etisk handel norge

Due diligence for responsible business conduct with regards to people, animals, society and the environment

Account reporting year 2025

for H&M Hennes & Mauritz AS

*Ethical Trade Norway has assessed the report of H&M Hennes & Mauritz AS to meet the criteria of our Base Level. More information about our Base Level can be found **here**.*

SUSTAINABLE DEVELOPMENT GOALS

To Readers Of The Report

Private enterprises, the public sector and organizations have a significant impact on people, society, the environment, the climate and animals. Enterprises contribute to development, innovation and improved living conditions, but their activities also entail risk and real harm. Enterprises therefore play a key role in efforts to achieve the UN Sustainable Development Goals and the Paris Agreement's 1.5-degree target. This work is most effective when done in collaboration.

Ethical Trade Norway is a membership organization and a multi-stakeholder initiative bringing together businesses, trade unions, employer organizations, civil society and the public sector to jointly address the complex challenges in global supply chains that no single company can solve alone.

Transparency, accountability and continuous improvement are fundamental to this work. This membership report can be used as a statement under the Norwegian Transparency Act, but it also covers broader topics such as climate, environment and anti-corruption. Our framework is based on the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance – internationally recognized standards that form the basis for Ethical Trade Norway's 13 principles for sustainable business practices. These principles cover human rights, decent work, environment and climate, animal welfare and anti-corruption.

All members of Ethical Trade Norway are required to carry out risk-based due diligence and to report annually on progress in their own work. Companies at our quality level Basic meet the requirements of the Transparency Act for due diligence reporting. Members can also strive to achieve the levels *Implementing* and, from 2026, *Leading*.

Due diligence is not about being "risk-free", but about being transparent and systematic: identifying risks, preventing and mitigating negative impacts, communicating openly about how these are addressed, and – where necessary – contributing to remediation.

I would like to thank all members for their efforts, openness and willingness to contribute to responsible supply chains. Together, we demonstrate how responsible trade can be in the best interests of people, animals, society and the environment.

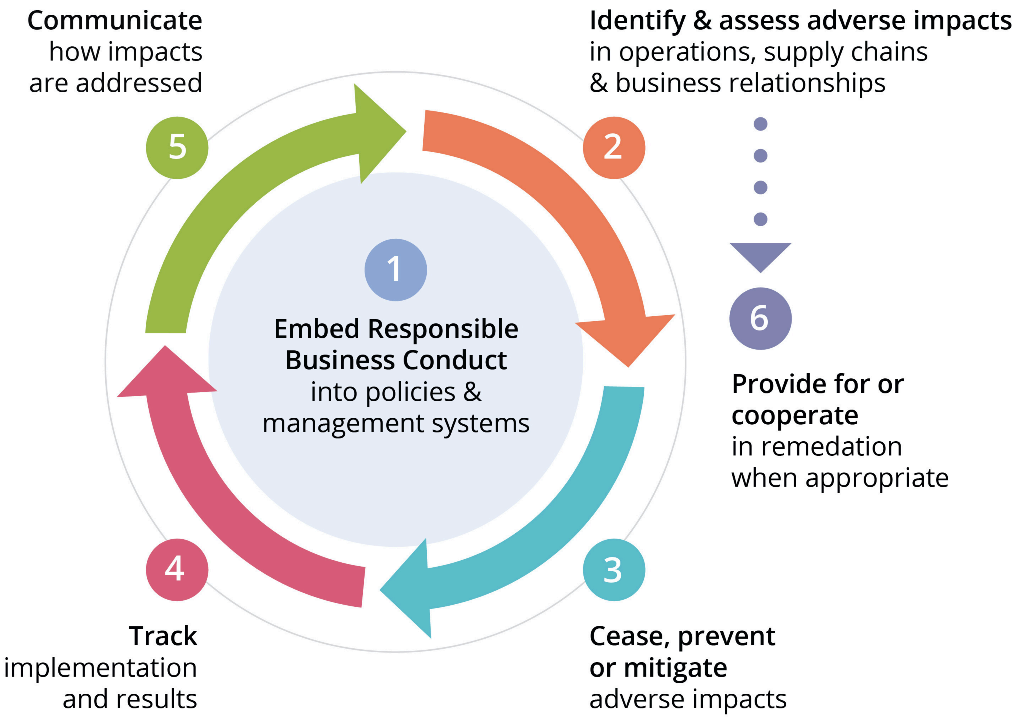
Heidi Furustøl

Heidi Furustøl
Executive Director
Ethical Trade Norway

Due diligence

This report is based on the UN Guiding Principles on Business and Human Rights and the OECD model for Due Diligence for Responsible Business Conduct.

The model has six steps that describe how companies can work for more responsible and sustainable business practice. However, being good at due diligence does not mean no negative impact on people, planet and the society. It means that the company is open and honest about challenges faced and shows how this is managed in the best possible way in collaboration with its stakeholders. This report is divided in chapters following the OECD model.



Preface From CEO

In 1947, our founder had a vision. Erling Persson wanted to make great fashion available to everyone and to do it in the right way. He built the foundation for a customer-focused, creative and value-driven company. Our future depends on our strong culture of innovation and entrepreneurship, a tireless focus on our customers and the ability to scale great ideas to benefit millions.

Our business idea is that there should be no compromise between exceptional design, affordable prices and sustainable solutions.

To stay competitive and to continue to liberate fashion for the many, we have one long-term sustainability ambition that aims to:
• Decouple growth by cutting emissions and reducing the use of virgin materials and water. We do this by shifting to renewable energy and reducing our dependence on critical and finite resources as we grow our business.
• Empower people and communities by advancing human rights and addressing negative impacts on people and the environment in our own operations and across our value chain. We do this by strengthening standards and practices together with suppliers and partners.
• Drive change within our industry by inspiring collective action and innovations that help build a thriving fashion industry. We do this by using our creativity, global reach and partnerships to scale solutions and accelerate progress.

Our targets
Our sustainability ambition is broken down to into targets that aim to guide us on our journey to change our environmental and social impact. Integration into our business and collaboration with our stakeholders is key. Below is a selection of our targets. More detailed information can be found in our Annual and sustainability report 2025.

Climate
• Target 2030: Reduce absolute scope 1, 2 and 3 greenhouse gas emissions by 56 percent against a 2019 baseline.*
• Target 2040: Achieve net-zero by reducing absolute scope 1, 2 and 3 emissions by at least 90 percent against a 2019 baseline, and balance out any remaining emissions with permanent carbon removals.*
Progress update 2025: A 41 percent reduction in scope 1 and 2 emissions and a 35 percent reduction in scope 3 emissions.
* Both goals have been verified by the Science Based Targets Initiative.

Materials and resources
• Target 2025: 30 percent of materials sourced for commercial goods to be certified recycled.Progress update 2025: 32 percent.
• 2030: 100 percent of materials sourced for commercial goods to be either recycled or sustainably sourced.
Progress update 2025: 91 percent.

Packaging
• Target 2025: 25 percent reduction in plastic packaging against a 2018 baseline.
Progress update 2025: 60 percent.
• Target 2030: 100 percent of packaging from recycled or sustainably sourced materials, with a preference for post-consumer recycled materials.
Progress update 2025: 86 percent.

Chemicals
• Target 2030: Increase to 95 percent of chemicals used in tier 1 and 2 factories that are assured to meet ZDHC MRSL requirements.
Progress update 2025: We reached 92.6 percent towards our target of ensuring that 95 percent of chemicals used in tier 1 and 2 factories are assured to meet ZDHC MRSL requirements.

Water

• Target 2025: Reduce absolute freshwater use in wet processing factories by 10 percent by 2025 and 30 percent by 2030, both compared to a 2022 baseline.
Progress update 2025: Freshwater use in our tier 1 and 2 factories decreased by 22.8 percent compared with the 2022 baseline and by 11 percent compared with 2024, mainly driven by the substantial increase in the share of recycled water to 20.3 percent.

People
• Target 2030: Improve our employee engagement year-on-year and increase the satisfaction score (eSAT) to 80.
Progress update 2025: 77 (2024: 76).
• Target 2025: Ensure 100 percent of workers in tier 1 factories have access to grievance and dispute-resolution mechanisms.
Progress update 2025: 100 percent.
• Target 2028: Increase the share of strategic tier 1 production units with wage risk enrolled in the wage management system (WMS) to 100 percent.
Progress update 2025: 80 percent.

For our operations in Norway all our suppliers have signed and are bound by our business partner Sustainability Commitment. During the year we have focused on checking work permits with cleaning companies. We have also audited our own process for securing suppliers making sure it takes all requirements on suppliers into account.

During 2025 we have had no reported breaches of our business partner Sustainability Commitment.

Minna Carlberg
Nordic Sales Market Manager and Managing Director of H&M Hennes & Mauritz AS

Board Signature

This report is electronically signed. See last page for verification.

Enterprise information and enterprise context

Key enterprise information

Enterprise name

H&M Hennes & Mauritz AS

Head office address

Postboks 68 Alnabru, 0614 Oslo

Main brands, products and services offered by the enterprise

H&M – which includes H&M HOME, H&M Move and H&M Beauty – and the portfolio brands consisting of COS, Weekday, Cheap Monday, Monki, & Other Stories, ARKET, and The Singular Society

Description of enterprise structure

H&M Hennes & Mauritz AS is part of H & M Hennes & Mauritz AB (H&M Group or H&M), a Swedish public limited company. The company's class B shares are listed on Nasdaq Stockholm. H&M Group is a global fashion and design company, with over 4,000 stores in more than 80 markets and online sales in over 60 markets. H&M Group is a multi-brand, matrix organisation. It is made up of H&M (including H&M HOME, H&M Move and H&M Beauty) and the Portfolio Brands – COS, Weekday (including Cheap Monday and Monki), & Other Stories, ARKET and Singular Society. The group also includes New Growth & Ventures, which consists of our investment arm, H&M Group Ventures, including Looper Textile Co. and Sellpy.

Our own operations include the design, purchasing, marketing, sale, warehousing and distribution of our products. To remain competitive, we focus on attracting and developing talent that can help improve our customer offering and business model. This encompasses the development of our key products and services including retail and online sales of clothing, accessories, homeware, footwear and cosmetics.

Our offices, warehouses and distribution centres are mainly located in Europe, North America and Asia to serve our global customer base. These activities rely on key inputs such as financial capital, human capital, and intellectual capital to deliver on our ambition of making fashion accessible to the many.

Revenue in reporting year (NOK)

4 700 000 000

Number of employees

2 466

Is the enterprise covered by the Transparency Act?

Yes

Major changes to the enterprise since last and current reporting period

This report is derived from the H&H Group Annual and Sustainability Report 2025 - financial period December 2024 to November 2025. The H&M Group report is prepared according to CSRD/ESRS standards.

Karen O'Rourke left has Nordic Sales Market Manager and Managing Director of H&M Hennes & Mauritz AS and was replaced by Minna Carlberg.

Contact person for the report (name and title)

Marcus Hartmann Head of Public Affairs & Sustainability Region North

Email for contact person for the report

marcus.hartmann@hm.com

Supply chain information

General description of the enterprise's sourcing model and supply chain

Like most fashion brands, we do not own any factories, but instead we work with independent suppliers in our upstream value chain to produce the collections we design and sell. Activities in our upstream value chain include the production and processing of raw materials such as cotton, wool and wood as well as the manufacturing of our products. Our production and manufacturing activities are primarily located in Asia, with suppliers operating in countries such as Mainland China, Bangladesh, India, Vietnam and Türkiye. As part of our sustainability strategy, we engage closely with our suppliers and business partners to ensure that the social and environmental requirements set out in our policies and commitments are consistently met.

From raw materials to finished item, our products pass through many different suppliers on their journey to our stores. These suppliers are arranged into several tiers to make our supply chain. Each tier does business with its immediately adjacent tiers.

Not all supply chains are the same and they can vary according to product type or materials used. Some of our supply chains are vertical – short with few tiers. Others can be horizontal and comprise several tiers.

- Tier 1 are the companies we do business with directly and work with product manufacture or processing.
- Companies working with component production and processing tend to fall into tiers 2 to 4.
- Raw material production can cover tiers 4 to 6.

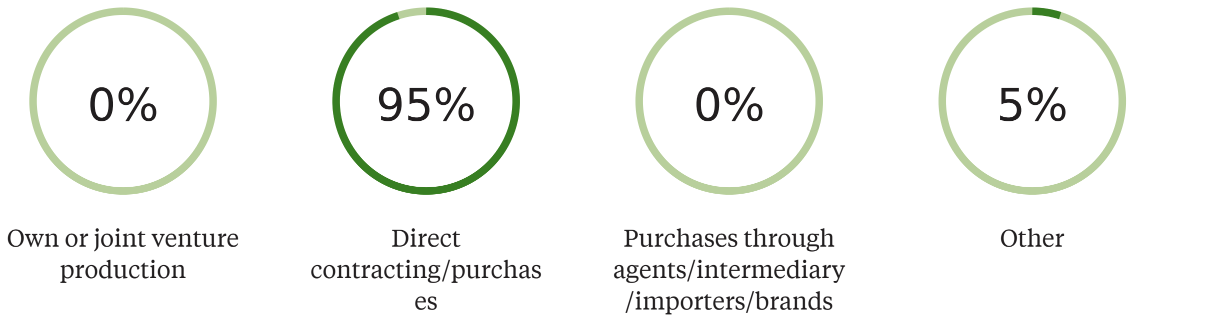
Number of suppliers with which the enterprise has had commercial relations in the reporting year

554

Comments

We do business with over 554 commercial product suppliers who manufacture products for our brands in over 969 tier 1 factories in Europe, Asia and North America

Type of purchasing/ suppliers relationships



The majority (more than 95%) is sourced directly. A small share of our sourcing volume (less than 5%) comes from external brands that are sold through our channels and circular business models, like re-sell.

List of first tier suppliers (producers) by country

See our full supplier list here: https://hmgroup.com/sustainability/leading-the-change/transparency/supply-chain/

Our supplier list discloses the details of manufacturing and processing factories, accounting for 99% of the products we sell.

The list also includes details of tier 2 factories that provide our suppliers with fabric, including tanneries, fabric dyeing and printing. We are working towards disclosing 100% of the fabric dyeing and printing factories involved in making our products.1 As participants in the Transparency Pledge we share the name, address, product type produced and number of workers employed at the factories. We also publish how long we have worked with each factory, the percentage of female workers and whether trade union are present.

We update this supplier list quarterly.

State the number of workers at first tier producers

Number of workers

1 100 000

Comments to number of workers

Key inputs/raw materials for products or services and associated geographies

BCI cotton	Brazil India Pakistan Turkey USA
Organic cotton	India Pakistan Turkey
Synthetic fibre (Polyester, Polyamid, Acrylic etc.)	Bangladesh China Indonesia India South Korea
Cellulosic fibre (Viscose, Modal, Lyocell etc.)	Austria China Germany Indonesia India Thailand
Bast fibre (Linen)	Belgium China France Netherlands
Wool	Argentina Australia New Zealand Peru South Africa

Is the enterprise a supplier to the public sector?

No

Goals and progress

Process goals and progress for the reporting year

1

Goal :

Status :

Process goals for coming year

1

Governance and commitment to responsible business conduct

Embedding responsible business conduct means that the enterprise should have strategies and plan, as well as relevant policies and guidelines for due diligence for responsible business conduct (hereafter due diligence) which are adopted by management. These should comprise the enterprise's own operations, its supply chain and other business relationships. Effective management systems for implementation are key to success, and due diligence should be an integrated element in enterprise operations. Clear expectations from senior management are crucial, as well as clearly assigned responsibilities within the enterprise, for the implementation of the steps in the due diligence process. Those involved need to know how to proceed. Transparency about commitments the enterprise has for itself, challenges they are facing, and how these are managed is fundamental

1.A Policy for own enterprise

1.A.1 Link to publicly accessible policy for own enterprise

https://hmgroup.com/sustainability/standards-and-policies/

1.A.2 What does the enterprise say publicly about its commitments to respect people, animals, society and the environment?

See our policies.

1.A.3 How has the policy/commitment been developed and how is it embedded in the enterprise?

Our commitment includes all internationally recognised human rights stated in the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. We also acknowledge children's and women's rights as outlined in the United Nations Convention on the Rights of the Child and the United Nations Convention on the Elimination of Discrimination against Women.

Governance and integration
Policy integration: Our commitment to operating with respect in line with international standards is reflected in our corporate-level Human Rights Policy and in operational-level policies and guidelines, which help us act with accountability and fulfill our obligations in practice.

Key operational-level policies include our Sustainability Commitment, which sets out our requirements for suppliers and business partners to respect human rights and the environment and to ensure good working conditions; our global Social Policies, which are the equivalent for our internal operations; and our Material Ethics Policy.

Guidelines that further support our teams and business partners in respecting human rights in their daily work include our Migrant Worker Guideline, which helps secure fair recruitment of migrant workers, and our Responsible AI Framework, which is applied when developing new AI applications.

Governance and culture: Responsibility for implementing our commitment to operating with respect for human rights is anchored at the highest level of our company. Our Board of Directors has adopted this Human Rights Policy on behalf of H&M Group and has delegated responsibility for its implementation to senior operational executives who report to the CEO.

The CSO and the Head of Corporate Governance oversee overall implementation and report regularly on progress and impact to the Board of Directors and the leadership team. Work to further develop reporting and governance, and to integrate human rights management in an effective and meaningful way, is ongoing.

A strong culture is an essential part of our approach. One of H&M Group's core values is "believe in people", and a key aspect of our corporate governance has always been trusting our colleagues to make the right decisions. Raising awareness and embedding respect for human rights in our culture and values requires providing colleagues with appropriate training and the right tools.

Training and awareness-raising: Raising awareness and building understanding of what it means to operate with respect for human rights is key to effective integration. We provide basic human rights training across our business, tailoring content for different functions and roles. The training includes a basic introduction to human rights, an outline of our responsibilities in line with the UNGPs, and key aspects of effective implementation. In-depth training and workshops are targeted at key staff and cover specific topics such as forced labour and the application of remedy logic. A similar approach is applied to suppliers and business partners.

1.B Organisation and internal communication

1.B.1 How is the due diligence work organized within the enterprise, embedded in internal guidelines and routines?

We maintain a systematic approach to due diligence and risk management to ensure sustainability matters are effectively identified, managed and reported. Our approach ensures that these matters are integrated into our business planning and decision-making processes throughout our brands and functions.

Due diligence process
Human rights and environmental due diligence (HREDD) is an integrated part of H&M Group's long-term sustainability initiatives. Our HREDD process is aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. This ensures a systematic approach to identifying, preventing and mitigating adverse impacts on people and the environment. Engagement with rightsholders and affected stake holders is a central part throughout our due diligence process. We engage in meaningful dialogue with affected and potentially affected stakeholders, ensuring their perspectives inform risk identification, prioritisation, actions and remediation. As part of this process, we collect, verify and assess sustainability- related information to identify and evaluate actual or potential adverse impacts. These insights enable informed decision-making and timely action to address negative impacts.

Risk management process
Sustainability-related impacts or risks that have been identified through our due diligence process or other relevant processes are integrated into H&M Group's enterprise risk management (ERM) system, to ensure they are man aged in alignment with our overall risk management process. Risks are priori tised using a risk assessment matrix that considers the likelihood and impact on our business in terms of financial size, brand reputation, and regulatory compliance. The risk assessment is reviewed by the corporate governance team and the prioritised risks are reported biannually to the audit committee and annually to the board of directors to ensure efficient oversight. Suggested actions to manage prioritised risks and opportunities are incorporated into our business plans.

