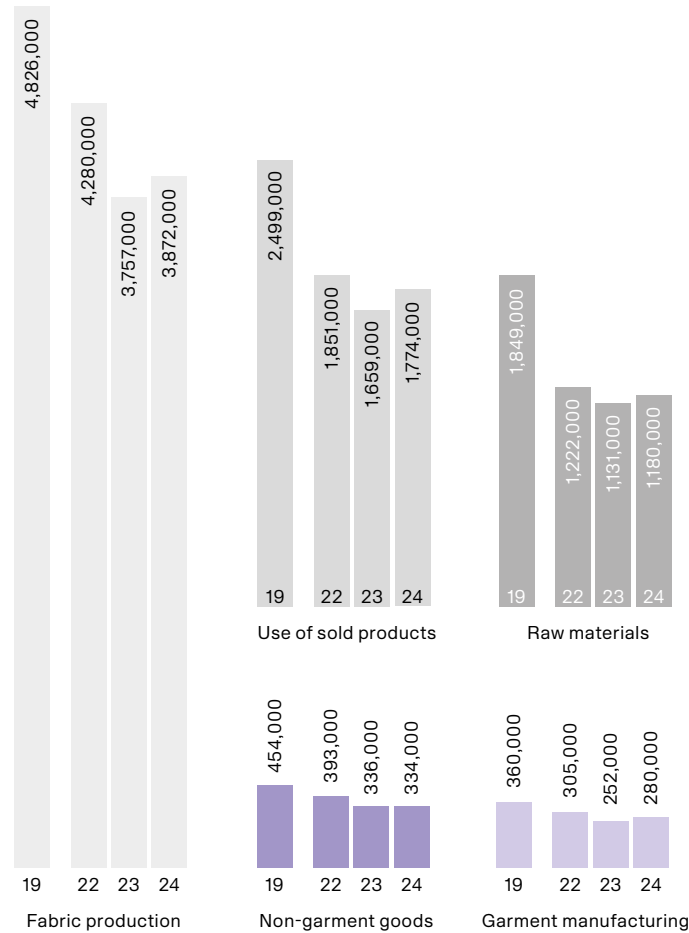
# 24%

reduction

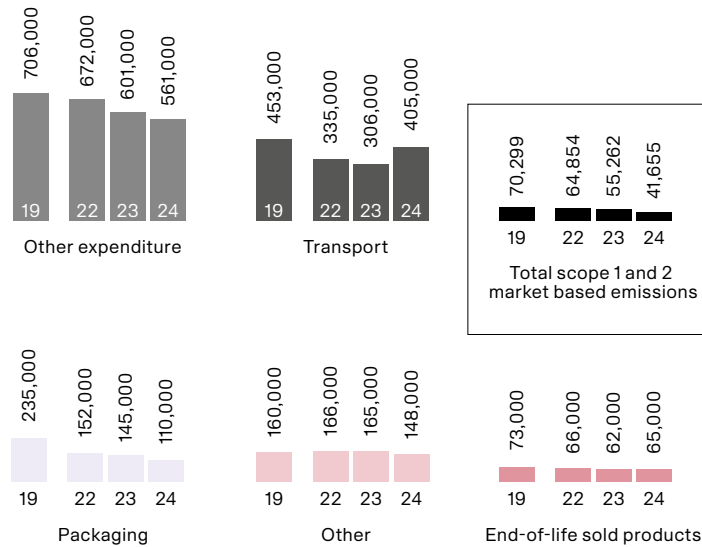
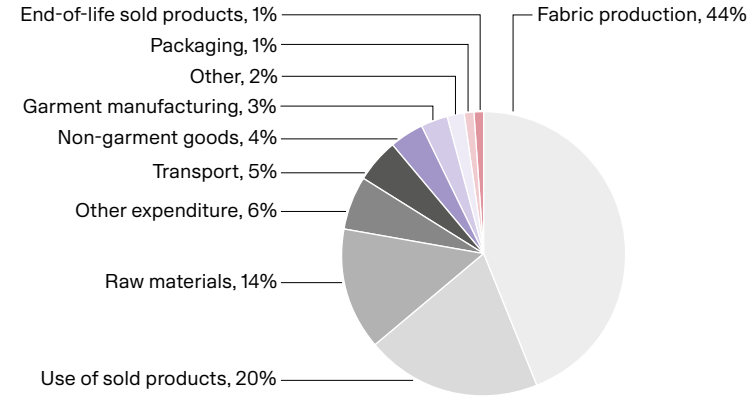
Absolute scope 3 emissions decreased by 24 percent compared with our 2019 baseline.

## Total GHG emissions (tonnes CO<sub>2</sub>e)

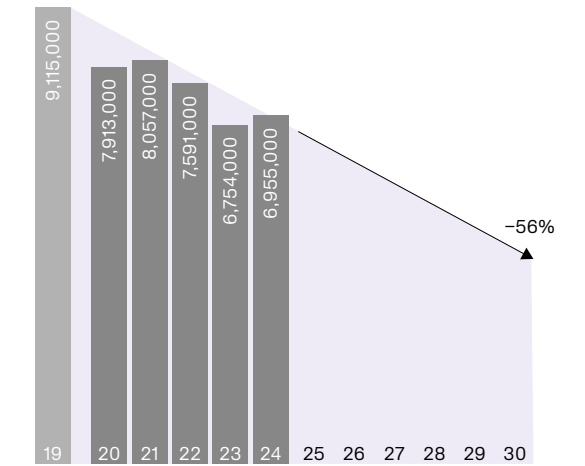
The charts show scope 3 emissions split by category as share of total scope 3 emissions and our progress in reducing scope 1, 2 and 3 emissions in the different areas of our value chain against a 2019 baseline.



## Scope 3 data 2024



## Absolute scope 3 GHG emissions (tonnes CO<sub>2</sub>e)



The graph shows year-on-year progress towards our 2030 target. Our scope 3 GHG emissions (excluding use-phase) have been decreasing over time in line with the set targets, although some variation in the progress for each year is to be expected on the journey towards the 2030 target.

Read more about our [climate reporting](#).

## Energy

### Phasing out on-site coal

The number of garment supplier factories in tier 1 and 2 reporting the use of on-site coal boilers decreased by 19 units in 2024, to a total of 27 units. This has decreased from 118 units in 2022. The decrease is a result of our continued efforts in phasing out on-site coal, changes in our supplier base, local legislation, and H&M Group pushing for increased electrification of steam production.

During 2024 we have increased traceability and energy reporting coverage, to also include tier 3 in the garment supply chain. With this increased scope we have identified 12 tier 3 facilities using coal, increasing the total number of units to 39. We will include these in the reporting scope in the future, as well as in our target to phase out on-site coal entirely from all garment suppliers, in tiers 1, 2 and 3.

### Renewable energy and energy efficiency in own operations

We have achieved a 32 percent reduction in electricity intensity in our stores (measured per square metre and opening hour) compared with our 2016 baseline. As we met our 2030 target early, we have increased it from 25 percent to 36 percent.

In 2024, 96 percent of the electricity purchased for our operations came from renewable sources, an increase from 94 percent in 2023. Additionally, renewable electricity corresponding to 20 percent of our consumption was obtained through PPAs with new solar or wind projects, up from ten percent last year.

## Green investments

### Supply chain energy efficiency programme

In 2024, the energy efficiency programme enrolled 78 new facilities, identifying potential reductions of 656,000 tonnes CO<sub>2</sub>e throughout the year. Since launching in 2021, the programme has initiated 1,027 projects, which have been or are being implemented by suppliers, resulting in expected annual reductions of 350,000 tonnes CO<sub>2</sub>e.

### Financial support

The green fashion initiative supports our suppliers in replacing fossil fuels. We have 23 financed projects with a potential reduction of 148,000 tonnes CO<sub>2</sub>e in the supply chain, of which 67,000 tonnes are attributable to H&M Group based on our share of business with the suppliers.

### Advocacy and industry action

At a global level we continued to engage with influential stakeholders and policy makers to advocate for legislation that supports decarbonising of our supply chain. In 2024, we signed the [World Economic Forum COP 29 letter](#) and we joined the University of Cambridge Institute for Sustainability Leadership's Corporate Leaders Group Europe.

During 2024, we approached the Board of Trustees at SBTi to raise our concerns about their statement on potentially allowing carbon offsets for scope 3 targets. Read the letter [here](#).

We engage with national and regional policy-makers in our main retail and production markets, both directly and through participation in stake-

holder platforms, including the UN Framework Convention on Climate Change Fashion Charter (UNCCC), World Wide Fund for Nature (WWF), WEF and RE100. Our primary objective is to support a policy shift in key production markets to improve the availability and accessibility of renewable energy.

### Preparing for net zero

To reach net zero by 2040, we need carbon dioxide removal to balance out any remaining emissions once we have reached our target to cut emissions by at least 90 percent. In 2022, we signed our first contract for permanent carbon dioxide removal with Climeworks<sup>1</sup>, and in 2023, we joined Frontier<sup>2</sup>. Since joining, we have entered eight offtake agreements, contracts to buy permanent carbon removals once they are delivered.

