



Climate

The science is clear – global temperature rise must be kept to 1.5°C – and as a global fashion company we have to act.

Degrees matter

A total of 196 countries have agreed that we need to limit global temperature rise to 1.5°C to ensure a healthy future for our planet. At H&M Group, we are committed to working towards to this global ambition.

In early 2022, we introduced a new goal to double our sales by 2030 while halving our carbon footprint. This doesn't mean we want to sell twice as much or double our volumes. It means we need to reduce our dependency on virgin resources and find new ways to generate growth.

Our target is to reduce emissions across our value chain by 56% by 2030 and reach net zero by 2040 (against a 2019 baseline). We also want to widen our impact and help reach the global goal.

This is a huge challenge, and we need to take a more holistic view to our sustainability work to reach net-zero. Alongside switching to renewable energy and improving energy efficiency, our work to restore biodiversity and transform to a circular fashion industry will also contribute to reducing our carbon footprint.

What is net-zero?

Currently we cannot decrease our emissions 100% to achieve absolute zero. Instead, we need to take action to balance out any residual emissions to reach net-zero.

Find out more about the actions we will take to achieve net-zero below in *Taking climate action*.

Sharpened goals

When we started working on reducing our impact there were no global standards, so we used the best available

information to set our targets and plans.

Now we have the Paris Agreement that gives us a clear goal of 1.5°C and the Science Based Targets Initiative's (SBTi) Net-Zero Standard that helps companies like ours translate this global goal into corporate targets. At H&M Group, we are committed to setting a Net-Zero target with SBTi and our goals are currently awaiting verification by the organisation.

But our plans are never static, and we will change again if we need to realign with new science.

Expanded ambitions

We are committed to transforming our business and changing the way fashion is produced, consumed and used. Our new climate strategy amplifies our previous approach and reaches beyond our own value chain.

- We will invest in renewable energy, circularity and other technology to secure our own value chain.
- We aim to reach net-zero ten years ahead of the timeline set out in the Paris Agreement.
- We want to inspire action beyond our value chain by engaging in public affairs and collaborating with partners.
- We will take an open-source approach, to help scale and accelerate action within our industry and beyond.

Taking climate action

To guide our work, we have created a four-step action framework that minimises our negative impact and maximises our positive contribution.

1. Measure & disclose

To ensure our actions have the greatest effect, we need to know where we're starting from. We closely monitor the greenhouse gas emissions across our value chain and share this information to be transparent and open about our progress.

2. Reduce

Our priority is to reduce emissions by 56% by 2030. Making fibres, processing materials and dyeing fabrics use a lot of energy and about 70% of a garment's climate impact happens during manufacturing.

– Phasing out coal

At the beginning of 2022, we stopped onboarding new supplier factories with on-site coal boilers into our supply chain.

– Financial support to our suppliers

We are investing in our suppliers to help them become more energy efficient and to transition to renewable energy.

– Internal carbon pricing

In 2021, we set up internal carbon pricing to support our teams to minimise carbon emissions when making decisions about materials, production processes and transport. Choices with higher emissions will impact a product's margin negatively. The internal carbon price will increase over time to encourage more sustainable buying decisions.

– Green investment team

We have set up a green investment team with a single focus: to financially support projects to reduce H&M Group's emissions throughout the value chain and remove carbon from the atmosphere. The team will

measure return on investment by emissions reductions, not financial gain.

– **Circular business models**

We are trialling several circular business models around access, use and care, and collection of products. Moving to a circular economy will decrease the amount of virgin resources we use to make products and reduce our carbon emissions.

3. Remove & protect

As well as reducing our emissions, we need to remove and store any unavoidable emissions to reach net-zero. We will invest in carbon removal to capture carbon from the air and lock it away in trees, soils or underground rock formations. On top of this we will also help protect existing carbon sinks, such as tropical forests, to contribute to the global goal to keep temperature rise below 1.5°C.

4. Advocate

The only way we can create rapid change on a big scale is to work together. We want to push the climate agenda both within our industry and at a global level by advocating and engaging in policy that limits temperature rise to 1.5°C. By collaborating with others such as WWF and UNFCCC, we can share knowledge and create momentum to transform the entire industry, as well as help smaller companies speed up their transition.

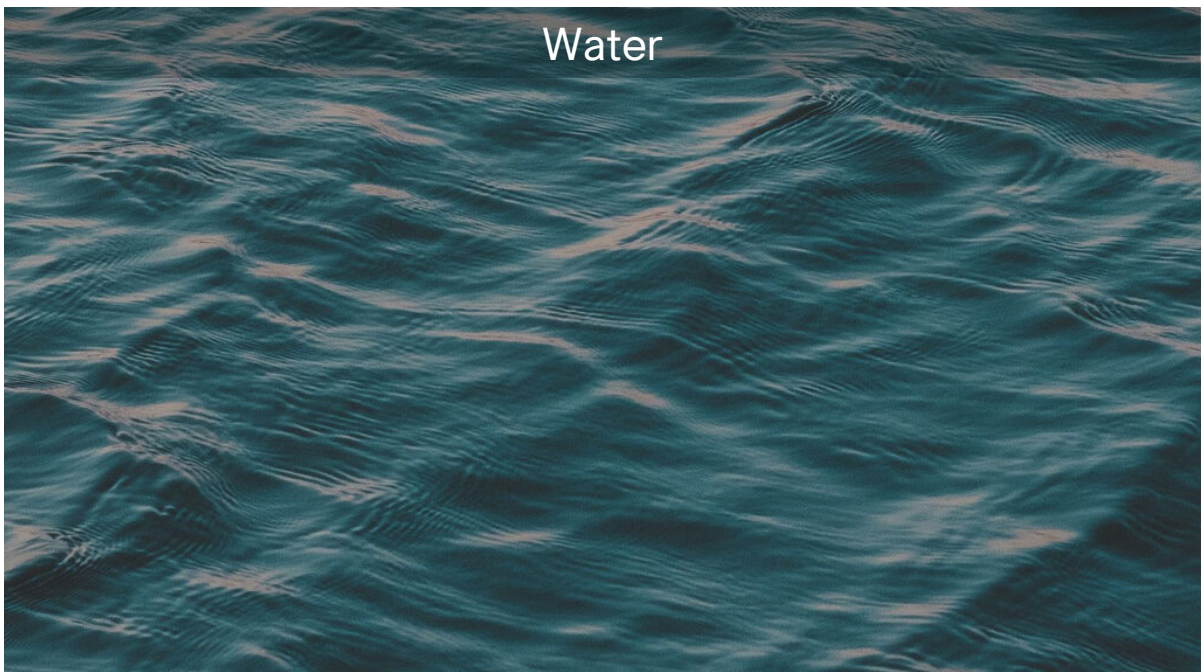
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