During 2025, we have continued to develop internal control and data management procedures to improve our sustainability governance framework and mitigate risks associated with the consolidation and reporting of sustainability data. The main risks identified related to sustainability reporting include non-compliance with applicable frameworks and regulations, and failure to report accurate and reliable information. Ongoing initiatives to manage these risks include the development of our internal control over sustainability reporting (ICSR), which is designed in alignment with our existing internal control over financial reporting (ICFR). The current internal control over sustainability reporting covers key and prioritised sustainability areas and the reporting process. The internal control work aims to mitigate risks related to errors in reporting to ensure compliance with applicable frameworks and regulations. Responsibility for implementing internal control over sustainability-related information and data sits with the sustainability data and controlling team. The audit committee monitors the effectiveness of internal control and risk management, reporting regularly to the board of directors on the status of these processes. Read more about our approach to risk management in the corporate governance report on page 41.

1.B.2 How is the significance of the enterprise's due diligence work defined and clarified for the employees through their job description (or the like), work tasks and incentive structures?

The Chief Sustainability Officer (CSO) is responsible for setting the sustainability strategy which is integrated into our business idea and implemented on throughout H&M Group by the different functions. H&M Group's corporate governance structure encompasses the shareholders, the board of directors, the audit and nomination committees, the company's auditors, the CEO and the executive management team, individual business areas organised by brand, employees and employee organisations.

Our policies clarify the expected behaviour and output of our actions as a company and related expected behaviour from us as colleagues and external companies providing services to the H&M Group. They explain our strategic perspective for a certain topic, guide decision making and provide insight in why our standpoint is important.

Our aim is to secure that all of us working in the H&M Group have the knowledge about the Code of Ethics that we need to comply with it in our daily work. The mandatory CoE E-learning should be conducted within the first 3 months of employment. After that the training is completed on a yearly basis.

The company's ethics program is designed to help every employee live up to these values.
Everyone working at H&M Group is responsible:
* To understand the content of H&M Group's Code of Ethics.
* To comply with the Code in your daily work.

1.B.3 How does the enterprise make sure employees have adequate competence to work on due diligence for responsible business conduct?

H&M Group employees are continuously trained in our company values and policies, including those related to human rights. Specific e-learning courses on sustainability - related themes are also available to our employees and include modules developed by the Mekong Club on forced labour.

We have provided our colleagues trainings and workshops to refresh their knowledge on our policies and guide - lines on forced labour and child labour and to build their capacity on these topics further. These colleagues are social sustainability developers in charge of ensuring compliance with our sustainability requirements and social sustainability programme specialists leading programmes to improve social conditions in our supply chains. These programmes include global initiatives promoting workplace dialogue and wage management systems as well as locally developed and led programmes such as those focusing on women's career and development in Türkiye, or health and wellbeing in Indonesia.

In 2025, we continued using our new learning platform to deliver the trainings and provide regular updates to our employees.

General trainings and awareness raising include:
- Introduction to business and human rights
- Enabling remedy workshops
- Responsible purchasing practices
- Introduction to code of ethics

Topic specific trainings and awareness raising include for example:
- Circular design and how to use our circular design tool
- I&D through our Layers workshops
- Introduction to forced labour and fair recruitment

We are constantly reviewing and updating key modules for responsible business conduct and to even further formalize structures and approach for continuous learning.

1.C. Plans and resources

1.C.1 How are the enterprise's commitments to respect people, animals, society and the environment embedded in strategies and action plans?

The purpose of our sustainability governance model is to ensure effective oversight of sustainability issues and that the continuous development of our overall strategy and business model aligns with stakeholder expectations. We have integrated sustainability aspects into our long-term business planning to ensure that environmental, social, and governance-related factors are evaluated alongside financial and operational priorities. In 2025, this meant that we decided to enter into a multi-year strategic partnership with Circulose to replace virgin viscose, as well as to continue supporting Syre to enable large-scale textile-to-textile recycling. Decisions were also made to continue working towards building a demand-driven value chain to reduce the risk of overproduction. These initiatives are part of our overall plan to strengthen the resilience of our business model by optimising our production and resource use, reducing GHG emissions in the value chain, increasing the use of recycled and sustainably sourced materials, and accelerating the transition to a circular economy for fashion.

1.C.2 How are the strategies and action plans for sustainable business conduct followed up by senior management and the board?

The CSO is responsible for setting the sustainability strategy which is integrated into our business idea and implemented on throughout H&M Group by the different functions.

We integrate responsibility for climate action throughout the company to ensure accountability and transparency, and drive effective action. Accountability starts at board level and runs throughout our brands and operations.
— The board monitors our sustainability performance and initiates change where necessary, ensuring sufficient resource allocation.
— Sustainability performance, including progress towards climate targets, influences the CEO’s remuneration.
— The CSO and the executive management team are responsible for implementing sustainability strategies. The CSO reports on sustainability key performance indicators biannually 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.

The audit committee of the Board monitors the effectiveness of internal control and risk management, reporting regularly to the board of directors on the status of these processes.

1.D Partnerships and collaboration with business relationships

1.D.1 How does the enterprise communicate the importance of responsible business conduct in its business relationships?

All our policies and expectations on ourselves and our suppliers can be found here: https://hmgroup.com/sustainability/standards-and-policies/ and our Supplier Sustainability Commitment specifically can be found here: https://hmgroup.com/sustainability/standards-and-policies/sustainability-commitment/

We continuously engage with stakeholders across our value chain to ensure that material matters are identified, prioritised and incorporated into the company's business activities and procedures. Our interaction with key stakeholders include workshops and surveys to understand how they may be impacted by our value chain activities and their view on our mitigation actions. We work closely and regularly with our key stakeholders through our dedicated stakeholder engagement team, and we systematically integrate the feedback we receive into our strategies and priorities to ensure we deliver on our business idea. See details about how we collaborate with our key stakeholders in our Annual- & Sustainability Report.

Our Sustainability Commitment outlines our expectations. This includes compliance with minimum requirements and international standards, and the aspiration to go beyond compliance for lasting impacts. We require all suppliers and business partners to sign and adhere to our Sustainability Commitment and our Code of Ethics.

We monitor compliance and measure performance using our Sustainable Impact Partnership Programme (SIPP). We use SIPP to support suppliers in raising environmental and social performance while encouraging them to take ownership of their sustainability agenda. SIPP includes:
• Minimum requirements. Assessments for new suppliers and ongoing follow-up checks. — Self-assessment and validation.
• Self- assessment through tools including the Sustainable Apparel Coalition's (SAC) Higg Facility Environmental Module (FEM) and Higg Facility Social and Labor Module (FSLM), verified by a third party.
• Capacity building. Identifying priority areas and setting goals for improvements. Actioned through targeted support or wider topic-based programmes.
• Grievance mechanisms and worker voice. Ensuring effective opportunities for workers to report concerns and have their voices heard.
• Dealing with incidents. Recording and investigating potential incidents. Following up confirmed non-compliance cases with a letter of concern and corrective action plan

Indicator

Percentage of the company's suppliers that have accepted guidelines for suppliers

1.E Experiences and changes

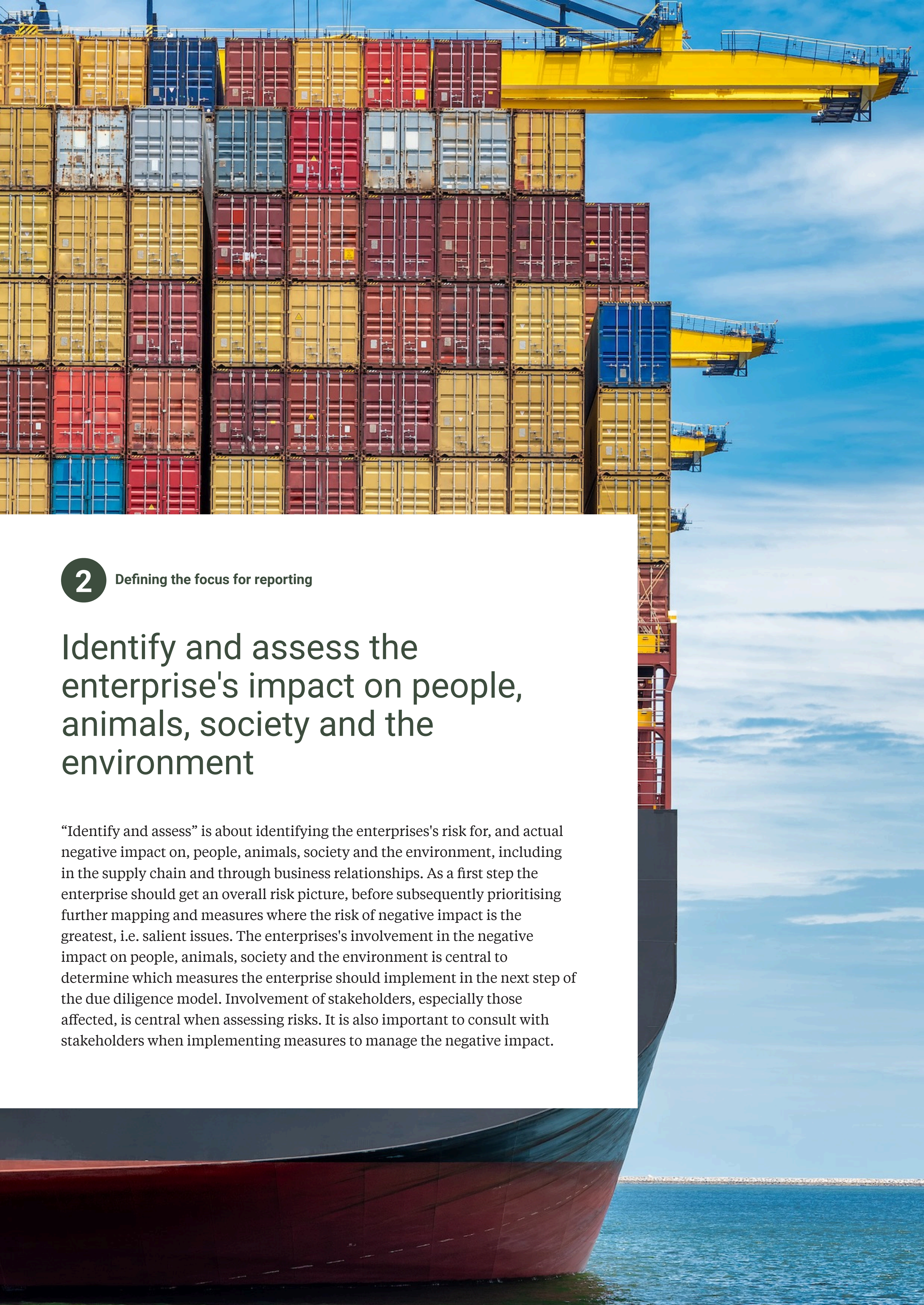
1.E.1 What experiences have the enterprise encountered during the reporting period concerning responsible business conduct, and what has changed as a result of this?

Our progress and results
During 2025, we remained committed to strengthening working conditions and human rights due diligence. Our Tier 1 production units employed 1,128,629 workers, 59 percent of whom were women. Health and safety governance remained strong, with 95 percent (96) of units maintaining health and safety committees. Digital wage payment solutions covered 84 percent of Tier 1 workers, supporting fair wages, improved transparency and a reduced risk of wage-related violations. We observed a slight decline in workers' representation, with 36 percent (39) of Tier 1 units having trade union representation and 29 percent (33) were covered by collective bar gaining agreements. Despite this overall decline, progress was achieved in Cambodia, where three factories signed brand-supported ACT-developed collective bargaining agreements during the year.

For H&M Group, it is critical that human rights issues are brought to our attention. In 2025, we identified six severe human rights issues related to workers in our value chain. Five cases have been resolved, while remediation efforts for one case are still ongoing.

We made progress toward our targets. We aim for 100 percent of strategic Tier 1 production units with wage risk to be enrolled in the wage management system by 2028, and in 2025 enrolment reached 80 percent. We continued to ensure that all Tier 1 production units maintained workers' access to grievance handling and dispute resolution procedures, maintaining 100 percent coverage. We also aim to train 1 million people on occupational health and safety (OHS) and gender-based violence and harassment (GBVH) by 2030, and in 2025 we set the target and began developing a system to measure progress toward it.

Overall, our progress in 2025 reflects continued integration of human rights considerations into supply chain management. Looking ahead to 2026, we will continue supporting workers' representation and collective bargaining agreement coverage, promoting adequate wages and safe and healthy workplaces, while ensuring effective remediation processes.



Identify and assess the enterprise's impact on people, animals, society and the environment

“Identify and assess” is about identifying the enterprises's risk for, and actual negative impact on, people, animals, society and the environment, including in the supply chain and through business relationships. As a first step the enterprise should get an overall risk picture, before subsequently prioritising further mapping and measures where the risk of negative impact is the greatest, i.e. salient issues. The enterprises's involvement in the negative impact on people, animals, society and the environment is central to determine which measures the enterprise should implement in the next step of the due diligence model. Involvement of stakeholders, especially those affected, is central when assessing risks. It is also important to consult with stakeholders when implementing measures to manage the negative impact.

2.A Mapping and prioritising

PRIORITISED ACTUAL OR POTENTIAL NEGATIVE IMPACT ON PEOPLE, ANIMALS, SOCIETY, AND THE ENVIRONMENT

Prioritising one or more risk areas on the basis of severity does not mean that some risks are more important than others, or that the company should not take action on other risks, but that risks with the greatest negative impact are prioritised first. Mapping and prioritisation are a continuous process.

2.A.1 List prioritized significant risks and/or actual negative impacts on people, animals, society and the environment.

Salient issue	Related topic	Geography

JUSTIFICATION FOR THE PRIORITISATION OF RISKS OF NEGATIVE IMPACT ON PEOPLE, ANIMALS, SOCIETY, AND THE ENVIRONMENT

2.A.2 Describe: a) the enterprise's routines for mapping and identifying risk and show how the negative impact was identified and prioritized b) activities or sections of the enterprise not covered in this report , if any (product groups, own products, departments etc.), and why c) how the information was gathered, what sources were used, and which stakeholders have been involved d) whether you have identified areas where information is lacking, and how you are planning to proceed to collect more information about this.

We are committed to creating value for all our stakeholders and engage annually with representatives from all key stakeholder groups. These dialogues take place at both global and local levels along our entire value chain and aim primarily to better understand our impact on affected stakeholders as well as to maintain stakeholder trust, which is crucial for our commercial success. Our overall approach is outlined in our process for stakeholder engagement, which ensures that we capture the perspectives of affected stakeholders – either through direct consultation or, when necessary, via representatives or proxies. Insights from these stakeholder engagements are documented on a quarterly basis. We integrate the outcomes of our stakeholder engagements into our double materiality analysis, which directly informs the development of our sustainability strategy. The board of directors is kept informed about stakeholder views and interests related to material sustainability matters through an annual update from the chief sustain ability officer, as well as through the annual approval of the sustainability strategy.

Our double materiality analysis process
To effectively manage prioritised sustainability matters along our value chain, we base our efforts on the results of our double materiality analysis. This process enables us to understand, identify, assess, prioritise and monitor both actual and potential impacts, as well as financial risks and opportunities linked to our business operations. The purpose of our double materiality analysis is to guide meaningful action based on two key dimensions:

• Impact materiality: the actual or potential positive and negative impacts on people and the environment stemming from activities along our value chain.
• Financial materiality: the sustainability-related risks and opportunities that may affect our financial position or performance over the short, medium or long term

To inform our analysis, we gather and evaluate inputs from a wide range of internal and external sources and frameworks. Our analysis is grounded in a clear understanding of affected stakeholders' views and interests. This informs the identification of actual and potential impacts, as well as sustainability-related risks and opportunities arising from our dependencies on these stakeholders. Key external sources and frameworks used include the SASB Standards, OECD Guidelines for Multinational Enterprises, the European Sustainability Reporting Standards (ESRS), the World Wildlife Fund for Nature (WWF) and the European Environment Agency (EEA). These sources and frameworks help us identify sector and country specific risks to ensure we consider the perspectives of affected stakeholders across different geographies. Particular attention is given to high-risk regions. To gain further understanding of affected stakeholders' views and perspectives, we incorporate the results of our due diligence process and stakeholder engagement process into our double materiality analysis.

In 2025, we continued integrating sustainability-related impacts, risks and opportunities into our enterprise risk management (ERM) system to ensure they are assessed on the same basis as other financial and operational risks. The purpose is to ensure that sustainability-related financial effects are reflected in our overall risk profile and that our double materiality analysis process aligns with our ERM framework. This integration will continue throughout 2026 to ensure that the understanding of sustainability related matters also supports strategic decision-making processes affecting our business model. Our double materiality analysis and risk management processes are reviewed by the sustainability governance team and the corporate governance team at the end of each financial year. The internal control over the double materiality analysis process includes documented procedures, quality reviews of underlying decisions and processes, and vali dation of the results. The purpose is to ensure that the double materiality methodology is applied in accordance with the requirements set out in the

ESRS. During the year, no material current financial effects from identified risks and opportunities has materialised. For current significant resources allocated to our actions, see 'Climate change', 'Biodiversity and ecosystems' and 'Resource use and circular economy'.

Step 1: Understanding
The double materiality analysis process begins with developing a clear under standing of the context in which we operate in order to map relevant sustainability areas. This includes analysing how our activities, products, services and business relationships interact with environmental, social and governance factors along our full value chain as presented on page 66 in our ASR. To do so, we gather insights from a wide range of stakeholders through continuous engagements throughout the year. This includes a review of the outputs from our due diligence process, risk management process, and stakeholder engagement process as well as insights derived from external frameworks and experts.

Step 2: Identification
Once we have established a clear understanding of relevant sustainability areas along our value chain, we proceed with a systematic identification of actual and potential impacts, as well as financial risks and opportunities. This identification is carried out by our subject matter experts who work across our different business functions. These experts contribute insights based on their respective areas of expertise and with an understanding of the geographic and sector-specific conditions that characterise our operations. This ensures that we identify issues that are unique to our business context. The outcome of this step is a list of sustainability matters that are relevant to our business in the short term (within one year), medium term (one to five years), and long term (five to fifteen years). This list is then carried forward to the assessment phase. For more information on how the identification of relevant matters has been conducted, see the topical sections of our ASR.

Step 3: Assessment
To evaluate the significance of the impacts, risks and opportunities we have identified, we conduct a structured assessment in accordance with the principle of double materiality. This assessment is conducted using H&M Group's impact materiality framework and risk framework. When assessing impact materiality, we consider the inherent severity and likelihood of the impact. Severity is calculated as the average between scale, scope and irremediability using the same scoring criteria as our due diligence process. For negative human rights impacts, severity takes precedence over likeli hood where all impacts assessed as either high or very high in severity is considered material. Financial materiality is evaluated by assessing both the inherent and residual likelihood and financial size of each risk or oppor tunity – using the same scoring criteria applied to all operational and financial risks within our business.

Step 4: Prioritisation
Once we have completed the assessment phase, we prioritise relevant impacts, risks and opportunities based on their relevance to our business and our key stakeholder groups. All relevant sustainability matters receive a qualitative score where they are considered to be of critical, high, medium or low importance in alignment with our overall risk management frame work and due diligence framework. The sustainability management team is responsible for setting a threshold for impact materiality and financial materiality on an annual basis using H&M Group's impact prioritisation matrix and enterprise risk prioritisation matrix. For the financial year 2025, impacts assessed as medium, high or critical were considered material and financial effects assessed as high or critical were considered material.