### Beyond value-chain mitigation

We were among the first companies to support the fight against deforestation in the Amazon with the LEAF Coalition and the deal with the Brazilian state Pará<sup>3</sup>. Under the agreement, LEAF Coalition buyers, including ourselves, have committed to purchase over four million emission reduction credits. We make no claim of GHG-neutrality based on the purchase of these carbon credits.

1. [Climeworks selected as 1st provider of technological CDR by H&M Group](#)

2. [Frontier](#)

3. [hmgroupp.com/news/hmgroupp-participates-in-leaf-coalition-deal-with-brazil](#)

# Lessons learned and future focus

- Over the last few years, we have developed our data collection and calculation models across multiple parts of the business. This work will continue in 2025 and beyond. Most major updates to our calculation models are complete, so we expect less variation in emission figures and the baseline in the coming years. See [hmgroupp.com](#) for more information.
- The reliance on external data sources such as the HIGG MSI is unavoidable. Meanwhile, we have limited influence over changes to these sources, which impacts our emissions accounting. In the future, we will monitor and evaluate how we can even further decrease our dependency.
- We will develop a more holistic approach to adaptation and resilience in our value chain, focusing on mitigating both financial risks and negative impacts on the environment and communities. We will also further develop our approach beyond value chain mitigation.
- We will evaluate and set a direction for addressing our land-use related emissions from forest, land and agriculture (FLAG) related activities.
- In the coming years we will focus on adapting to the new legislative landscape, ensuring we align our reporting with new expectations from policymakers and other stakeholders.



## Innovation

In 2024, we invested in innovative waterless dyeing technology at Arvind in India and Chorka Textile in Bangladesh. At Arvind, the SUPRAUNO technology enables waterless dyeing of textiles, cutting down water, energy and chemical use. At Chorka, Plan Zero<sup>1</sup>, a cluster of advanced technologies, is being deployed to minimise waste and emissions, with the potential to halve GHG emissions and water use. Performance and scalability evaluations are planned once the technologies are fully operational in 2025.

1. [H&M Group Collaborates with Chorka Textile Ltd. to Pilot Three Innovative Technologies for Sustainable Production in Bangladesh](#)

# Water

As a global fashion brand, we are a large consumer of freshwater, which is used in our upstream value chain during the textile manufacturing process. The process of dyeing and washing fabrics along with the farming and production of cotton is dependent on large quantities of water resources.

## Our focus areas for water

<b>Circularity</b>	We will continue to work towards our contextual targets, addressing water issues on a local level as well as engaging in water stewardship with partners and stakeholders.
<b>Leadership</b>	To inspire our business partners and peers, we will share benchmarks and create internal targets to incentivise better water performance.
<b>Investment</b>	We will invest in innovations to improve water management, introduce new recycled materials and regenerative landscape projects. In addition, we support supply chain actors to adopt water efficient practices and technologies.
<b>Change mindsets</b>	We need to ensure our organisation understands and values water better. To facilitate this shift in mindsets, we visualise and create measurements for water use and impact when for example designing collections.
<b>Ecosystem innovation</b>	To enable collaboration with stakeholders and partners, we are committed to disclose our water related actions, our dependencies and performance.

## Science Based Targets on water

As a participant in the Science Based Targets for Nature (SBTN) pilot<sup>1</sup>, we developed water quantity and quality targets for key basins, with support from the World Wide Fund for Nature (WWF). While our water strategy 2030 is based on contextual targets, SBTN guidelines align with this in high-risk basins where local scientific models and unified stakeholder engagement driven through SBTN enables us to achieve our targets more effectively.

The SBTN pilot also highlighted the need to address additional water quality challenges in the fashion industry.

1. [SBTN Pilot: H&M Group – Science Based Targets Network](#)

Our ambition is to reduce absolute water consumption and use water in an efficient way to minimise our negative impact on the environment and contribute to the preservation of freshwater resources globally. To achieve this, we are focusing on recycling and efficiency together with innovative technologies in our supply chain.

To address water scarcity risks, we have set ambitious, context-specific water reduction targets for high-risk basins, aligning with our commitment to sustainable water management. Our target is to reduce absolute freshwater consumption in tier 1 and 2 production factories by 30 percent by 2030, against a 2022 baseline, complemented by a milestone target to reduce consumption by 10 percent by 2025.

## Progress

We collaborate with tier 1 and tier 2 suppliers with wet processes to implement best practices for water management. A key focus is supporting suppliers to develop customised water roadmaps, providing step-by-step guidance to identify and implement efficiency and recycling opportunities.

H&M Group freshwater consumption was reduced by 9.5 percent in 2024 compared with the baseline. Compared with 2023, freshwater consumption decreased by 0.4 percent points even as total material weight increased during the year. This positive result is primarily the outcome of increased recycling of water during the year. Water recycling in our supply chain ramped up to 19.6 percent in 2024, compared with 12.2 percent in 2022.

### Water consumption<sup>1</sup>

	Target	2024	2023	2022
Share of recycled water consumed in tier 1 and tier 2 production factories, %	No target	19.6	16.0	12.2
Share of absolute reduction in freshwater consumption in tier 1 and tier 2 production factories from 2022 baseline, %	-10% by 2025 -30% by 2030	-9.5	-9.1	Baseline

1. By water consumption, we refer to the total volume of water used during production. We will continue to align our definitions with reporting requirements and Science Based Target for Nature.

## Lessons learned and future focus

- In collaboration with WWF, we shared key insights highlighting our partnership’s contributions to the SBTN and building connections for the Fresh Water Challenge. This effort has laid the groundwork for future collective action in critical water basins. The third report<sup>1</sup> in our corporate stewardship series focused on solutions, sharing the latest learning and recommendations on freshwater issues in the textile sector.
- To reduce freshwater dependency, H&M Group and Primark, alongside other partners, are implementing a water recycling project at Fakir Knitwear Ltd. as part of the Sustainable Manufacturing and Environmental Pollution Programme (SMEP)<sup>2</sup>. Set to complete in 2025, this initiative will offer key insights into the business case for water recycling in high freshwater consumption regions such as Bangladesh.

1. [Mobilizing the Apparel and Textile sector towards Sustainability and Collective Action | WWF](#)

2. [Optimising a textile manufacturing facility as demonstration site to reuse water and enhance wastewater management – SMEP](#)



## Our chemical roadmap

- **Traceability** of the input of chemicals used in H&M Group's production for commercial goods.
- **Engagement** to push legislation and support public policies to promote progressive chemical management.
- **Transparency** in sharing information about chemicals with customers, including full public disclosure of wastewater discharge test data.
- **Zero discharge** of prioritised hazardous chemicals in the supply chain.
- **Collaboration** ensuring clean factories that use common tools such as the MRSL.
- **Best available chemistries** promoting innovation and development of better chemicals and technologies throughout the supply chain.

# Chemicals and water pollution

Chemicals are essential to our everyday lives and are used during the production process and manufacturing of clothes and fabrics when, for example, washing and dyeing fabrics and textiles.

Good chemical management is crucial to ensure the safe use and reuse of textile materials. This includes eliminating any discharge of hazardous chemicals and microfibres into water during production or consumer use.

We prioritise safety for people and the environment by minimising pollution and eliminating hazardous discharges into water or soil during production. Guided by our chemical roadmap, we continuously improve chemical management in our value chain to address environmental and human health hazards.

As part of our product safety work, we take account of the sensitivity of our most vulnerable customer group, with stricter product chemical requirements for babies and children. This includes the proactive elimination of hazardous chemicals, such as PFAS and DMF, which we have already phased out ahead of regulatory mandates.

We collaborate with industry partners to improve product safety progress by sharing insights and best practices, and supporting international safety standards through stakeholder dialogues.

We aim for 100 percent compliance with Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MRSL) across all chemical inputs and wastewater. This target is measured annually to ensure no hazardous chemicals are used in production processes by our suppliers.

For wastewater discharge, we require suppliers to comply with ZDHC Wastewater Quality standards, which are often stricter than legal requirements, and to ensure Effluent Treatment Plant (ETP) functionality.

For safer chemical alternatives, suppliers are encouraged to use chemicals registered in the ZDHC Gateway. They must also submit monthly chemical usage details to the ZDHC Gateway, which tracks usage and provides performance insights via the InCheck<sup>1</sup> report.

1. ZDHC InCheck report provides comprehensive overview of a production unit's chemical inventory, highlighting the conformance of each chemical product to the ZDHC MRSL.

## Progress

We conduct unannounced quality tests at on-site Effluent Treatment Plants (ETP), focusing on key conventional parameters. In cases of non-compliance, corrective actions are required, followed by immediate retesting and ongoing monthly tests to ensure continuous compliance and water safety. Overall, we also made continued progress in reducing water pollution in our supply chain.

