

Focus on H&M Group

COMPANY OVERVIEW

H&M Group, headquartered in Sweden, is one of the largest companies in the global fashion sector, offering apparel, design and services across eight brands in 74 markets. Like other fashion leaders, H&M Group faces massive sustainability challenges in terms of mitigating its own impact and addressing its dependency on natural capital assets (i.e. climate, water, biodiversity).

In response, H&M has set ambitious targets to become a 100% circular and climate positive company and aims to have a net-positive impact on biodiversity. By joining industry coalitions, collaborating with governments, advocating for policy change and fostering environmental stewardship across its value chain, H&M has become a sustainability leader within its sector.

H&M Group

Why climate and nature?

The fashion industry has been a long-time changemaker, creating jobs, driving industrial revolutions, and lifting nations and individuals out of poverty. Given increasing resource scarcity, a rapidly changing climate and dire loss of biodiversity, and the threat these issues pose to the industry's longevity, H&M recognises that the fashion world must again instigate change and is helping to lead this transformation.

SUSTAINABILITY JOURNEY

Started in 1990s In the 1990s H&M recognised its dependence on key natural systems, particularly on freshwater throughout its value chain. The [WWF Water Risk Filter](#) helped the company to refine its assessment of freshwater risks and to develop a holistic water strategy that involves collective action with factories, other companies and governments in key river basins. Examples of this work are the [Yangtze in China](#) and [Büyük Menderes in Turkey](#).

Started in 2015 H&M integrates climate change into its ongoing efforts. In alignment with the [Science Based Targets Initiative](#), the company sets a well-below 2°C target and later also a goal to be climate positive by 2040. Action towards these targets include adopting renewable energy across owned facilities and supporting suppliers in doing the same.

Started in 2020 Confronted by stark [scientific data](#) on biodiversity loss, H&M sets the additional ambition of achieving a net-positive impact on biodiversity throughout its value chain.

Started in 2021 H&M issues a €500m Sustainability-Linked Bond to fund investment in recycling and climate solutions.

KEY ACTIVITIES AND ACHIEVEMENTS

Even as an industry leader, H&M accounts for less than 2% of the global fashion sector. A transformation of the fashion world will therefore require collective action.

- H&M has already achieved marked successes, including sourcing 64.5% of all materials (and 100% of its cotton) from recycled, organic or more sustainable sources and powering company-owned facilities through 90% renewable energy. H&M Group brands initiatives such as [COS Resell](#) and [ARKET](#) rentals are pursuing innovative business models to maximise the lifetime of clothes.
- H&M has been a leader in the [climate positive movement](#) and the [Fashion Pact](#), and recently helped launch the [Race to Zero: Breakthroughs Retail Campaign](#), which encourages retailers to set science-based emission reduction targets in line with a [1.5° C future](#).
- In 2020, H&M launched B2B service platform [Treadler](#), which offers other businesses access to H&M Group's global supply chain, with the goal to further accelerate a sustainable change.

ENABLERS



SUPPLIER COLLABORATION

H&M does not own production facilities and its largest impacts come from emissions and biodiversity further up the value chain. To lessen these impacts, H&M operational staff at its sourcing sites interact directly with factory managers. Sustainability has been integrated into KPIs for these employees.



INFORMED PRIORITIZATION

To understand and address biodiversity impacts associated with its agricultural suppliers, H&M used an adapted version of the [Biodiversity Impact Metric \(BIM\)](#).

SPOTLIGHT ON: REGENERATIVE AGRICULTURE

H&M has started a project with WWF that aims to help 6,000 smallholder cotton farmers adopt regenerative agricultural practices that will enhance livelihoods, restore biodiversity, build climate resilience and reduce pressures on critical tiger habitats in central India.

CHALLENGES AND OPPORTUNITIES



POLICY ADVOCACY

While voluntary action is important, regulation will ultimately drive widespread reform and prompt more companies to set bold targets and take action. H&M works closely with [We Mean Business](#) and [Business For Nature](#) to convey business support for ambitious climate and nature policies.



SCIENCE AND ACTION

H&M supports the [Science Based Targets Network's](#) development of nature methodologies and the biodiversity and policy work of IPBES. Understanding the urgency of today's environmental challenges, H&M is taking action based on the most current science and believes other businesses must do the same.

SPOTLIGHT ON: DATA AND REPORTING

To drive individual and industry-wide transparency, H&M supports disclosure platforms (e.g. [CDP](#), [TCFD](#) and [TNFD](#)), the integration of nature and climate into existing platforms (e.g. [Textile Exchange Corporate Fiber and Materials Benchmark](#)), and the strengthening of alignments between reporting systems.

Key Takeaways

“The true success of a strategy lies in ensuring that production level staff have a clear list of actions they can take. A great vision is important, but it has to be underpinned by clarity on what it translates to at activity level.”

By embedding sustainability KPIs into operational targets, H&M drives action at all levels of the organisation.

“Transparency and an openness to be challenged, learn and improve is key.”

H&M was an early leader in publicly releasing sustainability details regarding its supply chain. This is not easy, as data availability and quality are constantly improving. But this transparency has driven other companies to do the same and helped H&M identify gaps in its own efforts.

“The urgency for action makes it impossible for any of us to wait until the science is perfect and methodologies are universally accepted... there's no better way to learn than by acting based on the best information available.”

Like every company, H&M must make decisions based on data that is invariably imperfect. This uncertainty hasn't stopped H&M from setting ambitious targets that have already succeeded in driving company and industry-wide action.

PRODUCED IN PARTNERSHIP WITH THE FOLLOWING ORGANISATIONS