Step 5: Monitoring
Once a materiality threshold has been set, the results from the double materiality analysis are shared before the start of the next financial year with our executive management team and board of directors to inform our strategic priorities for the coming year. The impacts, risks and opportunities that have been identified as material are monitored by our subject matter experts to ensure we follow up on our initial assessment and take action to manage prioritised matters. When a sustainability matter is concluded as material, we apply the principles of materiality of information to determine what data and information to disclose based on stakeholders'

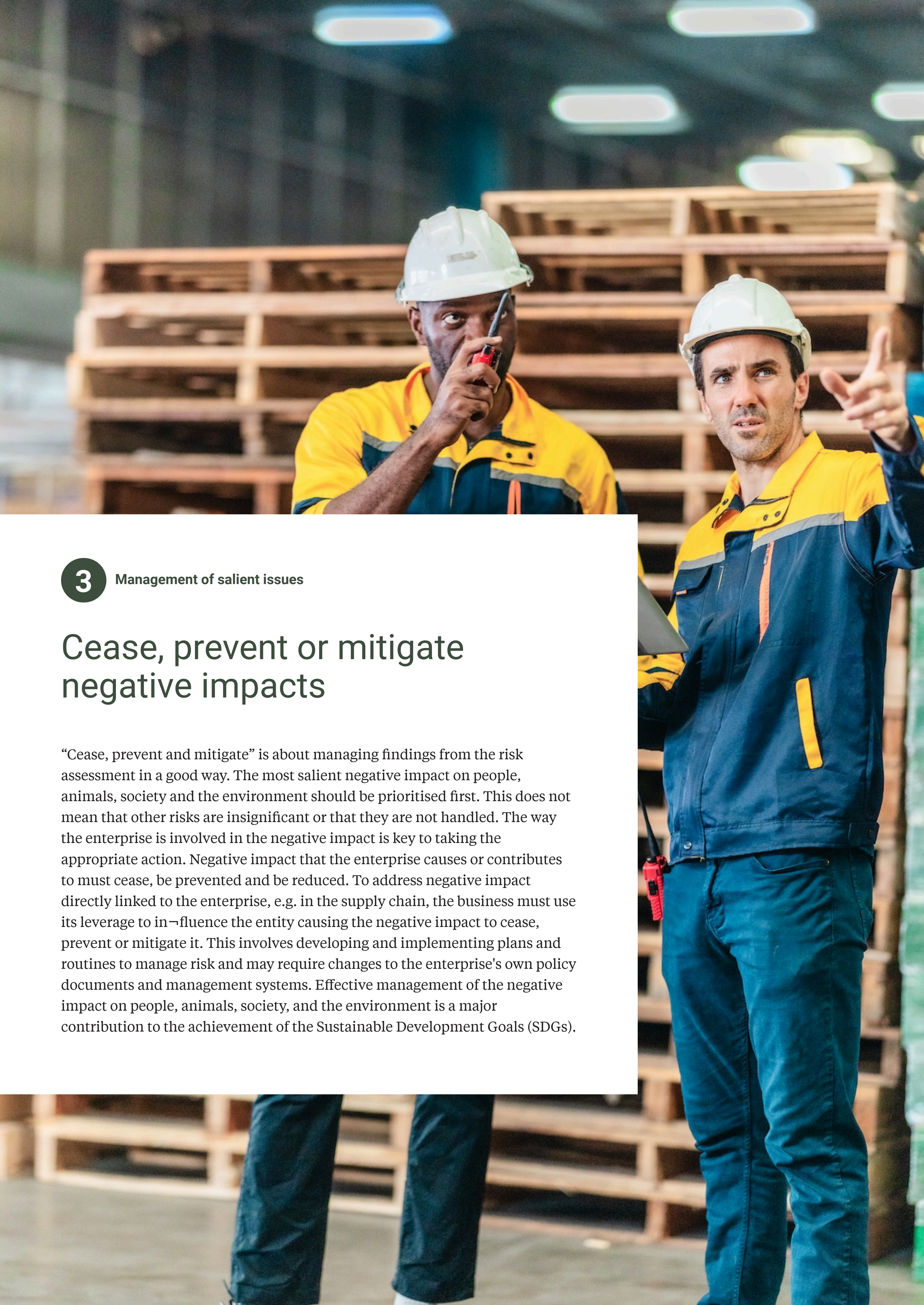
expectations. Our monitoring and reporting of sustainability-related matters is overseen by the sustainability governance team, the corporate governance team and the audit committee of the board to ensure reported data and information meets relevant regulatory requirements and stakeholder expectations. For more detailed information about the actions taken to manage material sustainability matters within each area, see the topical sections of the report.

For our operations in Norway the following salient risks are present, but all assessed as LOW and handled within our normal operations and in dialogue with our suppliers when relevant:
1. Wages and compensation
2. Working Hours
3. Forced Labour
4. Access to Water
5. Discrimination & Equal Treatment
6. Child Labour
7. Land Rights & Livelihoods
8. Health, Safety & Wellbeing

ADDITIONAL SEVERE IMPACTS

2.A.3 Describe other risks of negative impacts on people, animals, society and the environment that were identified but not prioritized, and how these have been handled.

No other salient risks have been identified.



3 Management of salient issues

Cease, prevent or mitigate negative impacts

"Cease, prevent and mitigate" is about managing findings from the risk assessment in a good way. The most salient negative impact on people, animals, society and the environment should be prioritised first. This does not mean that other risks are insignificant or that they are not handled. The way the enterprise is involved in the negative impact is key to taking the appropriate action. Negative impact that the enterprise causes or contributes to must cease, be prevented and be reduced. To address negative impact directly linked to the enterprise, e.g. in the supply chain, the business must use its leverage to in¬fluence the entity causing the negative impact to cease, prevent or mitigate it. This involves developing and implementing plans and routines to manage risk and may require changes to the enterprise's own policy documents and management systems. Effective management of the negative impact on people, animals, society, and the environment is a major contribution to the achievement of the Sustainable Development Goals (SDGs).

3. A Cease, prevent or mitigate

3.A.1 Describe goals and progress status for the measures you have implemented to reduce the enterprise's prioritized negative impact

Goal :	1. Increase % of tier 1 apparel, accessory and home textile factories H&S committees in place to 96% by 2023 (86% in 2021).
Status :	Target reached 97 % in 2023. For more information, see our: - Sustainability disclosure p. 62
Goals in reporting year :	All workers have the right to a safe and healthy workplace. This is clearly outlined in our Sustainability commitment and our Global Framework Agreement with IndustriALL Global Union and IF Metall. We aim to have no fatalities and no accidents in our value chain. To achieve this aim, we assess working conditions in supplier factories using both our own and third-party assessments and monitor data from supplier factories.

Describe already implemented or planned measures :

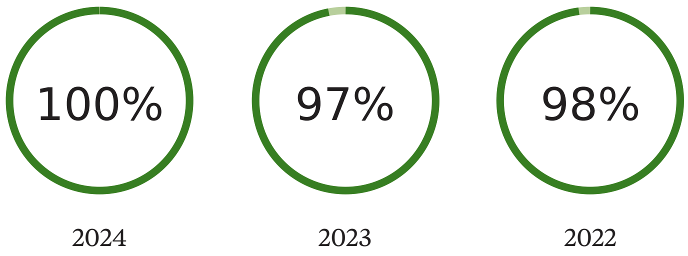
We also monitor the share of tier 1 and tier 2 factories that have health and safety committees. In addition, we raise awareness on the topic internally by continuously training colleagues in production offices. When health and safety violations occur, we work with suppliers and, where possible, affected stakeholders, to ensure that all rights are respected, and that corrective action plans are implemented correctly. We also work with the ILO's Better Work on programmes in Bangladesh, Cambodia (Better Factories Cambodia), Indonesia, Pakistan and Vietnam. These programmes include assessments, training, advocacy and research in order to change policies, attitudes and behaviour.

Our actions include the development of 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 National Monitoring Committees (NMC) and H&M Group's production office and logistics staff in Türkiye, Indonesia, India, Bangladesh, Cambodia, China and Vietnam. We continue our commitment with the International ACCORD as well as the Readymade Sustainability Council (RSC) in Bangladesh.

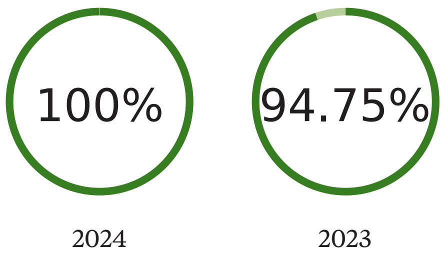
Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year :

Indicator

Share of tier 1 production factories with Health & Safety Committees



Share of tier 2 production factories with Health & Safety Committees



Goal :	1. 100% NMC members (H&M Group and trade union representatives) in India, Bangladesh, Turkey, Cambodia, Indonesia and Myanmar trained on relevant curricula (e.g gender based violence, case handling and access to remedy) by 2022. 2. Evaluate functioning of existing Collective Bargaining Agreements by 2022.
Status :	We support the right to freedom of association and believe that strong industrial relations contribute to resilient, stable supply chains and decent work. We work with suppliers to increase democratically elected worker representation and to empower workers to know their rights. For more information on our work to support social dialogue and collective bargaining agreements, see our sustainability disclosure.
Goals in reporting year :	We want workers to feel safe at work and be treated with respect and dignity, and that their rights to freedom of association and collective bargaining are respected.

Describe already implemented or planned measures :

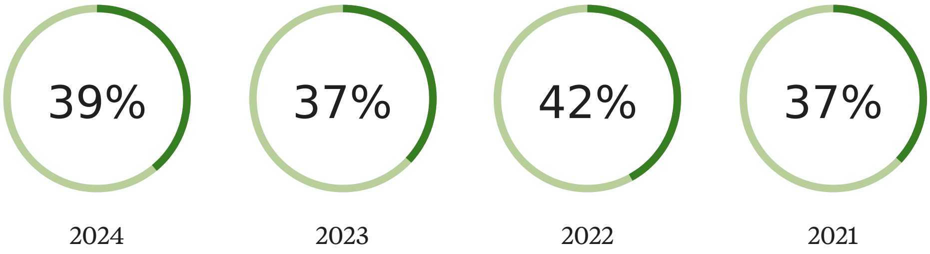
In 2024 we had an in-person global NMC meeting for the first time since 2019. Coming together in person is essential to build trust and increase knowledge of each other's respective organisations. We renewed our Global Framework Agreement (GFA) with IndustriALL Global Union and IF Metall. Key updates 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 facilitiate trade union access to factories in cases of alleged violations.

Long-term improvements in working conditions and safeguarding human rights in our factories start with empowered workers who have a voice. We expect supplier factories to strengthen dialogue between management and worker representatives, including trade union representatives when a trade union is present. A major pillar to achieve the above is our GFA with IndustriALL Global Union and IF Metall (GFA). The GFA is implemented through NMCs in Bangladesh, Cambodia, India, Indonesia and Türkiye. These consist of IndustriALL Global Union affiliated unions and our own colleagues from production offices and serve as an additional grievance mechanism where workers can raise concerns directly with us and conflicts that could not be solved at the factory level. National Monitoring Committees also work pro actively to promote freedom of association and issues of joint concern

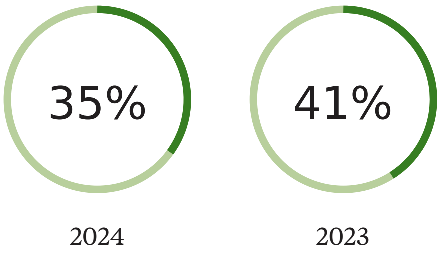
Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year :

Indicator

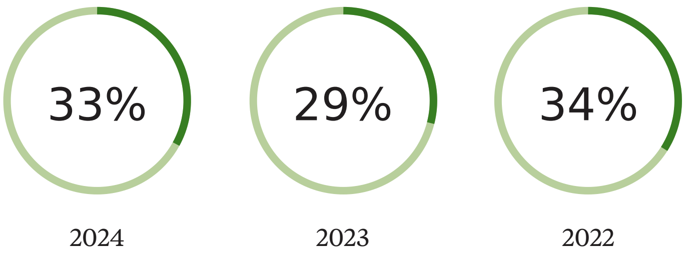
Share of tier 1 production factories with trade union representation



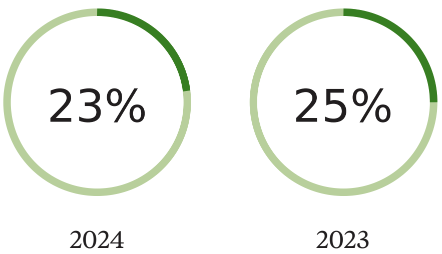
Share of tier 2 production factories with trade union representation



Share of tier 1 production factories with collective bargaining agreements



Share of tier 2 production factories with collective bargaining agreements



Goal :	We do not accept any form of child labour in our supply chain. This is clearly stated in our sustainability commitment. To underline the importance of this requirement, we have specific child labour case handling guidelines stating our standards and remedial action if the use of child labour is discovered.
Status :	
Goals in reporting year :	We do not accept any form of child labour in our supply chain. This is clearly stated in our sustainability commitment. To underline the importance of this requirement, we have specific child labour case handling guidelines stating our standards and remedial action if the use of child labour is discovered..

Describe already implemented or planned measures :

In tier 1 and tier 2 supplier factories, we manage the risk of child labour by monitoring working conditions through own and third-party assessments and improving grievance mechanisms. During minimum requirement assessments, a factory tour and worker interviews are conducted to detect potential child labour. In addition, we see that our strategy to increase wages in tier 1 factories can have indirect, preventive effects on child labour as higher wages in the family reducing the need for children to work.

We recognise that the risk exists in our industry, with higher risks in our raw material supply chain. We continously strengthen our due diligence in raw material sourcing. We are participating in the multi-stakeholder collaborative project 'Harvesting the Future – Cotton in India' to improve the working and living conditions of cotton farmers and workers in two districts in Madhya Pradesh.

Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year :

Goal :	We do not accept any form of forced labour in our supply chain. This is clearly stated in our sustainability commitment.
Status :	
Goals in reporting year :	We do not accept any form of forced labour in our supply chain. This is clearly stated in our sustainability commitment.

Describe already implemented or planned measures :

In tier 1 and tier 2 supplier factories, we manage the risk of forced labour by monitoring working conditions through own and third-party assessments and improving grievance mecha nisms. Specifically, our minimum requirements look at recruitment policies and processes and we require a document check. As stated in H&M Group's migrant workers fair recruitment and treatment guidelines, we have set a goal towards 'No worker pays for their work or right to work' by 2025. To achieve this goal, we are constantly investigating any recruitment fees paid by workers at factories and developing improvement plans to remediate any cases identified.

Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year :

Goal :	We want workers to receive wages earned during normal working hours that meet the basic needs and discretionary income for workers and their families.
Status :	
Goals in reporting year :	We want workers to receive wages earned during normal working hours that meet the basic needs and discretionary income for workers and their families.

Describe already implemented or planned measures :

We want workers to receive wages earned during normal working hours that meet the basic needs and discretionary income for workers and their families. However, in many markets, including the ones we source from, the legal minimum wage is not sufficient to ensure a decent standard of living.

The key components of our wage strategy in our production supply chain are our programmes to facilitate functional wage-management systems in suppliers' factories, strengthening factory-level industrial relations and following responsible purchasing practices. We address and advocate for structural improvements in systemic issues including wage-setting mechanisms, such as collective bargaining and statutory minimum wage at country level, as well as improved social protection systems. We support efficiency improvements at factories, setting an efficiency roadmap together with our suppliers, where we reward with volume allocation both seasonally and in the long-term based on targets.

We have continued enrolment and support of implementation of the wage management system factory programmes together with our suppliers and factory management. We have signed a binding agreement with global union IndustriALL Global Union to support collectively bargained wages and improved working conditions in the garment, textile, footwear and travel goods industry in Cambodia. During the year we have actively engaged with Cambodian stakeholders, including industry employers' association TAFTAC and trade unions, as well as ACT brands and IndustriALL Global Union, to support the CBA process. Our agreement to facilitate the CBA process establishes a framework with commitments to signatory manufacturers related to purchase volume, labour costing and efficiency, and financial contribution to a joint skills training fund. The finalised collective bargaining agreement guarantees workers increased base wage, fixed duration con tracts of a minimum of six months, an additional 10 maternity leave days and introduces paternity leave with full pay for the first time in Cambodia.

We monitor access to social protection in our suppliers' factories. Where necessary, we work with our business partners to strengthen workers' aware ness about their rights to social insurance and benefits related to retirement, medical treatment, maternity and unemployment. We have continued our financial contribution to and our efforts to further develop the Employment Injury Scheme (EIS) Pilot in Bangladesh. This initiative was launched together with other brands in 2022 under the lead of ILO and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) and covers roughly 4 million workers in the export-oriented RMG sector in Bangladesh. In case of work-related injuries it provides compensation payments for the affected. The monthly pensions are financed by voluntary contributions from international brands.

Within our own operations we focus on purchasing practices which enable suppliers to pay for the cost of labour. We have further strengthened our responsible purchasing practices and monitoring routines, integrating standard procedures with our business teams in production. Measures and accompanying indicators connect to each of our purchasing practices commitments and have been selected based on supplier priorities, identified risks and reflect our ambition for constant improvement with consideration to supply chain maturity and scopes

Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year :

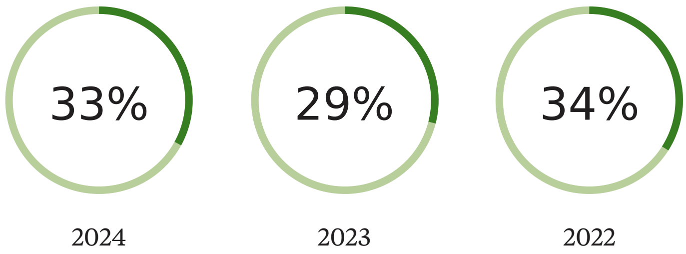
We continued to see an increase in gross average wages for workers in our production supply chain, with relative improvement of the difference to minimum wages 2024 compared with 2023 in most of our major production markets.

In Bangladesh, the difference still stood at 39 percent despite a statutory minimum wage increase of 47 percent in late 2023. The difference is expected to continue to grow in the coming years.

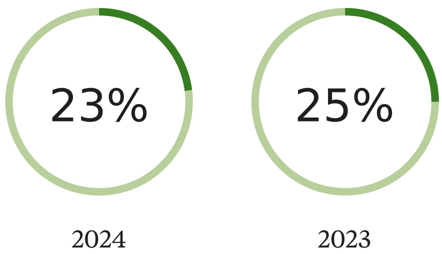
Mainland China suppliers experienced a decrease in demand, coupled with the global economic downturn, resulting in a reduction of total working hours. At the same time, the government implemented policies to raise the minimum wage to ensure a living wage for low-income workers as well as to keep pace with inflation.
In India, the government revised the national minimum wage in 2024, with a 4–7 percent increase in minimum wages across the states.