In addition, we have maintained steady progress toward our target of 100 percent MRSL compliance for chemical inputs and wastewater in tier 1 and 2 production factories, where we have similar results as last year. Our 2024 MRSL compliance score is 97.1 percent compared with 96.6 percent in 2023.

Similarly to last year, the share of production factories enrolled in the ZDHC programme was 97.6 percent in 2024.

# 97.1%

compliance score

Our 2024 MRSL compliance score was 97.1 percent.

### Chemicals and water pollution

	Target	2024	2023	2022
Number of textile and leather tier 1 and tier 2 production factories enrolled in ZDHC programme	No target	590	577	619
Share of textile and leather tier 1 and tier 2 production factories enrolled in ZDHC programme, %	100%	97.6	97.8	99.0
Share of MRSL compliance for chemical input used by tier 1 and tier 2 production factories, %	100%	97.1	96.6	97.0
Share of MRSL compliance for wastewater for tier 1 and tier 2 supplier factories, %	100%	99.5	99.5	100.0
Share of chemicals used by tier 1 and tier 2 production factories that were assured to meet ZDHC requirements via the ZDHC Gateway, %	No target	92.0	89.9	88.0
Share of tier 1 and 2 production factories achieving green grade ETP functionality assessment <sup>1</sup> , %	No target	84.4	89.0	90.0
Share of tier 1 and 2 production factories with functional ETP assessments <sup>1</sup> , %	100%	99.4	New in 2024	New in 2024
Share of tier 1 and tier 2 production factories with ETP discharged water quality that is Zero Discharge of Hazardous Chemicals wastewater compliant (Foundation Level), %	100% by 2025	92.0	93.0	74.0

1. Scope is including facilities with either on-site ETP or zero liquid discharge water treatment process.

## Lessons learned and future focus

- To ensure chemical traceability and robust management, we need enhanced monitoring. Balancing third-party assessments with internal controls is crucial. To enhance chemical compliance, we will adopt the ZDHC verified InCheck Level-1 methodology, involving on-site reviews to ensure supplier credibility. By 2025, this will be implemented for all strategic tier 1 and 2 suppliers.
- All our apparel and textile wet processing suppliers will be enrolled in the ZDHC programme and report their input chemicals. This reinforces our commitment to chemical safety and transparency across our supply chain.





# Biodiversity, ecosystems and land-use

Biodiversity loss represents a major threat to both the health of our planet and the future of our industry. A key driver of this loss is land-use changes, such as the conversion of natural habitats into agricultural land for crops such as cotton.

Our ambition is to eliminate business practices that harm ecosystems and biodiversity. Guided by the Avoid, Reduce, Restore, Regenerate, Transform (ARRRT) framework, we focus on reducing GHG emissions, limiting hazardous chemical discharge, addressing shared water and soil challenges, halting ecosystem conversion, and minimising land use for production.

We aim to build a resilient value chain that aligns with the Kunming-Montreal Global Biodiversity Framework and supports global biodiversity goals. In collaboration with organisations such as IDH, Laudes Foundation, WWF, Better Cotton, the Fashion Pact, NATIVA, BKB, and LEAF, we are maximising our impact through aligned resources.

## Our biodiversity focus areas and the ARRRT framework

<b>Avoid</b>	Recirculating existing products through circular business models and using artificial intelligence to match supply to demand help us avoid negative impacts on biodiversity.
<b>Reduce</b>	We are reducing our impact by increasing the recycled content of our products and using greater amounts of certified materials such as Responsible Wool and wood from FSC certified forests.
<b>Restore &amp; Regenerate</b>	Regenerative agriculture and conservation projects help to restore natural habitats and increase the resilience of nature.
<b>Transform</b>	Through collaborating with others, we bring about transformational change to the fashion industry.



## Progress

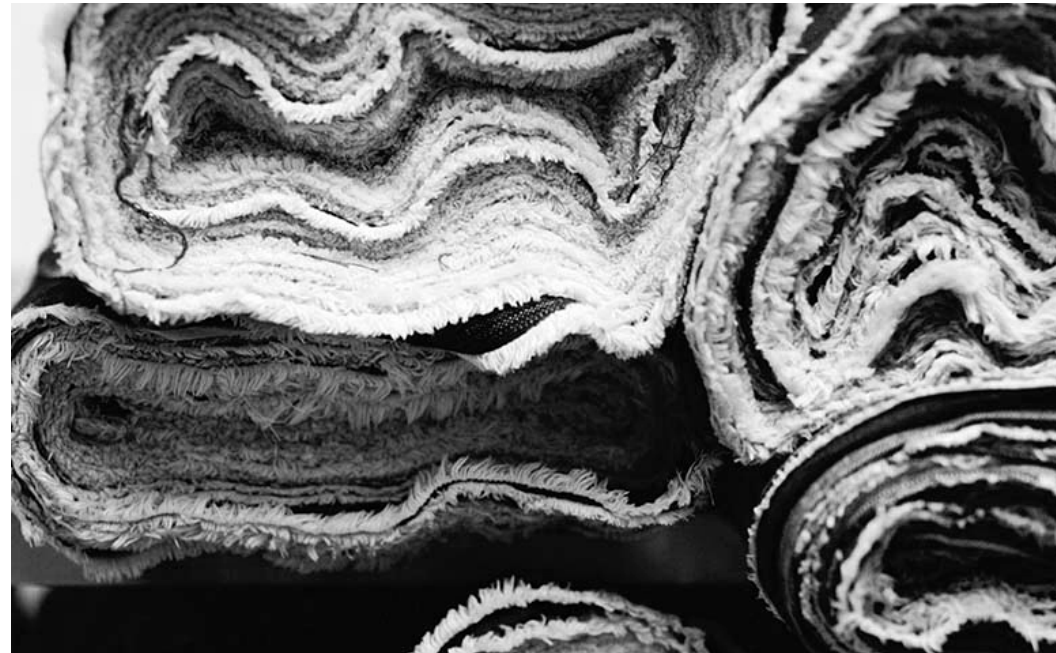
In 2023, H&M Group joined 16 other companies in the SBTN pilot, which focused on value chain assessments and setting targets for land and water. This initiative plays a key role in standardising how businesses measure environmental impacts and set meaningful targets. The three land targets assessed were preventing ecosystem conversion, reducing land footprint, and engaging in landscape initiatives.

We have successfully completed the value chain analysis and target-setting exercise in the SBTN pilot, and in the process identified key industry challenges, including the need for better data. The analysis reaffirmed that our sourcing of cotton from India and wool from South Africa remain priority areas. Two of our WWF-led projects were submitted to SBTN as part of the pilot.

Another significant milestone is our progress in sourcing fibres produced using regenerative

practices, supporting our transition towards materials that restore ecosystems and enhance resilience. This progress is complemented by our ongoing efforts to increase the share of recycled and sustainably sourced materials and integrate circular business models.

Read more in the chapter Resource use and circularity.



## Lessons learned and future focus

- We are committed to sourcing materials that protect, rather than deplete nature. A key focus is transitioning from harmful chemical-based agricultural systems to resilient, biological ones. Advancing our sustainability-driven material roadmap is central to our biodiversity ambition. We are also expanding our risk process and scope to align with science and include other ecosystem conversion risks.
- We continue collaborating with partners and supporting projects that protect, restore and regenerate nature, prioritising scalable solutions based on insights from these initiatives.
- Looking ahead, we will continue to address industry specific challenges with the aim to set Science Based Targets for Nature and aim to align our reporting with the Taskforce on Nature-related Financial Disclosures (TNFD).

# Resource use and circularity

We rely on substantial quantities of natural resources and raw materials for the production and processing of our products and packaging.

The fast depletion of natural resources, inadequate global systems to circulate products and materials, and escalating global waste pollution are major risks to our planet and our business. Our use of resources has a negative impact on the environment and people across our value chain, from the sourcing of raw materials to the disposal of our products and packaging. Increasing our resource efficiency and reducing our dependency on material resource use and extraction will not only reduce our negative impact on people and the planet, but also improve the resilience of our business model.

At H&M Group, our ambition is to grow our business decoupled from resource use and extraction with products and materials circulating at their highest value. We aim to achieve this by shifting towards recycled or sustainably sourced materials, optimising production and resource use, and by scaling circular business models and solutions

across our value chain. In addition, we develop and contribute to innovations, ventures and projects across our value chain – often in collaboration with others – that we believe will accelerate our progress and enable a circular economy for fashion. Therefore, we focus our efforts on five areas: materials, business optimisation, product and packaging design, extending customer use, and waste prevention and management.

We work with colleagues, partners, industry networks and other external stakeholders, such as the Ellen MacArthur Foundation, Textile Exchange, and Canopy to identify actions and targets related to material use, product and packaging design, extending customer use, and waste prevention and management, both in our upstream and downstream value chain. We have set relevant targets where possible and are working on developing additional ones.



## Our focus areas for resource use and circularity

<b>Materials</b>	We focus on increasing the use of recycled or sustainably sourced materials across our value chain. Through investment and industry collaboration, we help to scale innovative and alternative materials and reduce the impact of the materials we use.
<b>Business optimisation</b>	By optimising our assortment planning and aligning production with demand, we reduce waste and improve resource efficiency across our supply chain.
<b>Product and packaging design</b>	We strive to maximise the value of resources and products by keeping them in use for longer. We do this by embedding circular principles into the design of our products and packaging, ensuring they are used for longer and easier to reuse and recycle.
<b>Extending customer use</b>	Through customer-facing circular business models we aim to offer customers ways to prolong the life of our products, keeping them in use for longer and reducing waste.
<b>Waste prevention and management</b>	We focus on reducing waste where possible and ensuring that our waste is properly handled in line with the waste hierarchy. We aim for zero waste to end up in landfills, and that we recirculate products and materials at their highest value <sup>1</sup> .

1. Circular economy principle: [Circulate products and materials](#)

# Materials

Choosing the right materials is key to reducing our negative impact on people and the planet and improving resilience. Each material we use comes with its own set of challenges and risks. We set material targets by evaluating the risks, impacts, and availability of recycled or sustainably sourced material alternatives and by considering the sustainability criteria set by external organisations such as Textile Exchange. Our overarching material target is to use 100 percent recycled or sustainably sourced materials in our commercial products by 2030, ideally with at least half coming from recycled sources.

Reaching our targets starts with how we design our products and choose materials when planning our collections, and we focus on improving or

finding alternatives to materials with the biggest negative impact.

Our products also need to be protected when travelling between our suppliers, distribution centres, stores and customers. We have set targets to reduce our plastic packaging volume by 25 percent by 2025, against a 2018 baseline, and use 100 percent recycled or sustainably sourced packaging materials by 2030.

We invest in innovative materials and processes, such as dyeing, printing and finishing, as well as recycling infrastructure. Additionally, we support scaling regenerative agricultural practices in cotton and wool production and enhance technology to improve impact data and material traceability. Finally, we collaborate with our suppliers and the

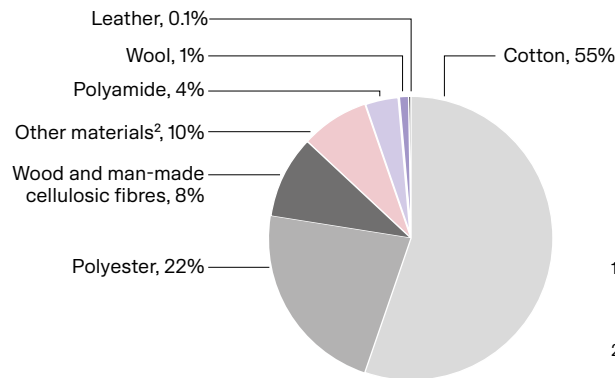
wider fashion industry to promote the production and sourcing of recycled and sustainably sourced materials.

To increase the availability and affordability of recycled and sustainably sourced materials, we support the development, testing and scaling of alternative materials and recycling infrastructure at various stages. We also collaborate with industry partners to drive wider adoption.

Cotton represents the largest share of our materials basket followed by polyester and man-made cellulosic fibres. Here we share the breakdown of materials included in our commercial products. This does not include materials for packaging.



Product material basket<sup>1</sup>



1. This includes commercial products shell fabric materials, hence does not include materials used as filling, lining or trims on garments. Figures do not add up to 100% due to rounding.  
 2. Includes commercial products shell fabric materials such as acrylic, linen, jute and elastane.

## Progress

In 2024, we increased the share of recycled or sustainably sourced materials, reaching 89 percent in our commercial products and keeping us on track towards our 2030 goal.

For packaging, most of the materials used were paper or cardboard. We continued to increase the share of recycled or sustainably sourced materials and plastic packaging designed for reuse and recycling. In 2024, 84 percent of our packaging materials were recycled or sustainably sourced.

A total of 29.5 percent of the materials used in our commercial products came from recycled sources – almost reaching our 30 percent target a year early. This progress was largely driven by an increase in the share of recycled polyester, which made up 94 percent of all polyester used – bringing us closer to our 2025 goal of 100 percent.

For sustainably sourced materials we continued to increase the share of wool certified by the Responsible Wool Standard (RWS), sustainably

sourced man-made cellulosic fibres (MMCF), and FSC certified wood and wood-based materials, for both commercial products and packaging.

We were among just 11 companies to earn ‘Leading’ status on Textile Exchange’s 2024 Material Change Index – the largest voluntary peer-to-peer comparison initiative in the textile industry. For 8 of our 10 prioritised materials, our management and uptake of preferred materials exceeded the sector average, and matched the average for the remaining two.

In 2024, we invested SEK 1.7 billion in decarbonisation activities across the value chain. The majority was invested in replacing conventional materials with recycled or sustainably sourced alternatives, as well as phasing out fossil fuels and supporting energy efficiency initiatives. In addition, we launched Syre, with Vargas Holding, a venture to scale textile-to-textile recycled polyester. We also invested in Galy, a sustainable agriculture startup that aims to make lab-grown

cotton a reality. The company has developed a minimum-viable product and is currently enhancing the quality parameters and scaling up production.

The industry needs better supply chain traceability for more precise data to mitigate risks, monitor compliance and measure impact. We contribute to projects to fill industry gaps in current GHG emission factors and other crucial impact data for key fibres and raw materials. For instance, for cotton, our largest fibre by volume, we support a life cycle assessment (LCA) baseline study with Textile Exchange and other brands, as well as an Organic Cotton Accelerator (OCA) LCA study on environmental impacts of OCA’s cotton cultivation in India.

We are piloting Better Cotton traceability together with our suppliers to gain knowledge for future scale up. We have also increased the volume of traceable MMCF and polyester using the Textile Genesis platform.

## Lessons learned and future focus

- To develop and scale production of alternative materials and recycling infrastructure, more commitment is needed from the wider industry to drive demand. Greater investment, improved infrastructure and more conducive policies are also needed. This will improve both availability and affordability.
- We continue to focus on scaling textile-to-textile and post-consumer recycled materials and other alternative materials with reduced impact. We also continue our advocacy work and industry-wide collaboration to scale innovative and recycled materials, and regenerative practices in fibre production, as well as to support infrastructure development.
- In 2024, we strengthened our raw material sourcing due diligence and partnered with standard owners and other stakeholders on risk due diligence. We have also applied our experience and learning to how we work with other standards and partners.
- We will continue to support life cycle assessment (LCA) studies on raw materials to close data gaps in the industry.
- For packaging, we will continue to carry out risk assessments and mitigation plans connected to our material sourcing, increase the share of recycled material, and continue our efforts to phase out plastic, focusing on polybags.

### Shares of recycled or sustainably sourced materials in commercial products and packaging

%	Target	2024	2023	2022
<b>Share of recycled or sustainably sourced materials<sup>1</sup> in commercial products<sup>2,3</sup></b>				
Recycled or sustainably sourced materials <sup>1</sup>	100% by 2030	89	83	82
Recycled materials	30% by 2025, 50% by 2030	29.5	27	24
<b>Share of recycled or sustainably sourced material in packaging</b>				
Recycled or sustainably sourced packaging material	100% by 2030	84	79	71

1. The definition of recycled and sustainably sourced is available at [hmgroupp.com/sustainability/circularity-and-climate/materials](https://hmgroupp.com/sustainability/circularity-and-climate/materials).

2. Commercial materials KPIs (except the KPI for down) include commercial goods shell fabric materials, hence does not include materials used as filling, lining or trims on garments. Not all sustainably sourced materials can be naturally grown or cultivated, i.e. minerals or stones. In these instances, we set up material-specific requirements to secure sustainable sourcing.

3. Due to an update of waste weight factors for all major materials during 2024, there is a change in historical data for material KPIs.

# Business optimisation, design and customer use

By optimising our assortment planning and aligning production with demand, we reduce waste and improve resource efficiency across our supply chain. We use customer insights, AI and digital product creation to do this. We also optimise the distribution of our products across our stores, distribution centres and sales markets to shorten lead times, optimise size availability, and achieve higher sell-through and stock turnover.

## Design of products and packaging

We take action to increase our resource efficiency and scale circular solutions – starting with how we design our products. While lack of industry definitions and standards is a significant challenge in the scale-up of circular design practices for commercial products, we remain committed to designing products and packaging fit for a circular economy.

We work with brands and experts such as the Circular Design Consortium and Ellen MacArthur Foundation, to explore circular design strategies, scale circular product and packaging design, share insights, and tackle shared challenges. As a voting member of the PEF-CR Apparel & Footwear technical secretariat, we help shape a harmonised EU methodology to communicate product-level impact and use the framework to enhance transparency.

## Extending customer use

By giving customers access to customer-facing circular business models, such as services and guidance that help to extend the use of products, we contribute to new, more resource-efficient revenue streams, reduce waste, and maximise the value of the materials we use. Today, we offer a range of resell, repair and rental services across our business.