Indicator

Share of tier 1 production factories with collective bargaining agreements



Share of tier 2 production factories with collective bargaining agreements



Goal :	
Status :	
Goals in reporting year :	

Describe already implemented or planned measures :

All work performed must be based on a legally established and recognised contractual relationship, the nature of which shall not deprive workers of the rights arising from labour or social security laws. All workers (including self-employed) are entitled to a written contract or equivalent, in a language they understand, that specifies the mutually agreed terms and conditions. These
conditions cannot be changed unilaterally by the employer during the terms of the contract. All legal limitations on the use of non-standard employment forms shall be followed. When non-standard employment forms are used which may pose challenges of unpredictable and insufficient hours of work and reduced earnings, workers shall not be restricted to also take up employment with other companies or platforms. When workforce is secured via labour agencies or where recruitment companies are being used, the employer is responsible for ensuring that these companies meet the requirements of this Sustainability Commitment.

Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year :

Goal :	We want all women to be empowered, healthy and safe in their everyday working life. We want women to have equal participation, voice and leadership in social dialogue, including all worker representation forums. We want the number of women in leadership positions to reflect the proportion of women on staff. We want men and women to receive equal remuneration for work of equal value.
Status :	
Goals in reporting year :	We want all women to be empowered, healthy and safe in their everyday working life. We want women to have equal participation, voice and leadership in social dialogue, including all worker representation forums. We want the number of women in leadership positions to reflect the proportion of women on staff. We want men and women to receive equal remuneration for work of equal value.

Describe already implemented or planned measures :

We have worked with women leadership programmes, to prepare women in supply chain tier 1 factories in several countries including Bangladesh, India and Türkiye. Through these programmes, women were empowered through training on gender equality, gender-based violence and harassment (GBVH), leadership skills and technical skills and were given the fair opportunity to be evaluated in the internal recruitment process, whenever there is a vacancy for a supervisory position.

In 2023 we introduced a GBVH guideline to our suppliers which provides practical information on how to prevent, identify and remedy any case of GBVH in the world of work. While developing this guideline, we have taken C190 and R206 as our basis and we worked with IndustriALL Global Union and experts on the topic. Together with our NMCs and selected suppliers we are conducting a joint gap analysis of their existing systems to prevent and ensure remedy to GBVH.

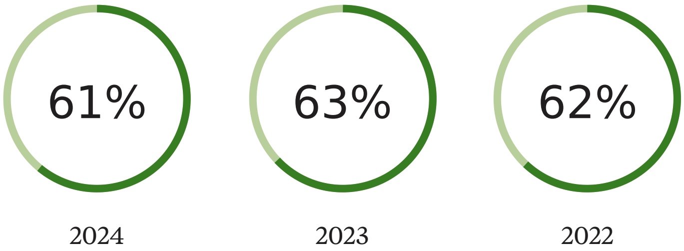
Gender based violence and harassment is a sensitive topic and we take the risk of it very seriously. To be able to identify and handle potential cases in the best way and also to guide the suppliers towards correct preventive and remedial actions, our teams need to have enough knowledge and competence on the topic. Therefore, we have provided refresher training on GBVH for sustainability teams. In addition, our suppliers have provided training on GBVH to their workers and supervisors. 472,664 female and male workers and supervisors have been trained during the year.

Together with UN Women India, we are founding members of the Textile Industry Coalition (TiC). The multi-stakeholder initiative brings together various actors, such as brands, manufacturers, government agencies, service providers, industry associations, trade unions, civil society organisations, and research institutions, to work towards a common goal of creating a safe and empowering work environment for women in the textile industry by promoting zero tolerance for sexual harassment and violence in the women-dominated textile sector of Tamil Nadu, India.

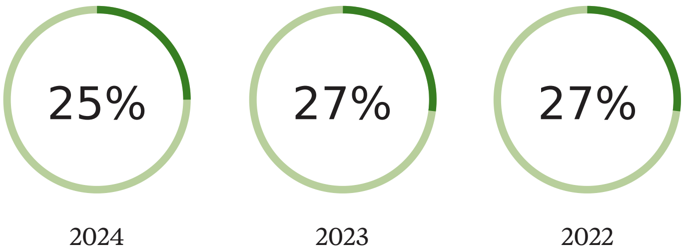
Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year :

Indicator

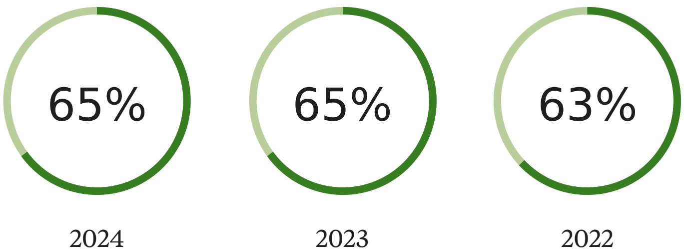
Share of workers in our tier 1 production factories that are female



Share of supervisors in our tier 1 production factories that are female



Share of worker representatives in our tier 1 production factories that are female



Goal :	We have set a target to reduce absolute freshwater consumption by 30 percent by 2030, against a 2022 baseline, and a milestone target to reduce absolute absolute freshwater consumption by 10 percent by 2025.
Status :	See below.
Goals in reporting year :	We have set a target to reduce absolute freshwater consumption by 30 percent by 2030, against a 2022 baseline, and a milestone target to reduce absolute absolute freshwater consumption by 10 percent by 2025

Describe already implemented or planned measures :

Wastewater discharge from factories in our supply chain is one of the material matters related to chemicals and water pollution that also have an impact on people living in affected communities. We require all our tier 1 and 2 suppliers to comply with national legislation and ZDHC standards for wastewater treatment and discharge water quality. We also require all supplier units with wet processes to have a functional Effluent Treatment Plant (ETP) in place. Although our relevant suppliers have made progress in improving wastewater quality, we recognise the need for systemic change beyond individual factories. We are committed to our water stewardship work with WWF to progress towards improving water quality at a basin level.

To prevent and mitigate material negative impacts on communities related to their access to water, we have taken action to engage with affected stakeholders, although these actions are not linked to any specific targets. We have, for example, performed roundtable discussions to engage with affected communities and their proxies such as Save the Children, Water Aid and Bangladesh Rural Advancement Committee (BRAC) to discuss the best possible approach to capture the needs and concerns of affected communities in Bangladesh, which could for example be negatively impacted by polluted water being discharged from textile and garment factories in our supply chain. We continue to screen which organisation that are best qualified to develop a method for capturing the needs and concerns of people living in communities we affect and depend upon. Once finalised, we believe this method can also be applied to other production markets and communities. Our plan is to identify mitigation actions together with partners to gain a deeper understanding of how to manage these issues in an efficient manner.

Through diverse actions, H&M Group advances its commitment to reducing freshwater consumption and improving water efficiency, driving progress towards sustainable water management in the supply chain:
• Supplier engagement. H&M Group collaborates with tier 1 and 2 suppliers involved in wet processes to implement best practices for water management. Leveraging our scale, we focus on advancing water recycling and efficiency improvements, supporting suppliers to adopt sustainable water practices.
• Regional water expertise. Our team of local water experts in key sourcing regions, including Bangladesh, Mainland China, India, Türkiye and Vietnam, provides tailored support to facilities. By offering region-specific guidance, we help facilities to set realistic, context-driven water targets that align with local production needs and address unique regional challenges.
• Development of roadmaps. We assist our key suppliers in creating customised water roadmaps that identify actions for improving water efficiency and recycling. These roadmaps provide step-by-step guidance, helping suppliers evaluate and implement optimal water-efficiency opportunities.
• Investment in waterless technology. In 2024, we invested in innovative waterless dyeing technology at our suppliers 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, a cluster of advanced technologies, is being deployed to minimise waste and emissions, with the potential to halve GHG emissions and water use.

Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year :

We are committed to continually improving our data availability and quality to capture our progress accurately and transparently towards reducing absolute freshwater consumption. During the year, we identified opportunities to enhance our water reporting methods. As a result, in 2024, we will transition from a facility self-reporting method used in 2022 and 2023 to a product-based model for calculating freshwater consumption.

This new calculation method considers product placement, and the processing steps each product undergoes as the basis for calculation. This information is then combined with facility-specific data on fresh water share and water intensity compared with benchmarks as set by us according to material and process type. With this change, we can account for freshwater consumption even when facility-specific water performance parameters are unavailable.

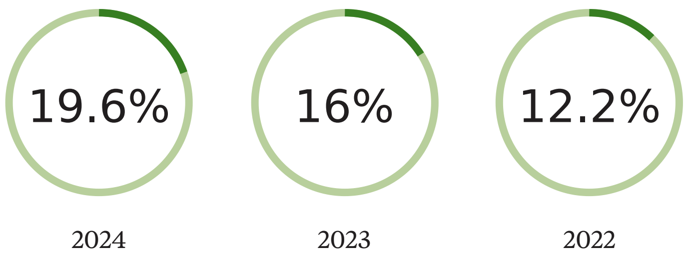
As before, this calculation method will be applied to production pro cesses with intensive water usage, such as material dyeing, material finishing, material all-over printing, and product washing. We would also like to reiterate that we have always reported based on our share of water consumption from a facility to accurately capture our contribution.

This new calculation method will be applied to water results from 2022 onwards to maintain consistency when reporting our progress compared with the baseline year of 2022. With this change, our 2023 results have been updated and now show a 9.1 percent reduction compared with the 2022 baseline.

H&M Group's freshwater consumption decreased by 9.5 percent in 2024 against the baseline. Compared to 2023, freshwater consumption de - creased by 0.4 percentage 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 to 12.2 percent in 2022.

Indicator

Share of recycled water consumed in tier 1 and tier 2 production factories



Share of absolute reduction in freshwater consumption in tier1and tier 2 production factories from 2022 baseline

-9.5%	-9.1%
2024	2023

Goal :	• 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 removals.
Status :	See below.
Goals in reporting year :	H&M Group's GHG emission reduction targets • 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 removals. H&M Group's supporting climate targets Own operations • By 2030, achieve a 36 percent reduction in electricity intensity in our stores from a 2016 baseline. • By 2030, source 100 percent renewable electricity in our own operations, including ≥50 percent from power purchase agreements with new renewable electricity generation. Our supply chain • By 2030, source 100 percent renewable electricity for our garment production supply chain, from spinning to a finished product in tier 1, 2 and 3. • By 2026, phase out onsite coal from all of our garment suppliers in tier 1, 2 and 3.

Describe already implemented or planned measures :

We have taken action to secure the safety and wellbeing of people living in affected communities and their access to clean air, water and a healthy envi ronment. We recognise that our potential negative impact on the quality of air and water is not only related to activities in our business partners' factories but also in the surrounding communities where we operate. Therefore, our work within this area is supported by our water and chemicals strategy, as well as our climate and materials strategy.

Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year :

Indicator

absolute reduction (scopes 1 and 2) in CO2e emissions compared with 2019 baseline

-41%

2024

We have updated how we calculate our emissions, more information on page 66 of our ASR.

absolute reduction (scope 3) in CO2e emissions compared with 2019 baseline

-25%

2024

We have updated how we calculate our emissions, more information on page 66 of our ASR.

renewable electricity in own operations

96%	94%	92%	95%
2024	2023	2022	2021

Goal :	In 2023, H&M Group joined the Science Based Targets for Nature (SBTN) pilot study alongside 16 other companies, which aims to reduce negative impacts and enhance positive outcomes for nature and people across companies. In the first phase of the study, we evaluated key nature impacts across our value chain, with a focus on land and water. We consider the SBTN pilot study to be an important mean of driving greater standardisation of approaches to identify and assess impacts related to biodiversity and land-use changes.
Status :	
Goals in reporting year :	

Describe already implemented or planned measures :

We have taken action to ensure that the rights of people living in affected communities are respected across our value chain. Our efforts related to the land-rights and livelihoods of people living in affected communities are focused on increasing the use of recycled and sustainably sourced materials and maximising the value of material resources and products by keeping them in use longer. These efforts are supported by our materials strategy. In addition, we are using our leverage as a global fashion company to strengthen the respect for human rights across our value
chain through industry collaborations and partnerships, such as the Better Cotton Initiative.

Opportunities for affected communities to raise concerns
Wherever possible, relevant stakeholders, including people living in affected communities, are welcome to raise concerns anonymously through our Whistleblowing Mechanism. When we have identified, or where there is alleged suspicion or grievance, that people – colleagues, workers, communities or customers – have been negatively impacted due to actions by us or our business partners, we have a responsibility to investigate and engage in a remediation process. If we conclude that we have caused or contributed to the harm caused, we must also engage in enabling remedy to those impacted. Where we are linked, we may choose to engage and in general we use our leverage, to the extent possible and reasonable, to influence others to take their responsibility.

Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year :

Goal :	
Status :	
Goals in reporting year :	

Describe already implemented or planned measures :

Data privacy and integrity
Process owners play a crucial role by integrating privacy considerations into all data-related work through a structured approach known as privacy by design. The data privacy community, coordinated by group legal, supports compliance at all levels, while the data protection officer (DPO) oversees and reports on compliance

Customer data privacy
Our dedicated team of data privacy professionals assesses all personal data processes to ensure that the individuals' right to privacy is always considered. Our approach focuses on proactive measures to prevent, mitigate and remediate any potential negative impacts, while fostering a culture of data protection awareness across the organisation. We have implemented robust actions to safeguard our customers rights, including information security measures such as data encryption technology and regular data privacy reviews to identify and address potential vulnerabilities. We also provide ongoing training for employees on data privacy, best practices and compliance requirements.

All concerns and complaints are logged in a centralised database, assigned a unique identifier, and tracked through to resolution. Regular reviews are conducted to ensure timely issue management. Our actions are set to achieve privacy targets, strengthening our commitment to accountability, and continuously improving our privacy safeguards. We handle personal data of our customers to provide the best customer experience when visiting our websites or stores. We also process personal data on customer requests to be able to deliver services, fulfil orders, or provide support through our customer service. We had six substantiated complaints concerning breaches of customer privacy during 2024 (five in 2023 and eight in 2022). All cases, except for one, have been closed with no further action required by the supervising authorities. The remaining open case is being managed appropriately in coordination with the relevant supervising authority

Describe actual or expected results of the measures, as well as goals and activities for the coming reporting year :

3.B Other actions related to management of negative impact

3.B.1 Reduction of nature- and environmental impact

Our ambition, steering and strategy

Our ambition is to contribute to the protection of biodiversity and eco systems, and to respecting planetary boundaries related to biosphere integrity and land-system change. To achieve this ambition, we focus our efforts on eliminating business practices that harm ecosystems by increasing the use and availability of certified, recycled and sustainably sourced materials. These efforts are aligned with our aim to build a value chain that operates in harmony with nature, which is informed by the Global Goals on Biodiversity set by the Convention on Biological Diversity under the Kunming-Montreal Global Biodiversity Framework. Although we have not adopted a transition plan to manage matters related to biodiversity and ecosystems, all our bio diversity-related actions are based on the Avoid, Reduce, Restore, Regener ate, Transform (ARRRT) framework to ensure we follow a structured and systematic approach. These actions are closely aligned with our efforts to reduce negative environmental impacts associated with our GHG emissions and resource use. Through our climate-related scenario analysis, Science Based Targets Network (SBTN) mapping and analysis through the WWF Risk Filter, we have identified risks to our business related to our dependence on land, water, biodiversity and ecosystem services to produce key input materials such as cotton. Our resilience analysis indicates that our dependence on raw materials, which in turn depends on ecosystem services and finite re sources such as land and freshwater, could expose us to climate-related risks that affect the availability of those raw materials. This resilience analysis is based on an evaluation of our full value chain considering climate-related scenarios and our ability to mitigate operational risks. The results show that our on going efforts to increase the use of recycled and sustainably sourced materials will support business resilience in the short to medium term (within one to five years). To gain a better understanding of our business resilience, we plan to further develop our risk analysis for biodiversity and ecosystems in 2026, in line with the Task Force on Nature-related Financial Disclosures (TNFD) framework.

Our targets and actions

During 2025, we evaluated the potential to set science based biodiversity related targets, guided by the Science Based Targets Network (SBTN) frame work. As a result, we intend to adopt biodiversity-related targets for land in 2026, covering our upstream value chain with a particular focus on reducing our land footprint, and mitigating the risk of land-use change, deforestation, and ecosystem degradation. While we have not yet set bio diversity-related targets for 2025, our existing materials targets – which aim to increase the share of recycled and sustainably sourced materials – are related to our actions to reduce pressure on ecosystems.

Reducing negative impact from land-use change

To achieve our ambition to reduce our impact on nature and contribute to the protection and restoration of biodiversity and ecosystems, we have taken action to mitigate the risk that the materials we source contribute to deforestation or other eco-system conversion. In addition, to ensure we fulfil our policy commitments, we plan to reduce the size of our agricultural land footprint and minimise the degradation of the land we continue to rely on together with building resilience in key sourcing landscapes through protection, restoration, and enhancing soil health. Our actions did not in volve the use of bio diversity offsets.

<u>Action: Reducing the conversion of land and natural ecosystems</u>

In 2025, we have been working towards avoiding the conversion of natural ecosystems by increasing the availability and use of sustainably sourced materials. We have also focused on strengthening internal risk management procedures and improving traceability to gain clearer insights into raw mate rial origins and associated risks. These efforts involve suppliers at Tier 4 and encompass planned initiatives until 2030 in support of our material targets.

As part of this action, we prioritise sourcing certified materials through frameworks that prohibit ecosystem conversion, such as the Forest Steward ship Council (FSC) and Responsible Wool Standard (RWS). The certifications ensure that the materials are sourced from suppliers who meet standards and criteria on land management and prevention of conversion. The expected outcome of this action is a reduction in land-use change and deforestation risks, supporting alignment with the Science Based Targets Network (SBTN) Land Target 1. We have allocated resources towards this action in the form of investments to increase the use of sustainably sourced materials. Read more about these investments and allocated resources towards this action on page 81 in our ASR.

Action: Reducing our land footprint
In 2025, we have taken action to reduce our land footprint for cotton, wool and leather, by increasing the use of recycled materials and investing in agricultural practices that improve soil health, enhance water retention and protect biodiversity. These efforts aim to minimise the land required for production while maintaining and enhancing ecosystem functionality. To support this, we source materials certified by ROC as well as fibres from projects run together with Better Cotton Initiative, IDH and Materra. These help reduce pressure on land and contribute to healthier production landscapes, supporting our Tier 4 suppliers.

In parallel, we are increasing the share of recycled materials in our products and packaging. By reducing reliance on virgin materials, we lower the demand for land-intensive production methods. This action includes planned initiatives until 2030 to support our material targets. The expected outcome of this action is a measurable reduction in the land needed to produce our products, thereby contributing to improved land-use efficiency and supporting alignment with SBTN Land Target 2. We have allocated resources towards this action in the form of investments to increase the availability of recycled materials and through efforts to expand sourcing from suppliers that apply improved soil and rangeland management practices. Read more about these investments and allocated resources towards this action on page 89 in our ASR.

Conserving natural ecosystems
Through our partnership with WWF, we have gained valuable insights into priority conservation landscape projects in our sourcing markets. To reduce negative environmental impacts and improve our business resilience we focus our actions on landscape projects in India, where we source most of our cotton, and South Africa, where we source most of our wool. These actions are aligned with the prioritisation set forth in our SBTN impact assessment outcome.

Action: Restoring landscape in India
To support our objective of contributing to reversing nature loss and contributing to the Global Goals on Biodiversity, we are implementing landscape level projects in India, one submitted to SBTN as a Land Target 3 project. These initiatives include farming practices that improve soil health, conserve water, enhance biodiversity, and strengthen climate resilience, restoration of degraded land, protection of ecologically valuable areas, and enhancement of wildlife habitats. Designed to deliver environmental and social benefits, they also strengthen ecosystem resilience and improve local livelihoods. We acknowledge the project's limited geographical scope, yet view it as a valuable step towards our long-term biodiversity ambitions. Notable examples include the Satpura-Pench landscape project in collaboration with WWF. This serves as a model for integrated approaches combining conservation, com munity development, and production. The current phase runs from 2020 to 2025, with a new phase planned for 2026–2030. Outcomes are reported per project, focusing on biodiversity, restoration and livelihoods. In 2025, we allocated a total of SEK 1.8 m OpEx on the India cotton project. Read more about our investments and resources for actions on page 81 or in note 1 Accounting principles to the financial statements on page 151 in our ASR.

Action: Restoring landscape in South Africa
To support our objective of reversing nature loss and contributing to the Global Goals on Biodiversity, we are implementing landscape-level projects in South Africa, one submitted to SBTN as a Land Target 3 project. These initiatives focus on restoring nature, protecting biodiversity, and building resilience through comprehensive grazing management plans. Activities include well-planned grazing management, restoration of degraded ecosystems, protection of ecologically valuable areas, and support for wildlife habitats. These efforts also enhance community resilience and livelihoods. While designed to deliver environmental and social benefits, we

acknowledge limitations in impact attribution. A key example is the Regenerative Wool Production Project in the Eastern Cape Drakensberg Grasslands, developed in collaboration with WWF. This project integrates conservation, production, and community development in a high-value biodiversity landscape. The current phase runs from 2020 to 2025, with a new phase planned for 2026–2030. In 2025, we allocated a total of SEK 1.3 m OpEx on the South Africa wool project. Read more about our investments and resources for actions on page 81 or in note 1 Accounting principles to the financial statements on page 151 in our ASR.

Our progress and results

During 2025, we made progress toward reducing our impact on nature and supporting biodiversity protection and restoration. We successfully finalised the first phase of our two landscape-level projects in India and South Africa. Both initiatives delivered environmental and social benefits by strengthening ecosystem resilience and improving local livelihoods. The next phase of these projects will begin in 2026 as part of our renewed partnership with WWF.

Throughout the year, we continued our efforts to avoid and reduce land-use changes and the conversion of natural ecosystems by increasing the use of sustainably sourced materials. Strengthened traceability has sup ported this progress, and work remained on track to have system support for prioritised commodities made available at the beginning of 2026. In parallel, we increased the use of recycled materials to help minimise the land required for production. For more details on sustainably sourced and recycled mate rial shares, see ‘Resource use and circular economy’ on page 88 in our ASR.

Our commitment to increasing the share of recycled and sustainably sourced materials, improving raw-material traceability, and continued collab oration with WWF will remain central to achieving our biodiversity ambitions.

3.B.2 Reduction of greenhouse gas emissions

Our ambition, steering and strategy
Our ambition is to contribute to the limiting of global warming to 1.5°C in line with the Paris Agreement. To achieve this ambition, we focus our efforts on reducing our GHG emissions in accordance with our climate targets by investing in new technology and optimising our resource use. These efforts are directly embedded in our business model and strategy – from how we design our products to how we engage with our suppliers and customers. Since a large share of our emissions occur outside our own operations, close collaboration with our business partners is essential to achieving our climate targets and strengthening our business resilience. In 2024, we con ducted an updated climate-related scenario analysis to gain deeper insights into both physical and transition risks along our full value chain and the resilience of H&M Group's strategy and business model regarding climate change. The results of the analysis have informed our strategic priorities during 2025, enabling us to take action to strengthen our business resilience in alignment with our climate transition plan.

Our resilience analysis shows that H&M Group is well-positioned to manage risks related to climate change. While extreme weather events and changes in climatic conditions may disrupt our supply chain, including pro duction sites and transportation routes, our ongoing and planned efforts will increase our resilience in the short to medium term (within one to five years). This resilience is supported by strategic investments in services that extend product life, increased use of recycled materials, diversification of raw mate rial sourcing, and the transition to renewable energy and energy-efficient production technologies. Our science-based targets, combined with pro active contingency planning and our supply chain flexibility, further strengthen our preparedness for both regulatory and physical climate risks. These measures not only support our climate targets but also reinforce our capacity for long-term value creation under different climate-related scenarios. More information about the results from the climate-related scenario analysis is disclosed on page 74 in our ASR.

The identification and assessment of material matters
To identify both actual and potential sources of GHG emissions, we have con ducted a comprehensive screening of our business activities and strategic plans across the full value chain, aligned with the GHG Protocol. This screen ing, supported by a third-party expert, integrated all relevant emission sources into our annual GHG inventory and was reviewed by the Science Based Targets initiative (SBTi) during our climate target validation process.

In addition, we have undertaken a quantitative and qualitative scenario analysis following the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to identify and assess climate-related physical and transition risks, as well as opportunities, along our value chain. As part of the scenario analysis, we screened our key assets and business activities along the value chain to evaluate their exposure to the identified physical and transition hazards. These were screened based on actual data in regard to geospatial coordinates, energy and water consumption, economical weight (such as sales volume for stores, or production value for supplier sites), and site-specific GHG emissions. Physical hazards including flooding, extreme temperatures, extreme rainfall, drought, wildfires, cyclones, and water stress were evaluated alongside transitional events including changes to legislation, market shifts, reputational risks and technological events.

The analysis was conducted in 2024, covering scenarios over the short term (within one year), medium-term (by 2030) and long-term (by 2040) to align with the time-horizons used when setting our climate targets. The analysis is based on three climate scenarios1: a low (1.5°C), moderate (~3°C), and high (>3°C) warming pathway. To strengthen the assessment of transition risks, we also incorporated scenario inputs from the Network for Greening the Financial System (NGFS), including NiGEM NGFS v1.23.2 [GCAM 6.0 NGFS], reflecting key macroeconomic, technological, and energy system assumptions. Critical assumptions include the continuing expansion of renewable energy alternatives in key production regions.

The scenario analysis is based on a two-step approach. First, we con ducted a simplified assessment covering all identified risks. Secondly, we performed detailed modelling of the largest risks and opportunities. These financial models examined the effect of physical and transition risks at both the site- and aggregated levels and incorporated the costs and effectiveness of mitigation actions. Although no single asset gave rise to a financial risk large enough to be considered material, we identified several material risks related to our upstream value chain activities such as raw material extraction, textile production, and transportation. Once these material risks were identified, we evaluated how well our business model can adapt to these risks over the short, medium and long-term

The results from the scenario analysis suggest that changing climatic conditions may cause supply chain disruptions and shifting consumer demand. Increasing frequency and severity of extreme weather events in a moderate to high warming pathway could affect key production markets, creating risks related to the sourcing, manufacturing and transportation of input goods. These events may also lead to a shift in consumer sentiment with an increased demand for recycled products and materials, presenting opportunities to grow revenue by scaling resale.

Policies related to climate change
To manage matters related to climate change, we are guided by our environmental policy, which commits us to reducing our climate impact in line with the 1.5°C target and the Paris Agreement. The policy addresses matters related to climate change mitigation, our GHG emissions and energy use. It does not cover matters related to climate change adaptation. In addition, our sustainability commitment, which must be signed by all our business partners, requires suppliers to monitor and report energy use and emissions, and pursue continuous efficiency improvements. Read more about our policies and commitments on page 120 in our ASR.

Our climate transition plan
Building on our business idea and strategic priorities, we have adopted a climate transition plan and set science based targets in line with the Paris Agreement to contribute to the limiting of global warming to 1.5°C. The plan supports our broader policy commitments and long-term business objectives to ensure we work towards reaching net-zero and take action to mitigate climate change. As part of this plan, we have identified a set of decarbonisation levers including decarbonising own operations, decarbonising pro duction processes and transport in our supply chain, and shifting to recycled and sustainably sourced materials for our products and packaging. To achieve our climate targets, we remain focused on our key actions:

- Improving energy efficiency in own operations
- Sourcing of renewable energy in own operations
- Improving energy efficiency in garment and fabric manufacturing
- Leveraging renewable energy in garment and fabric manufacturing
- Advocating for systemic change
- Optimising logistics and transition to low emission transports
- Increasing the use of recycled and sustainably sourced materials
- GHG removals and storage projects

In 2025, we allocated a total of SEK 2,484.2 m OpEx and SEK 347 m CapEx to our key actions related to our climate transition plan. These are reported per action in the sections ‘Climate change’, ‘Biodiversity and ecosystems’, as well as ‘Resource use and circular economy’. In addition, long-term loans at favourable interest rates are offered directly to suppliers through our Green Fashion Initiative programme, as well as collaboratively with other brands through the Apparel Impact Institute’s (Aii) Fashion Climate Fund and the Future Supplier Initiative. These initiatives reduce borrowing costs for factories and enable access to technical support.

As part of our reporting under the EU Taxonomy Regulation, we have identified that we are covered by activities related to climate change mitigation in connection with capital expenditures. These activities relate to the installation, maintenance and repair of energy-efficient equipment, instruments and devices for measuring, regulating and controlling the energy performance of buildings, as well as the acquisition and ownership of buildings. None of these activities are assessed as being aligned with the EU Taxonomy; see page 94 for more information. However, these activities support our transition plan related to improving energy efficiency in our own operations. We have not invested in any coal, oil or gas-related economic activities during 2025. We have issued financing in the form of green and sustainability-linked bonds to align our sustainability priorities with our financial strategy, and to provide investors with transparency on our investments and performance towards key sustainability targets. The H&M group is not excluded from the EU Paris aligned benchmarks.

Furthermore, to support our transition towards net-zero, we have con ducted a qualitative assessment of potential locked-in GHG emissions associated with our operations, products or assets. Based on this assessment, we concluded that these emissions do not compromise our ability to meet our climate targets or significantly increase any relevant transition risks. For some of our owned distribution centres we depend on natural gas for heating purposes, but these do not present a significant lock-in regarding the complexity or cost of replacing them, or significance in share of GHG emissions. Our climate transition plan has been approved by the CEO and board of directors, and is fully embedded in our business strategy and financial planning, supporting our key long-term business objectives:
• Reaching long-term sales growth of at least 10 percent per year
• Achieving an operating margin that exceeds 10 percent
• Reducing GHG emissions in our supply chain by 56 percent by 2030 (compared to 2019)

Progress towards our climate targets and long-term business objectives is monitored on a quarterly basis by the executive management team, ensuring climate action remains central to our strategic direction. In addition, our board of directors receives annual updates on our progress towards our climate targets and key investments related to our climate transition plan. Accountability to deliver on our actions is integrated into the relevant business function to ensure alignment between business and climate objectives, and to secure the necessary allocation of resources. The executive management team and the board of directors' responsibility includes approving actions that form part of our sustainability strategy to ensure they are aligned with our overall business objectives and long-term financial planning.

Our GHG emission reductions have been driven by increased renewable energy use, energy efficiency improvements in our operations and supply chain, and a greater share of recycled and sustainably sourced materials in our material basket. Decreases in total material weight due to changes in assortment mix and our customer offer along with the increased precision in our planning supply and demand has also contributed. We will continue allocating resources towards actions related to our decarbonisation levers to ensure we meet our long-term targets and objectives. This includes shifting towards recycled and sustainably sourced materials, adopting energy efficient technologies, and sourcing renewable energy. These shifts may lead to increased costs of goods sold if implementation costs are passed on to us.

In parallel, we are adjusting our business model by scaling services that align with circular economy principles such as resale and garment collection, with investments made directly by H&M Group through our venture arm or brands. The purpose of these planned actions is to adopt our strategy and business model to ensure we contribute to the limiting of global warming to 1.5 °C. Read more about the outcome of our actions and our progress towards our climate targets on page 78 in our ASR.

Our targets and actions

To ensure we achieve our ambition and contribute to the limiting of global warming to 1.5°C, we have set targets related to our key actions and decarbonisation levers in alignment with our climate transition plan. We regularly review our climate targets and consult with external stakeholders such as WWF, Stand.earth, and the UNFCCC, to ensure the continual improvement of our targets, calculation methods, and operational strategies.

Targets for 2030
• Reduce absolute Scope 1 and 2 GHG emissions by 56 percent compared with 2019
• Reduce absolute Scope 3 GHG emissions (excluding indirect use-phase emissions) by 56 percent compared with 2019

Targets for 2040
• Reduce absolute Scope 1 and 2 GHG emissions by 90 percent compared with 2019

• Reduce absolute Scope 3 GHG emissions (excluding indirect use-phase emissions) by 90 percent compared with 2019
• Reach absolute net-zero GHG emissions

These targets are voluntary and not required by legislation. The baseline year of 2019 was chosen as it was not affected by the pandemic, and was representative for the business in general. It was part of the validation by the SBTi. For underlying assumptions and comment on our progress against these targets, see page 78 in our ASR.

Decarbonising own operations
To enable the decarbonisation of our own operations, we have set targets to reduce absolute Scope 1 and 2 GHG emissions by 90 percent by 2040 and 56 percent by 2030, against a 2019 baseline. These targets have been vali dated against SBTi's Net-Zero Standard and were formally approved by the SBTi during 2022 as being in line with what the latest climate science regards as necessary to limit global warming to 1.5°C above pre-industrial levels. To ensure we reach these targets, we plan to improve our energy efficiency and increase the share of renewable energy used in our stores, offices and warehouses.

Action: Improving energy efficiency in own operations
To reduce our Scope 1 and 2 GHG emissions, we have taken action to improve energy efficiency in our own operations during 2025. This action includes the deployment of real-time energy monitoring systems, installation of LED lighting and motion sensors, as well as adjustments of indoor temperatures in our stores. The aim of this action is to ensure we achieve a 36 percent reduction in electricity consumption per square metre and opening hour in all our stores by 2030, against a 2016 baseline. In 2025, we allocated a total of SEK 7.2 m OpEx and SEK 296.9 m CapEx towards these energy efficiency improvements. Based on our projections, this action is expected to reduce our Scope 1 and 2 market-based GHG emissions by around 1 percent by 2030, compared with our total emissions in 2019. This corresponds to an estimated reduction of around 389 tonnes of CO_2e.

Action: Sourcing of renewable energy in own operations
During 2025, we have taken action to increase the share of renewable energy that is matched with consumption in our stores, warehouses and offices. The aim of this action is to ensure that we reach 100 percent matching of renewable electricity for our own operations by 2030, with at least 50 per cent coming from Virtual Power Purchase Agreements (VPPAs), driving the development of new renewable electricity generation. This will replace renewable electricity matched with unbundled EACs. This means that the VPPAs will not significantly reduce our market-based Scope 2 GHG emis sions, but they will contribute to the expansion of new renewable energy capacity. In 2025, we allocated a total of SEK 59.2 m OpEx and SEK 2.9 m CapEx towards sourcing renewable energy, including leveraging VPPAs to support the development of new renewable electricity, installing on-site solar PVs, and procuring renewable energy attribute certificates. Based on our projections, this action is expected to reduce our market-based Scope 1 and 2 GHG emissions by around 55 percent by 2030, compared with our total emissions in 2019. This corresponds to an estimated reduction of around 37,766 tonnes of CO_2e.

Decarbonising production
To enable the decarbonisation of production processes in our garment supply chain from Tier 1 to 3, we have set targets to reduce absolute Scope 3 GHG emissions (excluding indirect use-phase emissions) by 90 percent by 2040 and 56 percent by 2030, compared with a 2019 baseline. These targets have been validated against the SBTi's Net-Zero Standard and were formally approved by the SBTi in 2022 as aligned with the latest climate science on limiting global warming to 1.5°C above pre-industrial levels. To meet these targets, we plan to improve energy efficiency and increase the share of renewable energy at supplier sites, and engage with policymakers in key production markets to improve access to renewable energy.

Action: Improving energy efficiency in garment and fabric manufacturing
During 2025, we have taken action to support our garment and fabric manufacturing suppliers to improve the energy efficiency of their production processes. This action includes providing suppliers with free energy audits

to identify efficiency opportunities such as equipment upgrades, insulation, and heat pumps. We have also offered financing solutions for the adoption of cleaner technologies and equipment such as waterless dyeing and heat storage. The aim of this action is to generate financial savings for the suppliers, reduce energy usage, and increase the feasibility of electrifying processes, and thereby enable us to lower our emissions. In 2025, we allocated a total of SEK 27.1 m OpEx towards energy efficiency improvements within our supply chain. Based on our projections, this action is projected to deliver a 2 percent reduction in Scope 3 GHG emissions compared with a 2019 baseline, equivalent to around 81,306 tonnes of CO_2e by 2030.

Action: Leveraging renewable energy in garment and fabric manufacturing
The manufacturing of our products relies on the consumption of electricity and thermal energy. To reduce GHG emissions from production processes, we are therefore working with our suppliers in Tier 1, 2 and 3 with the aim to phase out on-site coal by 2026. In parallel, we encourage our suppliers to transition to the use of renewable energy sources. By 2030, we aim for all suppliers in Tier 1 to 3 to source 100 percent renewable electricity for the pro duction of our garments – from spinning to finished product. To achieve this, there is a need for financial support to finance measures related to reducing GHG emissions in our garment supply chain. We contribute to this as a lead partner in the Apparel Impact Institute's (Aii) Fashion Climate Fund and as a driving force behind the Future Supplier Initiative under the Fashion Pact. We also provide direct financial support to our suppliers through our Green Fashion Initiative. In 2025, we invested SEK 24.6 m OpEx on activities related to the phase out of fossil fuels in garment and fabric manufacturing. Based on our projections, this action is projected to deliver a 38 percent reduction in Scope 3 GHG emissions compared with a 2019 baseline, equivalent to around 1,565,387 tonnes of CO_2e by 2030.

Action: Advocating for systemic change
We engage with policymakers and stakeholder platforms in our key markets to improve access to renewable electricity. Our primary focus is on promoting Corporate Power Purchase Agreements (CPPAs) to enable renewable procurement and accelerate grid decarbonisation. In 2025, actions included additional advocacy in Vietnam, where direct power purchase agreement (DPPAs) have been introduced in the legislation in 2024, but there is still lack clear guidance for price and participation of industrial zones. In Bangladesh, the CPPA framework has been approved, and a Memorandum of Understand ing has been signed to pilot the first CPPA with key suppliers. In Indonesia, two strategic suppliers have signed Green Electricity Tariff Agreements (GEAS), while in Türkiye a strategic supplier signed the industry's first CPPA in the country. We also advocate for solid, transparent and internationally recognised Energy Attribute Certificates. Additionally, we have initiated policy strategies aimed at electrifying thermal processes and addressing critical issues such as grid capacity, stability, transition incentives, supplier load, and pricing. Although we are actively implementing actions to advocate for systemic change, we do not disclose specific financial resources allocated to these actions because such costs and investments are integrated into our normal business operations and cannot be separately identified.

<u>Decarbonising transports</u>
To enable the decarbonisation of transportation to and from our stores, warehouses and customers, we have set targets to reduce absolute Scope 3 GHG emissions (excluding indirect use-phase emissions) by 90 percent by 2040 and 56 percent by 2030, compared with a 2019 baseline. These targets have been validated against the SBTi's Net-Zero Standard and were formally approved by the SBTi in 2022 as aligned with the latest climate science on limiting global warming to 1.5°C above pre-industrial levels. To meet these targets, we plan to optimise logistics networks and expand low-emission transport solutions.