---

We take action to reduce our use of materials, increase our resource efficiency, and scale circular solutions – starting with how we design our products.



## Progress

We continue to increase the share of products and packaging designed according to circular principles. The expected upcoming regulatory requirements regarding durability and recycled content will further guide our target setting.

We have also increased access to resell across our brands in 2024. Sellpy, our online platform for customers to sell and buy used products and

clothes, continued to expand. In 2024, sales from resell increased, representing 0.6 percent of H&M Group's total turnover. We have also joined the Ellen MacArthur Foundation's The Fashion ReModel – a demonstration project involving leading brands that aims to identify solutions and unlock barriers to scale customer-facing circular business models.

### Resell

	2024	2023	2022
Number of selling markets where we offer resell	26	25	24
Share of selling markets where we offer resell, %	30	29	28
Number of stores where we offer resell	38	24	12
Share of stores where we offer resell, %	0.9	0.6	0.3
Share of H&M Group turnover coming from resell, %	0.6	0.4	0.3



**30%**  
of our selling  
markets offer resell

## Lessons learned and future focus

- Despite the lack of industry definitions and standards, we will continue to expand circular design principles across our product and packaging categories.
- We see great potential in post-purchase value from digital product passports (DPP), providing enhanced product data from the entire value chain. Access to product data will lead to increased efficiency, reduce operational costs, and improve understanding across multiple use phases.
- In 2024, 0.6 percent of our turnover came from resell. Although this represents a small share of our total business, we believe it is on par with or above the industry average for companies offering resell alongside their conventional assortments. Additionally, this share has doubled since 2022, and we aim to increase resell across H&M Group.
- We will continue working with the Ellen MacArthur Foundation's Re-Model initiative and also focus on reaching our target for all plastic packaging to be designed for reuse and recycling by 2025.

# Waste

Waste is a significant global issue which requires systemic solutions. Circular systems and infrastructure that better manage resource outflows are critical to decreasing the industry’s dependence on virgin materials and reducing its environmental footprint.

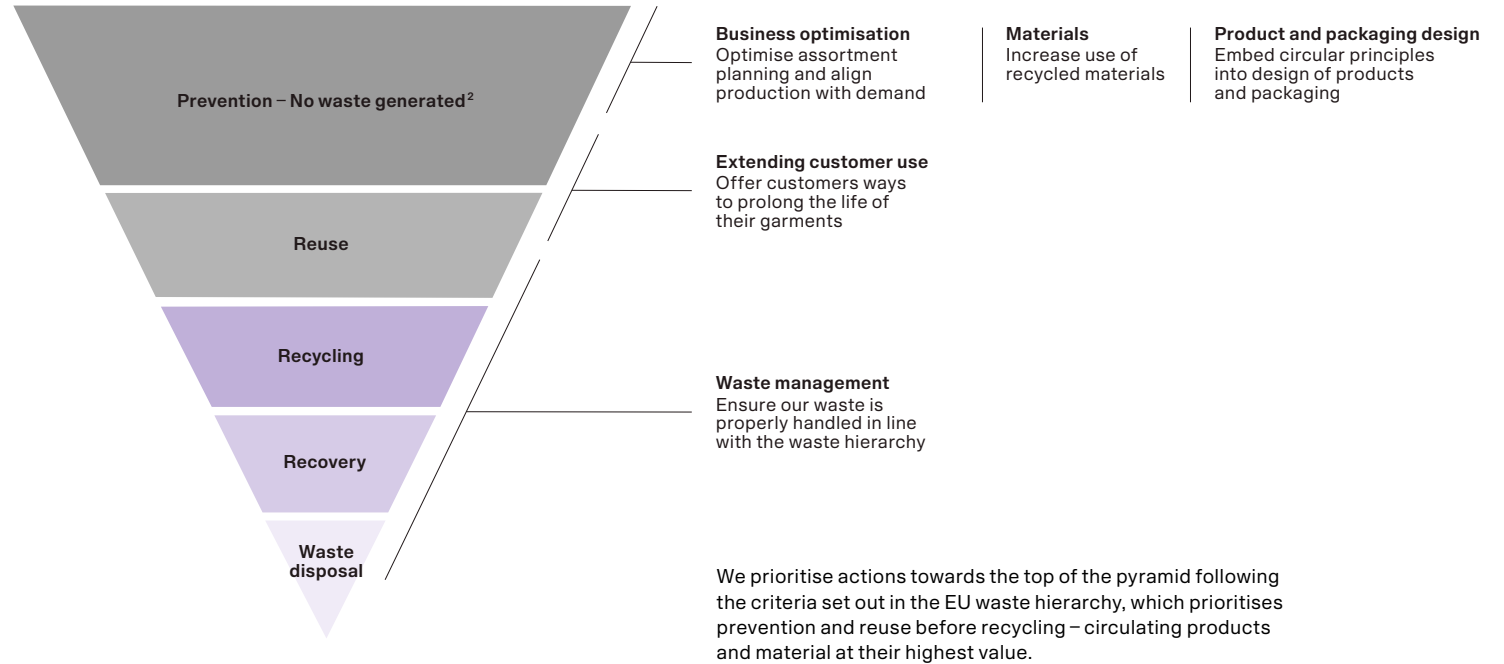
Guided by the Ellen MacArthur Foundation’s circular economy principles and the EU Waste Hierarchy, we aim to circulate products and materials at their highest value, and ultimately, for zero waste to end up in landfills. This means preventing and reducing waste, and increasing the share of waste being effectively handled and reintroduced into supply chains for reuse and recycling, in line with our environmental policy.

Our waste management strategy focuses primarily on three waste streams: product waste<sup>1</sup> and packaging waste in our own operations, textile cutting waste in the supply chain, and textiles collected from customers through our garment collecting programme.

We prevent and reduce waste by designing for durability and recyclability, through business optimisation, and by extending product use. To increase the share of waste being reused or recycled, we strengthen governance structures, data management, and operation procedures, and where possible, prioritise use of more recyclable materials.

1. Products discarded in our own operation (in stores or in distribution centres) are included in the scope. Most of these are damaged products returned in-store or online, or products damaged during transport or with a production fault. This includes but is not limited to textile, garment, home accessory, hardware, beauty and chemical (e.g. candles) products.

## The way our strategy aligns with the EU waste hierarchy



2. Waste prevention is addressed at the top tier of the pyramid.

## Progress

We support the development of a robust recycling industry for product and textile waste. We collaborate with partners and recyclers to scale technology and infrastructure for material collection, sorting, recycling and circulation. Through our partnership with Looper, we continue to improve textile sorting in Europe. As founding partner of Syre, launched in 2024, we will help make textile-to-textile recycled polyester available for the industry. We also continue to collect garments for reuse and recycling through our garment collecting programme. We build recycler networks and provide guidelines to suppliers to support recycling of textile cutting waste in our supply chain. We also advocate for effective legislation to level the playing field across the industry.

To help manage waste more effectively, we work with our collection, sorting and waste management partners to strengthen governance structures for priority waste streams and improve data accuracy, ensuring robust reporting in line with upcoming legislation. We partner with Looper Textile Co. to increase operational efficiency and visibility connected to our product waste and garment collecting programme in Europe. During 2024, Looper Textile Co. engaged with stakeholders in key markets to identify challenges and opportunities around improving garment end state and visibility.

We continue to increase the share of packaging made of paper and cardboard, replacing plastic. This improves recyclability and therefore helps to increase the share of packaging waste going to recycling.

### Waste generated in own operations<sup>1</sup>

	2024	2023	2022
Share of product waste <sup>2</sup> as share of total weight of commercial products <sup>3</sup> , %	0.7	NA	NA
Share of product waste <sup>2</sup> directed for reuse or recycling <sup>3</sup> , %	95	NA	NA
Share of product waste <sup>2</sup> directed to incineration, landfill or other disposal <sup>3,4</sup> , %	5	NA	NA
Share of packaging waste <sup>5</sup> directed for reuse or recycling, %	93	90	92
Share of packaging waste <sup>5</sup> directed to incineration, landfill or other disposal, %	7	10	8

### Garment collect

	2024	2023	2022
Total weight of garments collected through in-store <sup>6</sup> garment collect programme (in tonnes)	17,100	16,855	14,768
Share of garments collected directed for reuse <sup>7</sup> , %	66	68 <sup>8</sup>	55
Share of garments collected directed for recycling <sup>7</sup> , %	24	24	37
Share of garments collected that, as a last resort, had to be disposed of another way, prioritising incineration for energy recovery before other disposal methods <sup>7, 9, 10</sup> , %	10	8	8

- Generated in own operations = product waste and packaging waste.
- Product waste = products discarded in our own operation (in stores or in distribution centres) are included in the scope. The majority of these are damaged products returned in-store or online, or products damaged during transport or with a production fault. This includes but is not limited to textile products – garment and home –, accessories, hardware products, beauty and chemical (e.g. candles) products.
- New KPIs compared with previous years, hence data not comparable.
- Items are only destroyed if considered hazardous waste, if contaminated, or if there is no viable recycling or downcycling solution. The lack of solutions may be due to the absence of technology to recycle certain product types, for example certain beauty products or hard goods such as ceramics or infrastructure gaps in specific locations.
- Packaging waste = We report on all packaging waste handled in our distribution centres; transport packaging, online return packaging, product packaging and pallets. It is mainly paper, cardboard, wood and plastic packaging material.
- The data covers all in-store garment collect excluding franchise.
- The share of garments redirected to each end destination is based on an average for each sorting facility excluding garments collected in Japan and Mainland China.
- Due to a change in collection partner in 2023, we have not been able to disaggregate reuse as a product from reuse as a material.
- If all options in the waste hierarchy have been explored and none of them, including incineration, are possible, then the products will be disposed of other means of responsible disposal as permitted by law at an official site for waste disposal.
- We have improved data collection and data accuracy from our partners. In 2023, we changed our collection partner and during 2024 we increased data accuracy for disposal. Both factors affect data comparability with previous years' reporting.