Action: Optimising logistics and transition to low emission transports
During 2025, we have taken action to optimise our logistics network, while expanding the use of zero-emission vehicles (ZEV). We have also increased the use of biofuels where EV charging infrastructure is not yet sufficient. In addition, we continue improving logistics efficiency by enhancing warehouse and transport configurations, reducing the number of journeys through greater use of parcel collection points instead of direct home delivery, improving load efficiency, consolidating shipments, optimising delivery schedules, and refining our returns management and store replenishment processes. We also assess climate risks related to our logistics network,

secure insurance for vulnerable regions, and identify alternative supply routes to reduce climate-related financial and operational risks. Although we are actively implementing actions to optimise logistics, we do not disclose specific financial resources allocated to these actions because such costs and investments are integrated into our normal business operations and can not be separately identified. Based on our projections, this action is projected to deliver a 3 percent absolute reduction in Scope 3 emissions by 2030, com pared with 2019 levels. This corresponds to around 102,243 tonnes of CO_2e.

Material shifts related to our resource use and inflows
In alignment with our overall business idea and climate transition plan, we have set targets to increase the use of recycled and sustainably sourced materials in our products and packaging. These targets and associated actions are presented in more detail in 'Resource use and circular economy' on page 89 in our ASR.

Action: Increasing use of recycled and sustainably sourced materials
The extraction and production of raw materials such as cotton and wool generates GHG emissions, consumes water and impacts ecosystems. During 2025, we have therefore taken action to increase the use of recycled and sustainably sourced materials in our products and packaging. The aim of this action is to reduce negative environmental impacts by reducing our use of virgin materials and natural resources, while accelerating progress towards our emission targets. This action is ongoing and planned until 2030 for when we aim to source 100 percent recycled or sustainably sourced materials in our products and packaging. In 2025, we allocated a total of SEK 1,244.5 m OpEx on initiatives with the aim to increase our use of recycled and sustain ably sourced materials. These figures are presented in more detail in 'Resource use and circular economy' on pages 88–93. Based on our projections, this action is projected to deliver a 13 percent reduction in Scope 3 GHG emissions by 2030, compared with 2019 levels. This corresponds to around 536,472 tonnes of CO_2e.

Reaching net-zero
In order to drive change within our industry and to support the global transi tion, we have also set a long-term climate target to become net-zero by 2040. This target is intended to be achieved by balancing the remaining emissions in our value chain with carbon removals in line with the SBTi Net-Zero Standard, after our emissions have been reduced by 90 percent compared with the 2019 baseline.

GHG removal and storage projects
To ensure our access to high-quality permanent carbon dioxide removals and to contribute to the development of this emerging sector, we began preparing for net-zero by taking early action in this field. In 2022, we signed our first contract for using direct air capture and storage with Climeworks. In addition to this, we are a member of Frontier – an advance market commitment that facilitates the purchase of permanent carbon dioxide removals from a port folio of providers. These initiatives are focused on addressing our residual GHG emissions in 2040, which are expected to equal no more than 10 percent of our total GHG emissions in 2019 (our baseline level).

To date, we have entered into 23 offtake agreements for permanent carbon removals. These agreements mark a significant step forward and are intended to help stimulate market growth by signalling clear demand while encouraging continued investments. We have currently not developed any carbon removal projects within our value chain and do not make any claims to such projects. At the end of 2025, we have not cancelled any credits for permanent carbon removals, but we have received 388 tonnes. Our current offtake agreements are set up to deliver additional credits up until 2033. The credits are verified either under PURO or ISOMETRIC standards for permanent carbon dioxide removals. No additional assumptions or method ologies have been applied beyond those used by these standards.

Initiatives beyond value chain mitigation
To further contribute to the global transition to net-zero, we engage in nature-based projects that contribute to climate action beyond our value chain. Preventing deforestation and the destruction of natural ecosystems and habitats is crucial to mitigating climate change and limiting global warming to 1.5 °C. In 2022 we therefore joined the Lowering Emissions by Accelerating Forest Finance (LEAF) Coalition as a corporate partner to support the

preservation of forests. The coalition brings together public and private sector buyers to purchase high-quality carbon credits from governments, both national and subnational, that have implemented juris dictional REDD+ programmes to reduce deforestation. These initiatives pro vide a viable economic alternative to forest harvesting and provide economic incentives to landowners in preserving forests and natural habitats. We were among the first companies to support the fight against deforestation in the Amazon rainforest with the LEAF Coalition and the deal with the Brazilian state Pará. Under this agreement, we expect to receive delivery of credits in 2027. For 2025 we have not retired or taken delivery of any carbon credits. We make no claims of GHG-neutrality based on the purchase of these carbon credits.

Internal carbon pricing
We apply an internal carbon pricing scheme to support and complement our broader efforts to reduce GHG emissions and achieve our emission reduction targets. This internal price functions as an operational shadow price, influencing decision-making within our operations by reflecting the price of carbon in our internal product income statement used by our assortment and sourcing teams. By including the price of emissions in the decision on a product level, we steer decisions towards lower GHG emission alternatives for materials and manufacturing facilities, therefore supporting the integration of our climate-related targets and policies into the business. In 2025, the internal carbon price was set at USD 20 per tonne of CO_2e. As it is used operationally and not tracked manually at the order level, a cap has been introduced to avoid disruptions to business operations.

The carbon price is applied to each order and covers emissions associated with raw material extraction, production processes in Tier 1 to 3, and transportation across the value chain. The carbon price covers the full H&M Group garment supply chain globally. In 2025, this represented around 57 percent of our total Scope 3 GHG emissions. Scope 1 and Scope 2 GHG emissions are not covered by the internal carbon price. The specific price was set as a function of the estimated cost of reaching our 2030 Scope 3 target and the baseline GHG emissions from the included activities. The carbon price is considered dynamic – it will be adjusted over time to reflect actual GHG emissions reductions from these activities. As these emissions decrease, the price is expected to rise, increasing its steering effect and supporting more ambitious operational decisions that may be needed to meet our targets.

The carbon price is not based on scientific principles. Additionally, as it is a shadow price and does not involve financial transactions, it is not reconciled with our financial statements. The carbon price used in financial climate risk analysis (TCFD) is based on expected carbon taxes and border adjustment mechanisms, and is not the same as the internal carbon price described here.

Our progress and results
During 2025, our absolute Scope 1 and 2 GHG emissions decreased by 41 per cent compared with 2019. The reduction since last year was mainly driven by the matching of renewable electricity with consumption in Australia, which contributed to lower emissions despite a marginal decline in our overall renewable electricity share from 96 percent in 2024 to 95 percent in 2025 due to updated RE100 criteria preventing matching in Romania and Serbia. The proportion of electricity matched through our VPPAs increased significantly to 49.1 percent, compared with 19.6 percent in 2024, as all VPPAs in Sweden and the United States came online. The share of renewable electricity coming from bundled certificates is 51.5 percent. In our stores the electricity intensity (kWh/m^2 per opening hour) decreased by 32 percent compared with the 2016 baseline.

Our 2025 absolute Scope 3 emissions under our science based target decreased by 34.6 percent compared with 2019 and 13.6 percent compared with last year, remaining well in line with our –56 percent 2030 target. Emission reductions were primarily driven by a decrease in total material weight and an increased share of recycled and sustainably sourced materials for commercial products and packaging material, see ‘Resource use and circular economy’, page 88 in our ASR. They were also supported by the shift to cleaner energy and energy efficiency improvements in our textile supply chain, where 48 percent of total electricity consumption was matched with renewables out of a total consumption of 1,127,954 MWh.

By the end of 2025, 10 Tier 1, 2, and 3 factories reported the use of on-site coal boilers, down from 118 in 2022, showing strong progress toward our aim of full phase-out by the end of 2026. Through our Green Fashion Initiative programme, 24 projects have been financed to date, and operational projects in 2025 resulted in a reduction of 146,939 tonnes CO_2e, of which 50,746 tonnes CO_2e are attributable to H&M Group.

While emissions are still linked to resource use, total Scope 3 emissions per net revenue (tonnes CO_2e/SEK m) decreased by 33.4 percent compared with 2019 and 11.2 percent compared with last year. Based on our planned mitigation actions, our expected total GHG emissions reductions from 2019 to 2030 amount to 56 percent, in line with our science based targets for Scope 1, 2, and 3.

Biogenic emissions related to activities reported under Scope 1, 2 and 3 have not been calculated for 2025.

In terms of governance, 10 percent of remuneration in the long-term incentive programme ('LTIP 2025') was linked to climate-related considerations, supporting accountability for climate performance.

3.B.3 Improvements in own purchasing practices

We aim to have a positive impact on our business partners and their workers. Our strong local presence in our main sourcing markets means we can build genuine partnerships and collaborate closely with our suppliers.

Most of our purchasing practices are governed by digital systems and company policies. This aims to ensure consistent standards and limit the risk of human error or external influence. It also means that many of the commitments we make, such as adhering to certain payment terms, are applied automatically.

Building relationships
Since 2011, we have used a supplier relationship management system to evaluate and develop our suppliers across several business, environmental and social impact parameters. We reward high-performing suppliers by providing production plans well in advance, enabling factories to prepare effectively and manage fluctuations in demand. For our strategic suppliers, we plan our order capacity as far as three to five years ahead, which gives them the stability to invest in their facilities and workforce.

Wages as an itemised cost
What we pay suppliers for a garment is split into different cost blocks such as material, labour and operations. The labour costs are calculated together with our suppliers using an agreed method that includes production time, efficiency and wages of workers, among other things. When wages increase, for example through increased minimum wage levels or collective bargaining agreements, the labour cost is recalculated and adjusted. This process aims to increase transparency and ensures labour costs are not part of price negotiations. Ring-fencing labour costs in this way ensures wage improvements are reflected in the prices we pay our suppliers.

Payment terms
Payment terms can impact suppliers' financial resilience and ability to invest. We have agreed on standardised payment terms with our suppliers, which are in line with industry averages. In addition, H&M Group has negotiated a factoring agreement on behalf of all its suppliers that gives them faster access to invoice payments. Suppliers can opt to receive payment approximately three days after sending an invoice. Taking this into account, our suppliers get paid, on average, 32 days after the invoice issue date.

Exiting a supplier relationship
Sometimes we need to end a business relationship with a supplier. For example, a supplier may be phased out if our capacity or capability needs change, if the supplier fails to meet the requirements outlined in our Sustainability Commitment, or due to poor quality performance. Whatever the reason, we want to minimise the negative impact of exiting business relationships.

In our phase-out procedure, we conduct a worker impact assessment and create an exit plan in close dialogue with the supplier. We inform all relevant stakeholders, in particular trade unions, if present, or worker representatives. To limit negative impact, the phase-out process is set according to how dependent the factory is on our business, with longer phase-outs for those that need it. We monitor and communicate each step verbally and in writing. Our procedure adheres to the ACT Responsible Exit Policy.

Developing our purchasing practices
We are a member of ACT – Action, Collaboration and Transformation, alongside 19 other brands and the global union IndustriALL. As a member, we have signed five commitments for responsible purchasing:

Purchasing prices include wages as itemised costs
Fair terms of payments
Better planning and forecasting
Undertake training on purchasing and buying practices
Practice exit strategies

These commitments help us to continually improve our purchasing practices, and make sure our purchasing practices do not contribute to negative impacts on workers.

We take part in ACT's biannual, industry-wide assessment under the ACT Accountability and Monitoring Framework. As part of the assessment, ACT distributes surveys directly to suppliers across participating brands' supply chains, which helps evaluate how we apply purchasing practices.

In 2025, more than 1,600 responses from our suppliers were collected. For the third assessment cycle in a row, our suppliers rated our performance at or above the overall survey average across all areas. We rated particularly high on, for example, terms of payment, forecasting and planning, and sourcing strategy. More work remains to be done on order placement and changes, and product development. These insights guide our priorities and ensure we continue building fair, transparent, and collaborative relationships with our suppliers.

As we are committed to continuously developing our purchasing practices in all areas, we also work to strengthen internal capacity. Since 2022, we have trained more than 660 H&M Group employees in purchasing practices, covering over 80 percent of key roles in 2025.

3.B.4 Choice of products and certifications

How we choose materials
We follow a structured process to decide which materials can be used in our products and packaging. This includes assessing how materials are grown, produced and processed, how they perform in use, and whether they can be recycled after use.

We then compare alternatives using criteria - https://hmgroup.com/wp-content/uploads/2024/03/HM-Group-Recycled-or-sustainably-sourced-materials.pdf - informed by recognized industry tools, such as Textile Exchange's Fiber & Materials Matrix, environmental impact data, credible standards, and insights from our risk-based due diligence process. This helps us identify potential risks, for example those related to farming practices, forestry, animal welfare, working conditions or chemical processing, and understand where stronger safeguards may be needed.

We continually map and prioritise the risks associated with the materials we source for our products.

Only materials that meet our criteria are approved for use across our products and packaging.

Material targets
Our material targets guide our efforts to reduce impacts and resource use, while also helping to reduce dependence on finite resources, support future supply and guide our material choices across products and packaging.

2030 target - products
Increase the use of recycled or sustainably sourced materials* in commercial products to 100 percent, with the aim of reaching 50 percent recycled materials.

Status 2025 – products:
Materials that meet the criteria: 91 percent.
Share that is recycled: 32 percent.

Limitations – products:
The availability and quality of recycled materials vary by material type and region, depending on local collection, sorting and recycling capacity, as well as available recycling technologies. The availability of virgin materials that meet our requirements can also vary, for example where suitable alternatives do not exist or where weather conditions or market dynamics affect production. Balancing recycled and virgin inputs may be necessary to ensure durability, performance and functionality.

*'Recycled or sustainably sourced materials' refers to materials that meet our environmental, social and traceability requirements, assessed through our material-selection criteria - see link above.

2030 target – product and non-product packaging
Increase the use of recycled or sustainably sourced materials in packaging to 100 percent.

Status 2025 – packaging:
Materials that meet the criteria: 86 percent.
Share that is recycled: 51 percent.

Additional packaging progress 2025:
Reduced plastic packaging volumes by 60 percent compared with 2018 (89,165 tonnes).
51 percent of all packaging materials came from recycled sources, and within that, 71 percent of plastic packaging was made from recycled material.

Limitations – packaging:
The availability, quality and cost of recycled packaging materials vary by region and depend on local collection, sorting and recycling systems.

Actions to meet our targets
We focus on long-term partnerships and industrial-scale innovations that aim to increase the availability of textile-to-textile recycled materials.

Recycled materials in our products:
* Co-founded Syre to support the scale-up of textile-to-textile recycled polyester and entered into a seven-year USD 600 million offtake agreement, supported by additional investment in its first production facilities.
* Signed a multi-year sourcing partnership with Circulose®.
* Use certified recycled fibres, such as those verified to RCS or GRS, where applicable and available.
* Established Looper Textile Co. with REMONDIS to sort and prepare post-consumer textiles at industrial scale for reuse and recycling.
* Collaborate with innovators such as Recover, RE&UP and Loopamid to increase the availability of pre- and post-consumer recycled fibres across cotton and synthetic materials.

Other materials in our products:

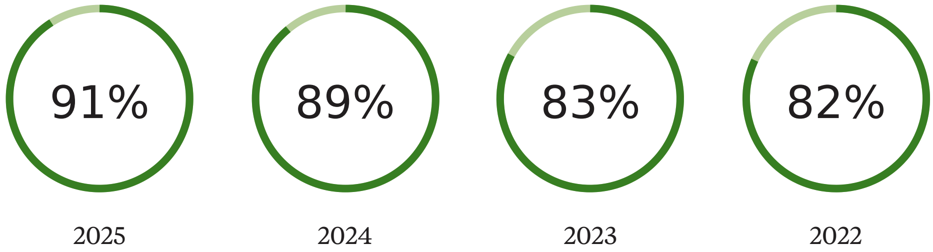
* Support cotton producers in adopting agricultural practices intended to improve soil health and strengthen resilience to climate-related challenges such as drought, pests and water scarcity. These measures can also support more stable farmer livelihoods. In 2025, we invested in two projects together with Better Cotton Initiative and The Sustainable Trade Initiative (IDH) to scale these practices, for example the Gujarat Regenerative Agriculture Project.
* Continued to use organic fibres certified to GOTS or OCS, or sourced through the Organic Cotton Accelerator (OCA) initiative.
* Ensured that all virgin wood-based materials we source, such as man-made cellulosic fibres (MMCF), come from FSC- or PEFC-certified forests
* Invested in natural fibre innovation, including hydroponic cotton systems that recirculate water and reduce land use.
* Use animal fibres from farms certified to established animal welfare standards, including Responsible Wool Standard, Good Cashmere Standard and Responsible Mohair Standard, and increased the use of recycled animal fibres where these meet product quality requirements.
* Shifted all down and feather to post-consumer recycled sources.
*Maintained long-standing bans on fur, exotic skins, angora and materials from endangered species.

Materials in our packaging:

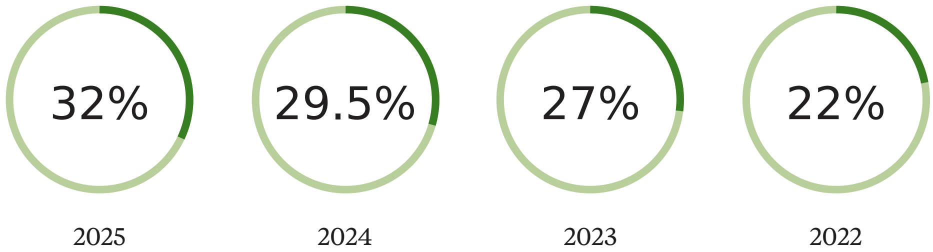
*Reduced plastic packaging and increased the use of recycled content across packaging formats.
*From December 2025, 100 percent of our virgin paper and cardboard comes from FSC-certified sources.

Indicator

Recycled or more sustainable sourced materials in our commercial products



Recycled materials in our commercial products



3.B.5 Actively support free trade union organisation and collective bargaining, or where the law does not allow it, actively support other forms of democratically elected worker representation

H&M Group is committed to upholding employees' rights to freedom of association and collective bargaining in line with the UN Guiding Principles and OECD Guidelines. These rights are embedded in our labour relations policy, global framework agreement with UNI, and collaboration with the EWC, complemented by local union engagement under applicable laws.

In 2025, we expanded our minimum employment standards to explicitly prohibit all forms of forced labour, applying to all directly contracted employees. Implementation is led by our local human resource teams, supported by dedicated financial, human and operational resources. Managers are responsible for ensuring day-to-day compliance and embedding these standards in workplace practice. Our approach includes short-term (2023–2025) roll-out and training, medium-term (2025–2028) enhanced monitoring, and long-term continuous improvement.

Progress is measured through key indicators including collective bargaining coverage, grievance resolution rates, audit results, and employee surveys. Our local human resource teams are accountable for implementation, while annual reporting ensures transparency, consistency, and continuous evaluation across all operations. Although we are actively taking action to secure labour rights, we do not disclose specific financial resources allocated to these actions because such costs and investments are integrated into our normal business operations and cannot be separately identified.

H&M Group's commitment to respect the human rights of workers in the value chain is set out in our human rights policy, which applies to all entities within the H&M Group and our business partners, outlining our approach to ensure fair and equal treatment for all workers. Our responsible business conduct (RBC) policy outlines our sustainability due diligence process. H&M Group complies with national laws and respects internationally recognised human rights wherever we operate, and our Human rights policy is aligned with internationally recognised instruments such as the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multi national Enterprises, the Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work. In addition, H&M Group's sustainability commitment covers forced labour, child labour, health and safety, discrimination, freedom of association and collective bargaining, wages and compensation, transparency, and collaboration.