## Lessons learned and future focus

- Collaboration with suppliers, partners and policy makers remains essential to improve waste management for reuse and recycling, scale infrastructure and ensure the legislative shifts needed.
- Accurate waste data is crucial for effective waste management. During the year, we have further worked to improve the data collection process with our partners. In 2023, we changed partners for garment collecting, which enabled further improvement in data granularity and accuracy, affecting comparability with 2022 and 2023 data. Despite challenges with data comparability, we believe the reported increase in disposal is mainly due to this improved data accuracy and the improved processes to collect, track and follow up data. We will continue improving our systems and operations to handle waste more efficiently.
- We will also review our garment collecting programme in accordance with upcoming Extended Producer Responsibility legislation for textiles.
- The challenge of textile waste goes beyond H&M Group and needs to be resolved at industry level. We acknowledge our role in contributing to the challenge, notably when our products reach markets with inadequate or no waste management or recycling infrastructure. We will continue to strengthen our strategy and actions for end-of-life textile and interact with relevant stakeholders.



# Social impact and human rights

As a global fashion company, we engage with millions of people across our own operations and value chain. We believe everyone deserves to be treated equally, with respect and dignity. We are committed to respecting human rights of all the people that are part of our value chain.

To achieve this, we have established a human rights due diligence process which is based on international frameworks and principles such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. We systematically identify, prevent, mitigate, track and account for actual and potential negative impacts on human rights in our own operations, supply chains and other business relationships.

We prioritise salient human rights risks<sup>1</sup> based on severity and likelihood. This does not mean that we disregard other issues, but it helps us address the most critical ones first. We use our leverage to build capacity within our supplier factories and work with other brands to create that leverage. Our business operations affect people differently along the value chain, from colleagues in our stores, offices and warehouses, to the garment workers

employed by our suppliers and the people who grow the cotton used in our products, as well as our customers. Read more about our approach to human rights and the different groups of people that might be affected by our business in the Social chapters of our annual and sustainability report 2024:

- Own workforce
- Workers in the value chain
- Affected communities
- Customers and end-users<sup>2</sup>

1. Salient human rights risks are those human rights at risk of the most severe negative impacts on people across the value chain. For more information, including our work on forced and child labour, see our [annual and sustainability report 2024](#) as well as our [modern slavery statement](#).

2. To learn more how customers might be affected, read the chapter Consumers and end-users in our annual and sustainability report 2024.





## Own workforce

All employees at H&M Group are entitled to a safe and fair working environment where everyone is treated with respect and in accordance with our global policies. Inclusion and diversity are the cornerstones of our strategy, fostering a workplace where every individual feels valued and included.

At H&M Group we are guided by our shared values, and we believe that our employees are a vital driving force to deliver our business idea. To enable our employees to thrive, we work actively to create and maintain a respectful and welcoming workplace. Our aim is to make the employee experience consistent across roles and geographies, while adapting to new technologies, anticipating shifting demands for skills, simplifying our organisational structure, and establishing more efficient ways of working.

Our ambition is to proactively pinpoint work environment issues that could lead to ill-health or accidents, and to implement continuous improvements for a more attractive and sustainable workplace.

We respect our employees' right to freedom of association and collective bargaining, and support this through our labour relations policy and Global Framework Agreement with Union Network International.

We focus on the business-critical competencies and skills needed now and in the future, supporting global succession planning with tools and processes for talent identification, development and retention.

Our inclusion and diversity (I&D) work comprises clear communication and mandatory training, global and regional I&D awareness initiatives, colleague resource groups, improved diversity data mechanisms, and applying a diversity lens to all colleague lifecycle processes.

## Progress

A new case handling system for incidents and accidents is being implemented globally. This will provide better data on risk observations, near misses, accidents, work related ill-health, commuting accidents, and damage to or on our properties.

We arrange a yearly global health and safety week to create awareness and promote safety, physical health and mental health in our workplaces worldwide while mitigating hazards and accidents to our colleagues.

We continuously take feedback from our employees. Our overall employee satisfaction score improved by one point. In 2024 it was 76 out of 100 (compared with 75 out of 100 in 2023).

Our updated recruitment process launched in 2024, creates a consistent experience for candidates and maintains transparency. The process includes supporting the hiring manager with needs identification, sourcing and screening of candidates, competency-based assessments, extending offers, and securing a smooth transition to pre-boarding.

We continue to expand our work with colleague resource groups to support a culture of inclusion and an inclusive work environment. The groups are voluntary and employee-led, providing support

and safe spaces where colleagues can connect, build community, encourage each other and share experiences and knowledge.

Additionally, establishing inclusion and diversity metrics, with the ambition of setting group-wide targets, will provide a structured approach to our objectives in the future. This year, we acknowledged and raised awareness around Pride and International Women's Day globally.

In the 2024 edition of Forbes World's Top Companies for Women list, H&M Group ranked 11th out of 400 companies, once again taking the number one position in the Clothing and Shoes category.

Our compensation philosophy is based on fairness, transparency and market competitiveness. We have started taking measures to globally structure and harmonise employee data to ensure we meet our reporting obligations and deliver on our compensation philosophy. We have updated and digitalised our global job framework and have started defining our global pay transparency approach. We have introduced adequate wages in our compensation benchmarks and core compensation processes. Insights from our global compensation data and analysis will guide our plans and actions.

# 76

out of 100

Our overall employee satisfaction score was 76 out of 100.

## Lessons learned and future focus

- Our updated people strategy will be launched in 2025, with focus on attracting, growing and retaining talent, fostering world-class leadership, and building high-performing teams.
- We will continue enhancing working conditions and well-being initiatives, ensuring healthy and safe workplaces.
- Physical and digital accessibility remains a key priority, with ongoing updates to our guidelines and procedures.
- We will update our I&D training which is available for everyone.
- We will continue to promote STEM programmes, partnering with Save the Children India to support children in science, technology, engineering and mathematics.



# Workers in the value chain

As a global company, we have an impact on the lives and wellbeing of millions of workers in our value chain. Our commitment to respecting human rights is deeply embedded in our culture, as well as our global policies and procedures.

We do not own nor operate factories, and we do not employ workers in the value chain directly. However, we have a responsibility to respect the rights of these people. Our tier 1 and 2 production suppliers alone span over 40 markets and employ over 1.4 million people in more than 1,600 production units.

Our primary focus remains on our direct business partners in the commercial goods production supply chain. Therefore, our reporting primarily concerns workers at our tier 1 production suppliers. However, we continue to expand our human rights due diligence efforts to include tier 2 and 3 suppliers of both commercial and non-commercial goods, as well as downstream activities such as recycling and sorting. In our work with factories, we focus on areas with the greatest impact or highest risk, rather than applying the same approach to all factories. This is done by tracking factory data in our key focus areas, instead of simply measuring their participation in specific programmes.

Often, human rights issues are interconnected. We have grouped our activities into the following key areas<sup>1</sup>:

- Labour rights and access to remedy
- Compensation and benefits (including social protection)
- Health, safety and wellbeing
- Gender equality

## Labour rights and access to remedy

Strengthening industrial relations and empowering workers to have a voice is the foundation for our human rights work in the supply chain. We expect supplier factories to improve dialogue between management and worker representatives, including trade union representatives when a trade union is present. It is crucial that workers can raise concerns and have access to remedy in case of violations of their rights. Improving grievance mechanisms mitigates the risk of many human rights violations and ensures access to remedy when violations occur.

Our Global Framework Agreement (GFA) with IndustriALL Global Union and IF Metall is implemented through National Monitoring Committees (NMC) in Bangladesh, Cambodia, India, Indonesia

1. For more information, including our work on forced and child labour, see our [annual and sustainability report 2024](#) as well as our [modern slavery statement](#).



## Trade union engagement through our global framework agreement (GFA)

We renewed our GFA with IF Metall and IndustriALL Global Union. Key updates include a commitment to supply chain due diligence, an updated governance structure and a shared budget to strengthen industrial relations, as well as a commitment from H&M Group to facilitate trade union access to factories in cases of alleged violations.

We had an in-person global NMC meeting for the first time since 2019, which brought together trade union representatives and H&M Group staff from six production countries. Coming together in person is essential to build trust and increase knowledge of each other's respective organisations.

and Türkiye<sup>1</sup>. These committees, consisting of IndustriAll Global Union affiliated unions and our production office colleagues, provide an additional grievance mechanism for workers to raise concerns and resolve conflicts that cannot be addressed at factory level. The NMCs also proactively promote freedom of association and other shared issues.

### Health, safety and wellbeing

All workers have the right to safe and healthy workplaces. This is clearly outlined in our sustainability commitment and our Global Framework Agreement with IndustriAll Global Union and IF Metall. We assess working conditions in supplier factories using both our own and third-party assessments and monitor data from supplier factories, including through the presence of health and safety committees<sup>2</sup>. When violations occur, we work with suppliers and, where possible, affected stakeholders, to ensure all rights are respected, and remedial action plans are implemented correctly.

Gender-based violence and sexual harassment (GBVH) are a safety risk for women in our supply chain. Our GBVH guideline is available to all our suppliers and regular training is conducted for internal teams. We continue our commitment with the International ACCORD, the Pakistan ACCORD, as well as the RMG Sustainability Council (RSC) in Bangladesh to build a safe and healthy garment industry.

1. We are setting up an NMC in Pakistan and already have regular engagement with local affiliated unions.

2. The committee consists of worker representatives and management representatives who meet regularly to deal with health and safety issues.

### Compensation and benefits

We want workers to earn decent wages during normal working hours that meet the basic needs and provide discretionary income for themselves and their families. However, in many countries, including the ones we source from, the legal minimum wage is not sufficient to ensure a decent standard of living. Our work to mitigate this risk is guided by our [global wage strategy](#). Since 2012, we have been monitoring wages paid to employees at our direct suppliers. We publish [data for our key production markets](#) on our website. To ensure we are a fair business partner, we adopt the [global purchasing practices commitments by ACT](#).

### Gender equality

In our supplier factories, 61 percent of workers are women. We are committed to achieving equal opportunities and wellbeing for all women working in the apparel sector, taking the unique societal, cultural and legal context of different countries into account. Our strategy for gender equality in the supply chain focuses on health and safety, career and development, and wages and representation.

## Progress

### Labour rights and access to remedy

In 2024, over 600 factories were evaluated in our annual assessment of labour rights and grievance mechanisms, and 164,818 workers responded to our worker survey. 96 percent of participating workers reported they know how to file a grievance and would use this channel. However, for female workers the positive response rate was significantly lower than for their male coworkers. Most grievances are related to health and safety, personnel related issues (including conflicts with colleagues

or supervisors) or wages and benefits. Over 50 percent of the grievances received were solved within 24 hours.

During the year, we increased access to grievance mechanisms by rolling out digital tools in Mainland China, Vietnam and Myanmar<sup>3</sup>, reaching 27 suppliers and 28,000 workers. In addition, we conducted training sessions on social dialogue as a tool for improving grievance mechanisms and access to remedy through our workplace dialogue program. In total 465 factories are enrolled in the programme reaching over 775,000 workers.

## Agreement with IndustriALL Global Union to support wages and working conditions in Cambodia

During 2024, we actively engaged with stakeholders, including local employers' associations and trade unions, as well as ACT brands and IndustriALL Global Union, to support collectively bargained wages and improved working conditions in the garment industry in Cambodia. As a result, we have signed a binding agreement with IndustriALL Global Union, in which we commit to concentrate and pro-

vide specific purchase volumes, ringfence increased labour costs and contribute to a joint skills training fund. It creates a support framework for manufacturers that sign a collective bargaining agreement with local unions, ensuring Cambodian workers receive higher wages, extra maternity leave, and – for the first time in Cambodia – five days of paternity leave.

3. We are in the process of phasing out our operations in the country gradually and in a responsible way, setting detailed plans with our suppliers and following ACT Responsible Exit Policy and Checklist.



**Health, safety and wellbeing**

We developed a new guideline for occupational health and safety that has been reviewed by Better Work, the ILO, IndustriALL Global Union and IF Metall to support our business partners in maintaining health and safety standards. We have also conducted training for NMCs and H&M Group production and logistics staff in Türkiye, Indonesia, India, Bangladesh, Cambodia, Mainland China and Vietnam on the new guideline.

In collaboration with trade unions, we selected 20 factories (employing around 30,500 workers) to carry out gap analyses in relation to our GBVH guideline to address the issues at their facilities.

We are founding members of the Textile Industry Coalition (TiC), which was launched in 2024 in India. The multi-stakeholder initiative brings together brands, manufacturers, government agencies, trade unions, civil society organisations and

research institutions to work towards a common goal by promoting zero tolerance for sexual harassment and violence in Tamil Nadu, India. As of now, TiC reaches 13 production units in Tamil Nadu and extends its efforts to six districts through community work. The initiative includes eight intervention modules at both the factory and community levels, with five modules already rolled out as training.

In 2024, we detected 337 minimum requirement violations in our tier 1 and tier 2 supplier factories connected to health and safety, 305 have been remediated through corrective action plans already.

**Compensation and benefits**

In 2024, we enrolled 9 additional factories in our programmes to set up wage management systems (WMS). In total, 457 tier 1 factories are enrolled in WMS covering 44 percent of our tier 1 suppliers.

**Human rights issues raised with National Monitoring Committees (NMCs)**

	Unresolved from 2023	Raised in 2024	Resolved in 2024	Unresolved into 2025
Compensation & benefits and severance payment	3	13	16	0
Discrimination & harassment	0	1	0	1
Freedom of association & collective bargaining agreements	4	0	4	0
Working hours	0	0	0	0
Forced labour and modern slavery	0	0	0	0
Social security	0	0	0	0
<b>Total</b>	<b>7</b>	<b>14</b>	<b>20</b>	<b>1</b>

A total of 290 factories established wage grids to improve transparent and performance-based wage setting processes.

Together with two other brands and a third-party provider, we are developing our wage management system programme so that it can be adopted by other brands or partners in the industry.

Participating in [ACT's biannual Purchasing Practices Surveys](#), helps us assess our buying behaviour, including our suppliers' perspective. The latest survey, completed by 365 suppliers and 84 colleagues, showed that forecasting and capacity planning, price quotations, and price negotiations are some of the areas where our results are above average compared with the other participants.

### Gender equality

We continued our work with women leadership programmes in Bangladesh, India and Türkiye to empower women in manufacturing factories through training on gender equality, leadership and technical skills. The programmes also provide women with fair opportunities to be considered for supervisory roles during internal recruitment. In 2024, the programmes reached a total of 101 factories.

A project with seven selected factories in Mainland China resulted in a reduction of their gender pay gap from 15.3 percent in 2023 to 4.6 percent in 2024. We supported participating factories in assessing the gender pay gap in their facilities and developing a roadmap to reduce it while increasing technical skills of female workers.

## Responsible exit from Myanmar

We are in the process of phasing out our operations in Myanmar in a responsible way, setting detailed plans with our suppliers and following the [ACT Responsible Exit Policy and Checklist](#). We continue to conduct thorough due diligence during this process and engage with stakeholders. Among others, we collaborate closely with IndustriAll Global Union to act in line with its [Framework Principles of a Brand's Responsible Business Disengagement from Myanmar](#). The local H&M Group team at the production office in Yangon continues to closely follow up with suppliers to ensure that any breaches of our standards and requirements are identified and appropriately remedied. During 2024, the local team conducted a total of 79 visits at our supplier factories (both announced and unannounced) and investigated 9 cases, of which all were resolved. We continue to engage with MADE in Myanmar, through capacity building and training programmes for our suppliers.

## Lessons learned and future focus

- We have worked on occupational health and safety (OSH) for years. We recognise that for ongoing compliance and for promoting a strong safety culture, effective OSH management systems – such as OSH committees, annual risk assessments or trainings – are essential. Going forward, we will increasingly support our suppliers to take responsibility for these systems.
- We continue to improve wage management systems in factories, focusing on strategic suppliers or factories with the highest risks. In addition, we strengthen our purchasing practices focusing on internal monitoring.
- 4 percent of factories covered in our annual labour rights assessment did not have any form of worker representation. We will assess the situation more carefully to understand the root causes and set a strategy to address them.
- Over 60 percent of the assessed factories record their grievances in a non-digital manner which makes it difficult to follow up and analyse data. We will continue to encourage factories to offer more grievance channels to their employees and to record their grievances digitally. Based on our assessment, helping key suppliers create plans to improve their grievance mechanisms has made their systems more effective.
- When applying a gender lens to the results of the worker voice survey, we can see that the responses from female workers are less positive compared with their male colleagues. We will use the insights to shape our gender equality strategy. At the same time, female representation has increased in trade unions and bipartite committees<sup>1</sup>. The ratio of women supervisors has increased in many factories involved in women leadership programmes. However, challenges such as social norms, domestic responsibilities, and demanding work in supervisory roles remain. In the future, we will adopt a risk-based approach to focus on facilities with the highest risk of discrimination and gender-based violence and harassment.
- We are launching a new research collaboration to identify the gender pay gap and career transition challenges in factories in India, Bangladesh and Pakistan, while evaluating interventions to promote women's career advancement.