We want workers to feel safe at work and be treated with respect and dignity, and that their rights to freedom of association and collective bargaining are respected. In 2024 we had an in-person global NMC meeting for the first time since 2019. Coming together in person is essential to build trust and increase knowledge of each other's respective organisations.

In 2024 we renewed our Global Framework Agreement (GFA) with IndustriALL Global Union and IF Metall. 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 facilitiate trade union access to factories in cases of alleged violations.

Long-term improvements in working conditions and safeguarding human rights in our factories start with empowered workers who have a voice. We expect supplier factories to strengthen dialogue between management and worker representatives, including trade union representatives when a trade union is present. A major pillar to achieve the above is our GFA with IndustriALL Global Union and IF Metall (GFA). The GFA is implemented through NMCs in Bangladesh, Cambodia, India, Indonesia and Türkiye. These consist of IndustriALL Global Union affiliated unions and our own colleagues from production offices and serve as an additional grievance mechanism where workers can raise concerns directly with us and conflicts that could not be solved at the factory level. National Monitoring Committees also work pro actively to promote freedom of association and issues of joint concern

Upholding decent working conditions
We have set a target to achieve 100 percent coverage of our wage manage ment system (WMS) in strategic Tier 1 production units with wage risk by 2028, to promote performance-based compensation and adequate wages. While the target focuses on programme coverage rather than impact, it builds on stakeholder consultations with ILO, Forced Labour Association (FLA), Sustainable Trade Initative (IDH), Better Work (BW), IndustriALL, and academic experts. To ensure we reach these targets and fulfil our policy commitments, we plan to implement policies and initiatives aimed at upholding decent working conditions.

Action: Working conditions in production and manufacturing (Tier 1 and 2)
In 2025, we have implemented a set of initiatives to uphold decent working conditions for workers in Tier 1 and 2. These initiatives include annual assessments, training on ethical recruitment, monitoring and addressing excessive overtime, promoting freedom of association through our global framework agreement (GFA) and ensuring there are democratically elected workplace representatives at relevant suppliers. We have also taken action to enable adequate wages by working with purchasing practices improvements, wage management systems, and digital payments.

Additional efforts include annual business partner surveys, country-level advocacy in selected countries, and partnerships with Actions, Collaboration, Transformation (ACT) to support collective bargaining and freedom of association. This year three H&M factories in Cambodia signed collective bargaining agreements (CBA) with a wage component with trade unions.

We aim to increase access to injury insurance for ready-made garment workers in Bangladesh by 2027. Progress is tracked through KPIs such as percentage of strategic Tier 1 production units with wage risk enrolled in wage management systems (WMS) and Tier 1 coverage of digital wage payment solutions. Although we are actively implementing actions to ensure a safe and healthy workplace for workers in production, we do not disclose specific financial resources allocated to these actions because such costs and investments are integrated into our normal business operations and cannot be separately identified.

Industry collaborations
In support of our actions, we collaborate with partners to address material human rights impacts. We engage with a range of stakeholders to tackle systemic challenges in our supply chain, focusing on workplace safety, gender

equality, adequate wages, and freedom of association. We ensure safe working conditions through membership in the International Accord, the Ready-Made Garment Sustainability Council (RSC) in Bangladesh, and the Pakistan Accord, working with global trade unions to improve fire and building safety.

Our gender equality efforts include signing the Women's Empowerment Principles and entering a three-year partnership with UN Women in Tamil Nadu, India, to address GBVH. We are active in Better Work (ILO/IFC) in Bangladesh, Pakistan, Indonesia and Vietnam as well as Better Factories Cambodia. In logistics, we support the Responsible Trucking Platform. We are members of the Center for Child Rights and Business which commits to working towards securing child rights.

Our partnership with ACT promotes responsible purchasing practices, freedom of association, and collective bargaining. Additional collaborations include a renewed GFA with IndustriALL Global Union and IF Metall, as well as Mekong Club membership. Between 2023 and 2025, H&M Group, in collaboration with Decathlon and Target, partnered with Impactt Ltd to pilot a standardised wage management system (WMS) training programme across eleven supplier factories in India, Bangladesh and Vietnam, aiming to improve wages and wage setting practices. Based on H&M Group's WMS factory programmes and pilot results, the initiative set the foundation for a scalable industry standard that promotes systematic and worker-informed wage management across global supply chains.

Our progress and results

During 2025, we remained committed to strengthening working conditions and human rights due diligence. Our Tier 1 production units employed 1,128,629 workers, 59 percent of whom were women. Health and safety governance remained strong, with 95 percent (96) of units maintaining health and safety committees. Digital wage payment solutions covered 84 percent of Tier 1 workers, supporting fair wages, improved transparency and a reduced risk of wage-related violations. We observed a slight decline in workers' representation, with 36 percent (39) of Tier 1 units having trade union representation and 29 percent (33) were covered by collective bar gaining agreements. Despite this overall decline, progress was achieved in Cambodia, where three factories signed brand-supported ACT-developed collective bargaining agreements during the year.

For H&M Group, it is critical that human rights issues are brought to our attention. In 2025, we identified six severe human rights issues related to workers in our value chain. Five cases have been resolved, while remediation efforts for one case are still ongoing.

We made progress toward our targets. We aim for 100 percent of strategic Tier 1 production units with wage risk to be enrolled in the wage management system by 2028, and in 2025 enrolment reached 80 percent. We continued to ensure that all Tier 1 production units maintained workers' access to grievance handling and dispute resolution procedures, maintaining 100 percent coverage. We also aim to train 1 million people on occupational health and safety (OHS) and gender-based violence and harassment (GBVH) by 2030, and in 2025 we set the target and began developing a system to measure progress toward it.

Overall, our progress in 2025 reflects continued integration of human rights considerations into supply chain management. Looking ahead to 2026, we will continue supporting workers' representation and collective bargaining agreement coverage, promoting adequate wages and safe and healthy workplaces, while ensuring effective remediation processes.

3.B.6 Contribution to development, capacity building and training internally and of suppliers and workers in the supply chain

Ensuring a safe and healthy workplace
We have set a target to train 1 million workers on occupational health and safety (OHS) and gender-based violence and harassment (GBVH) by 2030, focusing on our Tier 1 and 2 suppliers. To ensure we reach these targets and fulfil our policy commitments, we plan on taking action to ensure safe and healthy workplaces where workers social and human rights are respected.

Action: Supporting workers at our sourcing sites (Tier 4)
In 2025 we have taken action to ensure safe and healthy workplaces free of discrimination at our Tier 4 sourcing sites. This includes strengthening our due diligence process, collaborating with multi-stakeholder initiatives (MSI) such as the Better Cotton Initiative (BCI) and Organic Cotton Accelerator (OCA) to implement decent work strategies, and supporting progress towards our material targets by increasing the use of organic cotton and cotton grown using farming practices that improve soil health and bio diversity. These activities are ongoing, with BCI membership since 2005 and OCA partnership since 2016, and several projects planned to 2030 and beyond. The expected outcome of this action is improved health and safety conditions for workers engaged in the extraction and processing of raw materials. Monitoring is supported through initiative reporting and internal due diligence reviews. Although we are actively implementing actions to ensure a safe and healthy workplace for workers in raw material extraction, we do not disclose specific financial resources allocated to these actions because such costs and investments are integrated into our normal business operations and cannot be separately identified.

Action: Supporting workers at our production sites (Tier 1 and 2)
In 2025 we have taken action to ensure safe and healthy workplaces free of discrimination in production (Tier 1 and 2). This includes annual assessments of all Tier 1 and 2 production partners. In addition, we provide Tier 1 partners with training and guidelines on occupational health and safety (OHS) and gender-based violence and harassment (GBVH), and require all Tier 1 partners to establish OHS committees. These actions are ongoing, with new partners required to undergo OHS and GBVH training. The expected outcome of this action is increased awareness of workplace issues and reduced incidents of non-compliance and workplace harm. Although we are actively implementing actions to ensure a safe and healthy workplace for workers in production, we do not disclose specific financial resources allocated to these actions because such costs and investments are integrated into our normal business operations and cannot be separately identified

We also collaborate with the ILO's Better Work on country programmes in Bangladesh, Cambodia (Better Factories Cambodia), Indonesia, Pakistan and Vietnam. These programmes include assessments, training, advocacy and research in order to change policies, attitudes and behaviour. We have partnered with several organisations including the International Organization for Migration, the Mekong Club and the Centre for Child Rights and Business to guide us in identifying, mitigating and remediating child and forced labour in our value chain. In addition, we consult on a regular basis with relevant local and global stakeholders, such as civil society organisations, suppliers, researchers, peer groups and unions.

3.B.7 Combatting corruption and bribery in own enterprise and supply chain.

Preventing and detecting incidents of corruption and bribery
Our ethics and anti-corruption training programme serves as the primary tool for preventing and mitigating any risks related to corruption and bribery. As part of our onboarding process, all employees at H&M Group are required to sign our code of ethics. Employees that are exposed are required to complete an anti-corruption training. This training provides guidance on how to apply the code of ethics in everyday work situations. Employees can access our code of ethics and our Speak Up channel through the H&M group ethics portal, and awareness programmes for our Speak Up channel are held through out the year. We use a risk-based approach to assess exposure to corruption and bribery. Risk levels are determined by role, function and region, and we concentrate our mitigation efforts where exposure is greatest. We assess and investigate all reported code of ethics cases internally, tracking the number of violations annually.

Action: Addressing corruption and bribery cases
In 2025, we continued to monitor and address any potential breaches of our anti-corruption and anti-bribery standards through established internal procedures. All reported cases relating to violations of our code of ethics, including those involving corruption or bribery, are assessed and investigated internally. Investigations are conducted in accordance with our internal compliance protocols. Violations may result in disciplinary actions, including termination of employment or business relationships.

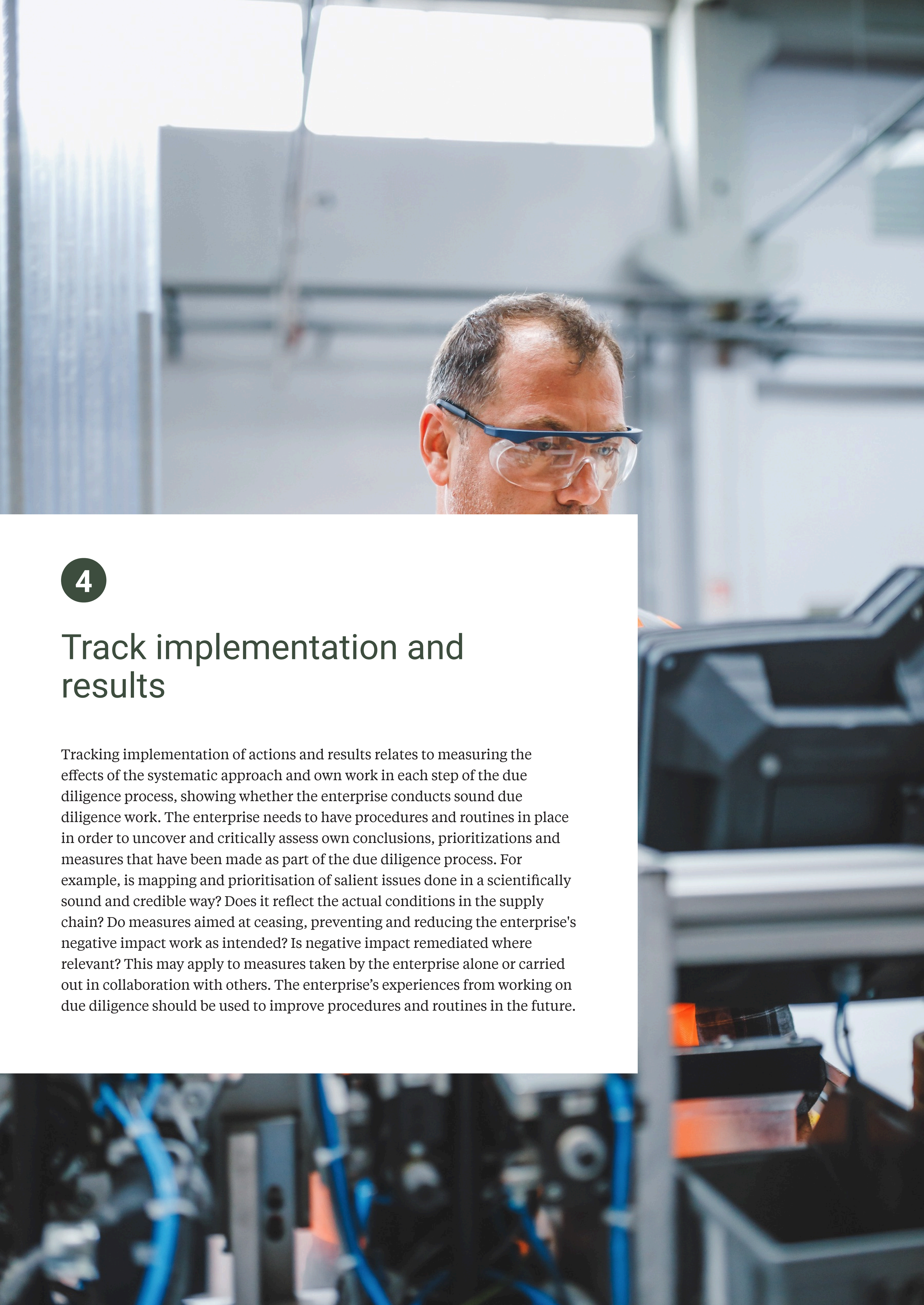
We report the results of these investigations to the CEO, CFO, and the audit committee, as well as disclose them in our annual and sustainability report. The investigators are separate from the chain of management involved in the matter. In response to confirmed breaches, we take corrective measures to strengthen our internal control and procedures to prevent recurrence. These measures may include enhanced monitoring and targeted training pro grammes. Although we are actively implementing actions to address corruption and bribery cases, we do not disclose specific financial resources allocated to these actions because such costs and investments are integrated into our normal business operations and cannot be separately identified.

Our progress and results
During the year, we strengthened ethical business conduct by embedding clear policies and procedures, supported by mandatory code of ethics sign- off at onboarding and targeted training. 100 percent of functions-at-risk were covered by anti-corruption and anti-bribery training programmes.

There were 0 convictions for violations of anti-corruption and anti-bribery laws, and the total amount of fines imposed for such violations was 0. Additionally, 2 substantiated cases of corruption and bribery were recorded. All reported code of ethics cases, including those related to corruption and bribery, were assessed and investigated internally in line with compliance protocols, with outcomes reported to the CEO, CFO, and the audit committee. Confirmed breaches led to corrective actions, strengthened controls, and targeted training to reduce recurrence. Prevention and detection efforts included ongoing awareness of our ethics portal and speak-up channel, and risk-based assessments by role, function, and region to focus mitigation where exposure is greatest

3.B.8 Other relevant information concerning the enterprise’s work to reduce, prevent, and manage negative impact

See our ASR for all relevant information.



4

Track implementation and results

Tracking implementation of actions and results relates to measuring the effects of the systematic approach and own work in each step of the due diligence process, showing whether the enterprise conducts sound due diligence work. The enterprise needs to have procedures and routines in place in order to uncover and critically assess own conclusions, prioritizations and measures that have been made as part of the due diligence process. For example, is mapping and prioritisation of salient issues done in a scientifically sound and credible way? Does it reflect the actual conditions in the supply chain? Do measures aimed at ceasing, preventing and reducing the enterprise's negative impact work as intended? Is negative impact remediated where relevant? This may apply to measures taken by the enterprise alone or carried out in collaboration with others. The enterprise's experiences from working on due diligence should be used to improve procedures and routines in the future.

4.A. Track and assess

4.A.1 Describe a) assignment of responsibility for tracking the effect and result of implemented measures, as well as how the tracking is carried out in practice, b) who is responsible for evaluating the enterprise's implementation and work with due diligence, and how the evaluation is carried out in practice.

The board of directors
The board of directors oversees the management of business conduct matters and material sustainability impacts, risks, and opportunities. The board receives quarterly updates on sustainability performance and results, including an overview of material matters, key actions taken across brands and functions to manage these matters, and our progress towards strategically important targets and commitments. The board of directors consists of 14 non-executive members, of which 8 are elected by the annual general meeting, 3 are employee representatives and 3 are deputy employee representatives. All board members, excluding employee representatives and their deputies, are independent of the company and the company management.

The board of directors and the executive management of the H&M group together have a broad understanding of sustainability-related issues. This understanding has been developed through a combination of professional experience, continuous education, and active engagement with external experts and institutions. Their collective experience covers the fashion and retail sectors, with direct involvement in sustainability initiatives within the H&M group. The board members' expertise spans multiple industries, and they have experience in areas such as developing sustainability strategies, implementing regulations, and training in key areas like climate, energy transition, human rights, and working conditions. In 2024, the board also underwent training on the CSRD (Corporate Sustainability Reporting Directive) to increase their understanding of managing our material sustainability matters in relation to the new regulations, thereby ensuring effective governance and monitoring of sustainability efforts within the H&M group.

The audit committee
The audit committee oversees H&M Group's financial and sustainability reporting, and the effectiveness of the company's risk management and internal control, including material sustainability impacts, risks and opportunities. The audit committee also oversees all auditing topics related to the H&M group's financial and sustainability reports. The corporate governance team, with support from the sustainability governance team, is responsible for updating the audit committee regarding sustainability related risks and the effectiveness of internal control over sustainability reporting and data management, as part of their biannual reporting.

The chief executive officer and executive management team
The chief executive officer (CEO), with support from the company's executive management team, is responsible for the daily management of H&M Group, including the alignment of our business plan and strategy with the management of material sustainability impacts, risks and opportunities. The CEO receives quarterly reports on sustainability results and progress, including an overview of material matters, key results, and performance indicators (KPI) to track progress towards targets and the effectiveness of actions. The chief sustainability officer is part of the executive management team.

The chief sustainability officer and sustainability management team
The chief sustainability officer, with support from the sustainability management team, is responsible for overseeing the implementation of our sustainability strategy and informing the executive management team as well as the board of directors about sustainability-related matters. The sustainability management team consists of representatives from all relevant sustainability areas within our business functions, each responsible for delivering concrete action plans to ensure we meet our sustainability ambitions and related tar gets. This includes ensuring we realise strategic opportunities and positive impacts while mitigating any potential business risks or negative impacts.

Operational teams across our business functions

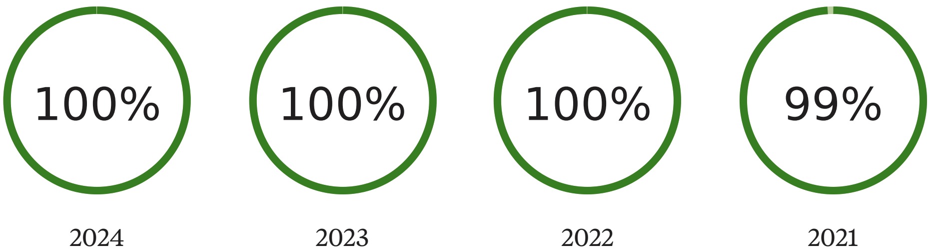
The subject matter experts working within our sustainability department and across different business functions play a key role in supporting the chief sustainability officer by monitoring and reporting progress on our action plans. Their responsibility includes continuously identifying impacts, risks and opportunities within their areas of expertise, in close collaboration with the stakeholder engagement team and relevant risk and governance specialists across the business. To ensure we keep track of our sustainability progress and report relevant and accurate information, our data analysts and controllers support our subject matter experts and sustainability management team with the consolidation and controlling of sustainability data.