1. Bipartite committees consist of representatives from workers and management who are democratically elected.

# Communities

We recognise that we have an impact on local communities throughout our value chain. Sourcing and processing raw materials, along with producing finished goods, might negatively impact people in local communities.

Our aim is to have a responsible value chain where all people in affected communities have a voice and the possibility to raise their concerns

and address their needs connected to our business operations. Every stakeholder, especially vulnerable groups such as children and indigenous peoples, should feel heard and have their rights respected. To achieve this, we identify and drive initiatives to prevent and mitigate potential negative impacts on local communities and their surrounding environment.



# Progress

We continued our voluntary engagement and supported communities outside our value chain where we and our suppliers operate. The initiatives focus on climate, nature, inclusion and diversity with an emphasis on marginalised and vulnerable people.

Our voluntary contributions include donations, paid employee volunteering, and partnerships with NGOs such as WWF, the United Nations Children's Fund (UNICEF), the United Nations High Commissioner for Refugees (UNHCR), Save the Children and

many more. During 2024, we made donations to UNHCR and Save the Children for their work in Ukraine. We also made donations to emergency actions due to flooding in Brazil, and to support UN Free and Equal during pride month.

To strengthen our engagement with rights-holders and their proxies, we invited Save the Children, Water Aid, and BRAC to find the best way to understand the needs and concerns of Bangladeshi communities potentially affected by water pollution from garment factories.

# Lessons learned and future focus

- We will strengthen our current approach by developing relationships with organisations or other proxies that can more directly and effectively represent affected communities. We will develop communications

tools to have the best possible overview of potential impacts as well as the needs and concerns of people in the communities. We want communities' voices heard through appropriate channels.



# Definitions

Throughout this report we use certain words and phrases to describe our approach to addressing specific social and environmental issues. Here, we explain what we mean by these terms:

**Circularity** The alignment with circular economy principles of products, materials, resource use and the definition of a circular economy and circular economy for fashion.

**Circulate and recirculate** The circulation and recirculation of materials, components and products in practice after first use employing the following strategies: maintenance or prolonged use, reuse or redistribution, refurbishment or remanufacturing, recycling, composting or anaerobic digestion, based on the ESRS definition.

**Circular economy** A systems solution framework that tackles global challenges such as climate change, biodiversity loss, waste and pollution. It is based on three principles, driven by design: eliminate waste and pollution, circulate products and materials (at their highest value), and regenerate nature. It is underpinned by a transition to renewable energy and materials. Transitioning to a circular economy entails decoupling economic activity from the consumption of finite resources, based on the definition made by the Ellen MacArthur Foundation.

**Circular economy for fashion** Building an industry that designs products to be used more, made to be made again, and made from safe and recycled or renewable inputs.<sup>1</sup>

**Circular design principles and practices** Designing products and packaging fit for a circular economy, enabling products and packaging to be used more, reused, repaired and recycled.

**Circular business models** Business models based on circular economy principles that could support the transition to a more resource efficient and circular economy. Occurring anywhere across the value chain, they typically modify how product and material flows through the economy. By doing so, they have the potential to reduce the environmental pressures that result from current systems of production and consumption.

**Customer-facing circular business models** Services that support our customers to extend the use and/or life of their products, such as resell and repair.

**Durability** The ability of a product, component or material to remain functional and relevant when used as intended. Durability often applies to the physical attributes of a product (its ability to resist damage and wear), though with some products durability can be technological (for example the ability of software to be upgraded many times), and it can be emotional (for example the ability of certain clothes to stay desirable over time).<sup>1</sup>

**Fair wage** A compensation rate, excluding variable components such as overtime and incentive pay, and any non-guaranteed allowances, that allows employees to meet their basic needs, including housing, food, healthcare, education and other essentials, and provide some discretionary income. As a minimum, the wage should meet legal levels or applicable collective bargaining agreement levels – whichever is higher.

**Natural resources** Natural assets (raw materials) occurring in nature that can be used for economic production or consumption.

**Own operations** The activities carried out by H&M Group's employees and non-employees across our offices, stores, warehouses and distribution centres.

**Preferred transport** options refer to lower-impact modes of transport, including 100 percent biofuel, electric and zero-emission vehicles.<sup>3</sup>

**Reverse logistics or Reverse supply chains** Supply chains dedicated to the reverse flow of products and materials for the purpose of maintenance, repair, reuse, refurbishment, remanufacture, recycling or regenerating natural systems.<sup>1</sup>

**Responsible** is one of the three pillars of our long-term materials sourcing vision. In this context, it means sourcing materials with the overall aim to respect human rights and reduce environmental impact while contributing to sustainable development in the countries where we source.<sup>4</sup> This is the foundation of all our sourcing decisions. The broader definition of what constitutes a responsible company is defined by international frameworks. For H&M Group it means having a risk-based approach to understanding and taking action to address our impacts on people and the planet, supported by robust systems of governance and transparent internal and external communications. We are aligned with the Organisation for Economic Co-operation and Development (OECD) definition of Responsible Business Conduct, which sets out an expectation that all businesses – regardless of their legal status, size, ownership or sector – avoid and address negative impacts of their operations, while contributing to sustainable development in the countries where they operate.

**Regenerative agriculture** is a concept we refer to in the context of raw material production. It is a holistic approach to farming that emphasises the interconnection between agricultural systems and nature. Regenerative farming practices aim to improve soil health, strengthen farmers' resilience, and enhance livelihoods, all while restoring natural habitats.

**Resources** Refers to natural resources (including primary raw materials) as well as secondary raw materials.

**Recycled and sustainably sourced materials** These are materials that meet our sustainability-related sourcing requirements. We work to align with Textile Exchange's definition of preferred fibre and materials: A fibre or raw material that delivers consistently reduced impacts and increased benefits for climate, nature and people compared with the conventional equivalent.<sup>2</sup> Read more about our definition of recycled and sustainably sourced materials at [hmgroup.com/sustainability/circularity-and-climate/materials/](https://hmgroup.com/sustainability/circularity-and-climate/materials/)

**Recyclability** The ease with which a material can be recycled in practice and at scale.<sup>1</sup>

1. Definitions by Ellen MacArthur Foundation.

2. Definitions by Textile Exchange [Materials-Terminology-Guide.pdf](#)

3. A zero-emissions vehicle is one that does not emit exhaust gas or other pollutants when operational.

4. Our definition of responsible sourcing is based on the OECD Guidelines for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights.

**Raw materials or materials** Or feedstocks used by the textile industry can be either primary (virgin) materials (cultivated or extracted from the earth) or secondary feedstocks (reclaimed and recycled from pre-consumer or post-consumer waste streams and fed back into the production cycle). Materials can be either renewable or non-renewable.<sup>1</sup>

- Renewable raw materials are typically not depleted when used. 'Rapidly' renewable materials are usually harvested from fast-growing sources and take 10 or fewer years to grow or raise and harvest in an ongoing and 'sustainable' way. Examples include cotton, wool and certain types of wood (for man-made cellulosic fibres).
- Non-renewable raw materials, also called finite resources, are natural resources that cannot be readily replaced by natural means quickly enough to keep up with consumption. An example is carbon-based fossil fuel (the building blocks of virgin conventional synthetic fibres and materials). Earth minerals, metal ores are other examples of non-renewable resources.
- Recycled raw materials can originate from renewable or non-renewable feedstocks. They are materials that would otherwise have become waste, which can be collected, separated, processed and returned to the economic mainstream in the form of raw materials or products.

**Supply chain** The full range of activities or processes carried out by entities in the upstream value chain, which provide products or services that are used in the development and production of H&M Group's own products or services. This includes upstream entities which H&M Group has a direct and indirect business relationship with.

**Sustainable water management** The practice of managing water resources in a way that ensures the long-term availability of water while protecting the environment. This means that water is used in a way that is equitable, efficient and sustainable. Included in sustainable water management practices are water conservation, pollution prevention, water reuse, and ecosystem protection.

**Sustainable choice** We aim to manufacture products in a more responsible way while minimising negative impact on people and the planet.

**Safe and fair working environment and conditions** A workplace which respects workers' physical and psychological health, safety and dignity, limiting the maximum number of working hours, and ensuring daily and weekly rest periods and with an annual period of paid leave, based on the Charter of Fundamental Rights of the European Union.

**Value chain** The full range of activities, resources and relationships related to H&M Group's **business model** and the external environment in which it operates.

1. Definitions by Textile Exchange [Materials-Terminology-Guide.pdf](#)