Supply chain
For our supply chains, is compulsory for all suppliers and business partners supplying or acting on behalf of the company to sign our Sustainability Commitment and Code of Ethics, which state the group's minimum requirements and our expectation to go beyond these. The Code of Ethics also outlines a zero-tolerance policy on corruption and requires business partners and employees to comply with relevant legislation as well as our own business principles.

Our Sustainable Impact Partnership Programme (SIPP) monitors compliance against our standards, measures performance, supports suppliers' due diligence procedures, and encourages improve ments. As part of SIPP, supplier factories are assessed against tools developed by the Sustainable Apparel Coalition together with the industry, academia, NGOs and others. These tools are the Higg Facility Environmental Module (FEM) and Higg Facility Social and Labor Module (FSLM). Our Sustainability Index, which is part of how the company recognises and rewards high performing suppliers with better business prospects, includes consideration of suppliers' SIPP results and performance data.

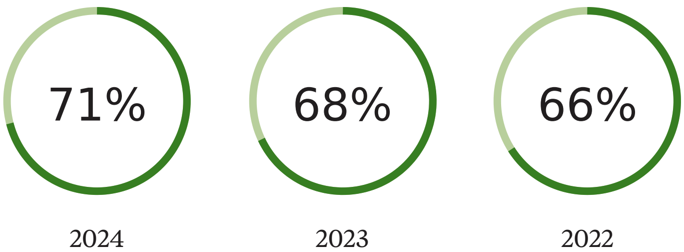
Indicator

% of tier 1 supplier factories that have implemented SIPP



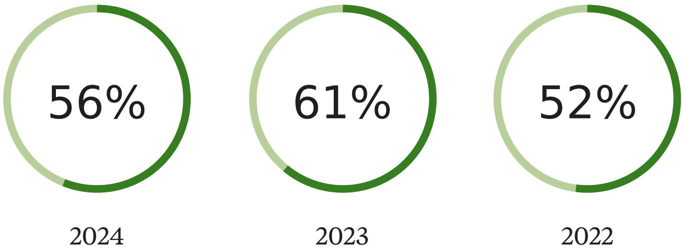
In 2023, 100% of tier 1 supplier factories, tier 2 dyeing and printing factories, and 100% of non-commercial goods suppliers and their factories implemented SIPP.

Tier 1 supplier factories participating in FSLM



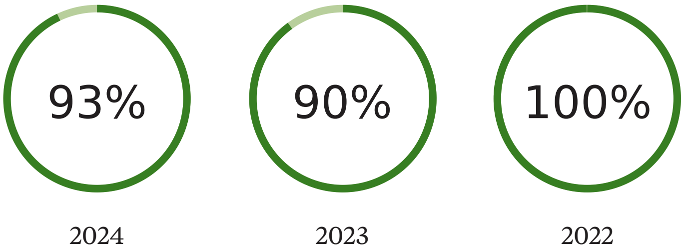
Tier 1 supplier factories participating in FSLM (number and %) 843 (66%) 876 (68%) 739 (71%)

Tier 2 supplier factories participating in FSLM



Tier 2 supplier factories participating in FSLM (number and %) 543 (56%) 442 (61%) 501 (52%)

Tier 1 third-party verifications for FSLM % of those participating



Tier 1 third-party verifications for FSLM (and % of those participating) 690 (93%) 790 (90%) 843 (100%)

Tier 2 third-party verifications for FSLM % of those participating

Tier 2 third-party verifications for FSLM (and % of those participating): 510 (94%) 415 (94%) 501 (100%)

4.A.2 Describe how you track the effect, and/or demonstrate the probability of effect, of meassures taken to reduce negative impact.

Under each section of our ASR all effects of our efforts are presented under a headline "Our progress and results", and in each section there are clear descriptions of our actions and their effects.

5

Communicate how negative impacts are addressed

A prerequisite for good external communication on due diligence for responsible business conduct is that it builds on concrete activities and results. Enterprises should make relevant documents concerning due diligence publicly accessible, i.e. policies, codes of conduct, guidelines, processes and activities related to identifying and handling the enterprise's actual and potential negative impacts on people, animals, society and environment. Communication should include information about how the risks have been identified and handled, as well as the effect of the measures/activities. The Transparency Act (Åpenhetsloven) §5 requires companies to publicly account for their human rights due diligence on an annual basis.

5.A External communication

5.A.1 Describe how the enteprise communicates with affected stakeholders about managing negative impact

Process for engagement and remediation

We actively engage with workers along the value chain as part of our due diligence process to identify, manage and remediate actual and potential negative impacts. We place particular focus on affected stakeholders. We use various methods to listen to gather workers' perspectives and incorporate their input into our decision-making processes. For our key production markets, we have local production teams on the ground to evaluate human rights impact and engage with rightsholders and their representatives.

Through our global framework agreement with IF Metall and IndustriALL Global Union, we consult with global trade unions and their local affiliates monthly to identify and assess risks and collaborate on mitigation plans, and when applicable provide remedy. We also collaborate with the ILO's Better Work on country programmes in Bangladesh, Cambodia (Better Factories Cambodia), Indonesia, Pakistan and Vietnam. These programmes include assessments, training, advocacy and research in order to change policies, attitudes and behaviour.

We have partnered with several organisations including the International Organization for Migration, the Mekong Club and the Centre for Child Rights and Business to guide us in identifying, mitigating and remediating child and forced labour in our value chain. In addition, we consult monthly with relevant local and global stakeholders, such as civil society organisations, suppliers, researchers, peer groups and unions. We assess engagement effectiveness qualitatively by evaluating how it contributes to identifying, mitigating and remediating impacts. Responsibility for overseeing the development of and ensuring engagement occurs sits with the chief sustainability officer who acts as the most senior role with oversight of the process.

As part of our sustainability commitment, all business partners must pro vide grievance mechanisms that allow their employees to raise concerns without fear of retaliation. For our direct business partners in the upstream value chain, we track the existence of grievance mechanisms through Facility Social Labour Module (FSLM), factory performance data and industrial relations impact assessments according to the UNGP Framework and Worker Survey. This is an annual assessment that considers FSLM, performance data, a management survey and a workers' voice survey. The purpose is to evaluate the effectiveness of grievance mechanisms in line with the UNGP framework on effective grievance mechanisms. All these, including case logs, are logged in our platform called STEP (Sustainable Tracking & Evaluation Platform) to track issues raised and to monitor if they are resolved.

5.A.2 Describe how the enterprise publicly communicates its own work on identifying and managing negative impact/harm

Our annual and sustainability report is our main disclosure under the EU's Corporate Sustainability Reporting Directive (CSRD) and is prepared in accordance with the European Sustainability Reporting Standards (ESRS). It is based on a double materiality assessment covering our full value chain and complies with relevant Swedish and EU legislation. To support consistency and comparability, our 2025 report integrates several established reporting frameworks, including the Task Force on Climate-related Financial Disclosures (TCFD), the Global Reporting Initiative (GRI) and the UN Guiding Principles Reporting Index.

The report provides a consolidated view of our financial and sustainability-related performance, including governance, climate action, materials-related work and system-level initiatives. It also sets out the methodologies and definitions required under ESRS, offering clarity on how topics have been scoped and assessed.

As ESRS introduces defined reporting boundaries, terminology and formats, some areas of our sustainability work may appear in a different structure or at a different level of detail from previous years, and narrative examples are included more selectively. These updates reflect the ESRS disclosure requirements.

Modern Slavery Act
This statement is made on behalf of H & M Hennes & Mauritz AB and all companies in the H&M Group, pursuant to the UK Modern Slavery Act, the Australian Modern Slavery Act 2018 (Cth), the California Transparency in Supply Chains Act, Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act, as well as the German Supply Chain Act and the Norwegian Transparency Act. It applies to, and sets out the steps, the H&M group has taken to address modern slavery within its supply chain and its own business operations. See our Modern slavery statement 2025.

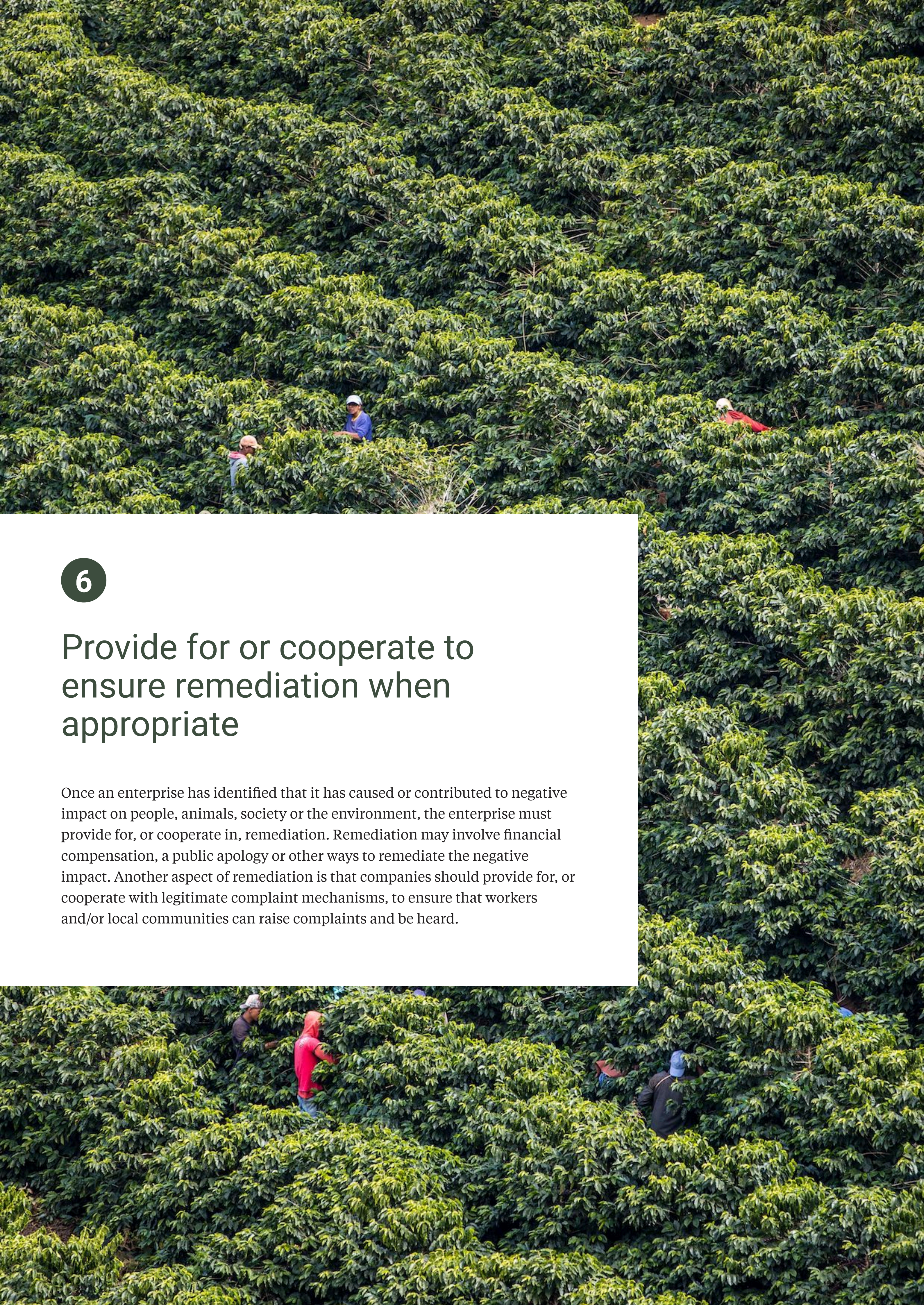
UN Global Compact
We are signatories to the UN Global Compact. Our annual sustainability reporting acts as our Communication on Progress and is disclosed in the UN Global Compact digital reporting system.

Read more in our "How we report"-document attached and on this page:
https://hmgroup.com/sustainability/sustainability-reporting/how-we-report/

Our Climate Action Plan and related information on our work with climate can be found here:
https://hmgroup.com/sustainability/circularity-and-climate/climate/

5.A.3 Describe the enterprise's routines for answering external inquiries related to the information requirement imposed by the Transparency Act

See attached file NO Transparency Information Requirement Process.



6

Provide for or cooperate to ensure remediation when appropriate

Once an enterprise has identified that it has caused or contributed to negative impact on people, animals, society or the environment, the enterprise must provide for, or cooperate in, remediation. Remediation may involve financial compensation, a public apology or other ways to remediate the negative impact. Another aspect of remediation is that companies should provide for, or cooperate with legitimate complaint mechanisms, to ensure that workers and/or local communities can raise complaints and be heard.

6.A Remediation

6.A.1 Describe the enteprise's policy for remediation of negative impact

Policy Statement
H&M Group has an ambition to decoupling our growth by reducing our dependence on critical and finite resources, such as materials, water and energy sources, to build a resilient business.

We firmly commit to managing all business in a way that meets local, national and international regulations and good practice in order to prevent, mitigate and remediate negative impacts on the environment. At the same time, we acknowledge that legal compliance is not enough, and we use our size and scale to drive continuous improvement.

We adopt a value chain approach informed by the best available science and careful consideration of social aspects and human rights implications in all environmental policies and strategies. Our efforts are focused on where we have most significant impact on the environment across our value chain. Through meaningful and effective stakeholder engagement we identify, assess and address sustainability-related potential and actual adverse impacts. We regularly review our material impacts together with internal and external stakeholders to ensure their relevance and to define prioritised efforts and engagement.

We allocate resources and work to identify, test and scale new business models, materials and production processes that have the potential to reduce our environmental impact and transform the industry. We engage with policymakers and international institutions to influence legislation in support of systemic and meaningful change.

Incident management.
For situations that impact on human rights we apply a systematic approach to analysing each case and supporting its resolution, as well as to informing our involvement in providing remedy using the UNGPs enabling remedy framework. We recognise our responsibility to provide for remedy when impacts are connected to our activities, as well as our role in exercising influence through our business relationships and building leverage with others for issues further up our supply chains where we don't have direct business relationships. This specific analysis of human-rights impacts is integrated into our existing routine for handling cases and incidents, and we work to raise awareness among colleagues involved in grievance and incident management.

Identified human-rights incidents at supplier factories are handled in line with our incident-management processes, including issuing Letters of Concern in response to severe non-compliances with our Sustainability Commitment. To prevent re-occurrence, we have ongoing monitoring programs in place to assess progress, incentivise suppliers that share our ambition for responsible and sustainable business practices through more business, and encourage engagement in various programs at local and global levels.

Independent of the best effort negative impact can occur within our operations or supply chains and our responsibility is then to engage in remedy based on how we are connected (cause, contribute or linked). This is reflected in our policy uploaded under 1.A.1.

6.A.2 If relevant, describe cases of remediation in the reporting year

Through assessment of our suppliers as well as other means we continuously engage with our suppliers for them to solve incidents and non-compliances with our standards – and for serious incidents we issue Letters of Concerns (LoC) that can ultimately need to termination. Via our NMC and Speak-Up channel grievances can be raised for further analysis and remediation.

For further details about LoC issued during the year, cases raised to our NMC and examples of remediation, see our annual reporting.

6.B. Ensure access to grievance mechanisms

6.B.1 Describe what the enterprise does to ensure that employees and other stakeholders, especially impacted workers and local communities have access to whistleblowin systems and grievance mechanisms

At H&M Group, we take any allegation of misconduct in our business seriously. Misconduct can include discrimination, harassment, theft, fraud, corruption, other violations of our policies and guidelines regarding ethical behavior, or violation of laws.

Early reporting is essential and can help resolve an issue quickly. It can also minimise any harm. All reports are investigated and appropriate actions are taken against proven misconduct.

People should feel safe and supported when they raise a concern and we make every effort to keep their identity strictly confidential. Reports may be made anonymously, except in countries where this does not comply with local laws, and we do not tolerate retaliation against anyone who raises a concern in good faith.

Speak Up channel
If somebody suspects an abuse of trust or suspected misconduct within our organisation, local processes should always be followed first. If this is not possible, our secure Speak Up channel is available to our employees, business partners and their employees, as well as other third parties. See below for more information about our process for internal reporting and expectations of our business partners.

What to expect when you use Speak Up
- All concerns are taken seriously.
- You will be treated with dignity and respect.
- Anybody who reports a case will remain anonymous, where local law permits.
- All communication is strictly confidential.
- Speak Up automatically shares your case with an H&M Group colleague responsible for the category of incident or concern. For better handling, your report may be forwarded to a designated local investigator.
- Your case is given an incident number and you may be contacted via the platform for more information related to the case.
- We handle all cases according to our internal investigatory procedures.
- You can see the status of the case at any time during the investigation.
- We do not tolerate retaliation for reporting suspected misconduct in good faith.

Whistleblowing mechanism
The H&M group is subject to legal requirements for whistleblowing. Any concerns or potential violations of H&M Group's policies or relevant laws can be reported through our externally available speak up channel, which is our whistleblowing mechanism. The speak up channel is available to our employees, business partners and their employees as well as third parties.

Our whistleblowing policy states our commitment to handling misconduct in our business and our speak up channel offers employees, suppliers and any other stakeholders an option for reporting business misconduct and corruption cases. We encourage all our employees, business partners and any third parties to report any cases, concerns or potential violations of H&M Group's policies and/or relevant law through our speak up channel. Cases can be reported by anyone, inside or outside H&M Group.

Internal grievance policy
In case of breaches of our social policies, all our workplaces have local grievance procedures based on our grievance policy. This aims to ensure that all colleagues have access to a clear and effective procedure when it comes to handling issues around employment, treatment at work or breaches of our social policies.

Our business partners and their employees
All suppliers must sign our sustainability commitment and code of ethics for business partners, which set out our expectations for the relationship, including that every employee is always treated with dignity and respect. We also expect our business partners to establish their own misconduct reporting process, where their employees can report complaints and concerns without fear of retaliation. However, if a business partner employee cannot raise their concern within their own organisation or sees no action on a concern that affects the H&M group, they may use our speak up channel. This is in line with OECD Due Diligence Guidance for Responsible Business Conduct and local legislation where we operate.

Our requirements on our suppliers and business partners include the establishment of operational-level grievance mechanisms. We also recognise the importance of human-rights defenders, including union representatives, in bringing attention to issues. We expect our suppliers and business partners to not hinder the work of human-rights defenders or retaliate against anyone who comes forward with an issue.

For our manufacturing supply chain, we follow up on the presence of effective operational-level grievance channels via our monitoring programs. One of the strategic focus areas within our social sustainability work is to strengthen workers' voices. We encourage and support the establishment of democratically elected worker representatives, and we work with our suppliers and unions to support good industrial relations.

In key production markets, and as part of our framework agreement with global union federation IndustriALL and IF Metall, we have established National Monitoring Committees (NMC) in collaboration with local union representatives to, amongst other things, receive grievances and support in resolving issues that have been escalated.

Indicator

Share of tier 1 production supply chain factories that have grievance mechanisms in place

100%	100%	99.88%
2025	2024	2023

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