H&M GROUP ANNUAL & SUSTAINABILITY REPORT 2024

Liberate fashion for the many

H&M Group is not just a family of brands. It's something bigger. It's an idea that goes all the way back to our founder. In short, it's about unlocking the positive power of fashion for everyone.

CONTENTS

22
Customer in focus

10
Word from CEO

52
Sustainability report

H&M Group overview

H&M Group in brief 4
2024 key figures 6
2024 highlights 8
Word from CEO 10
Case story: Creating fashion that excites 13

Our business

Business idea 15
Case story: The fuel that fashion runs on 19
Our omni model 20

Customer in focus

Fashion and design 23
Circular customer journeys 25
Our brands 26
New growth and ventures 32
Innovation 33

Our value chain

Our role in the value chain 35
Case story: Elevating fashion with precision 37

Corporate governance

Corporate governance report 39

Sustainability report

General 53
Environment 58
Social 90
Governance 104
Auditor's report 110

Financial information

Administration report 113
Group financial statements 120
Parent company financial statements 127
Notes to the financial statements 132
Signing of the annual report 155
Auditor's report 156
The share 160
Key financial performance measures 162
Definitions 164
AGM & Financial calendar 166
Contacts 166

About the report

This document is H&M Group's annual and sustainability report detailing our financial and non-financial performance in the year from 1 December 2023 to 30 November 2024 (the 2024 financial year). It includes comments from our CEO and a description of the business, followed by our statutory annual report.

Our annual and sustainability report complies with the applicable Swedish and EU legislation and the International Financial Reporting Standards (IFRS) adopted by the EU, and is prepared in accordance with the Swedish Annual Accounts Act.

We complement our annual and sustainability report with the sustainability progress report, which provides highlights on our sustainability work. For definitions and explanations in this report, see pages 162–165.

A customer-focused global fashion and design group

Founded in 1947, H&M Group's heritage as a creative company has a rich legacy of liberating fashion for the many. We are committed to inspire our customers to express themselves, offering affordable products and great experiences in a sustainable way.

Product at the core
Fashion is at the centre of everything we do and our competitive strengths lie in our inhouse design with strong brand recognition and global reach. We ensure that customers can engage with our brands when, where and how they choose through our omni model. This approach gives our customers a seamless shopping experience across both physical stores and digital platforms, strengthening the overall brand experience.

Fashion for all
We believe fashion should be accessible to everyone. There should be no compromise between exceptional design, affordable prices and sustainable solutions. Each brand within H&M Group contributes to a fashion industry that celebrates individuality and drives positive change.

Sustainability at the core
Sustainability is integrated into our business plan. Our climate actions have been recognised in industry rankings, reflecting our commitment to minimise our negative impact on people and planet while producing responsibly made products. Currently 89 percent of the materials we use are recycled or sustainably sourced, with a goal of 100 percent by 2030[1].

Our brands and ventures
Our brands are H&M – which includes H&M HOME, H&M Move and H&M Beauty – and the portfolio brands COS, Cheap Monday, Weekday, Monki, & Other Stories, ARKET and Singular Society. The group also includes new growth & ventures, which consists of our investment arm H&M Group ventures, Sellpy, Looper Textile Co. and Creator Studio.

Powered by our people
H&M Group's team of around 140,000 colleagues with more than 180 nationalities bring a rich mix of cultures and perspectives. Guided by our values we create a passionate and creative company culture where everyone can grow and contribute to our goals. We strive to have diverse teams and an inclusive environment that brings out the best in people. Our value-based culture supports the creativity in making relevant customer offerings and contribute to more inclusive products and marketing[2].

The future of fashion
H&M Group is advancing growth through strong brands, digital expansion and enhanced customer experiences. Our long-term growth will be based on our core business, where we invest in decarbonisation of our supply chain. Alongside, new initiatives and partnerships are being developed to bring a more sustainable lifestyle to more people, and contribute to a circular economy for fashion.

1. Read more in the sustainability report on page 77.
2. Read more in the sustainability report on page 94.

North & South America
759
stores

Europe
2,449
stores

Asia, Oceania & Africa
1,045
stores

Global reach and local impact
H&M Group and its franchise partners are represented in 79 markets, where the largest brand H&M has stores in 78 markets and online in 60 markets, making us one of the world's leading fashion retailers. Our global reach, combined with local presence, enables us to create tailored experiences that reflect local trends effectively.

H&M
H&M HOME
H&M BEAUTY
H&M MOVE
COS
WEEKDAY
CHEAP MONDAY
MONKI
& OTHER STORIES
ARKET
SINGULAR SOCIETY
SELLPY

~4,250
stores worldwide

~79
markets

~140,000
employees

2024 Key figures

SEK 234 BILLION
in net sales

SEK 15 BILLION
in profit after financial items

SEK 32 BILLION
in cash flow from operating activities

~30%
online sales as a share of the group's net total

24%
reduction in scope 3 greenhouse gas (GHG) emissions[1]

65%
of leadership positions held by women

89%
recycled or sustainably sourced materials in our commercial products, including 29.5% recycled materials

1. Under our science-based target against a 2019 baseline.

Key figures	1 Dec 2023–30 Nov 2024	1 Dec 2022–30 Nov 2023	1 Dec 2021–30 Nov 2022	1 Dec 2020–30 Nov 2021
Net sales, SEK m	234,478	236,035	223,553	198,967
Change net sales from previous year in SEK, %	–1	+6	+12	+6
Change net sales previous year in local currencies, %	+1	–1	+6	+12
Operating profit, SEK m	17,306	14,537	7,169	15,255
Operating margin, %	7.4	6.2	3.2	7.7
Profit after financial items, SEK m	15,443	13,010	6,216	14,300
Profit after tax, SEK m[1]	11,584	8,716	3,566	11,010
Cash and cash equivalents, SEK m	17,340	26,398	21,707	27,471
Stock-in-trade, SEK m	40,348	37,358	42,495	37,306
Average number of shares outstanding, thousands[2]	1,611,695	1,629,097	1,649,847	1,655,072
Earnings per share, SEK[1, 2]	7.21	5.37	2.16	6.65
Cash flow from operating activities, SEK m	31,756	33,949	24,745	44,619
Dividend per share excluding own shares, SEK[3]	6.50	6.50	6.50	6.50
Return on equity, %[1]	24.7	17.8	6.4	19.2
Total number of stores	4,253	4,369	4,465	4,801
Average number of employees[4]	97,710	101,103	106,522	107,375

1. Regarding restated figures for financial year 2023 see information on restated figures attributable to amendments to IAS 12 in note 12.
2. Before and after dilution, excluding own shares.
3. Dividend which was decided and paid during the year.
4. The total average number of employees for 2024 was incorrect in the full-year report 2024 and the correct figure is stated in the table above. The average number of employees in the group converted into full-time positions.

Sales and stores per region	Net sales 2024 (SEK m)	Net sales 2023 (SEK m)	New stores (net) During the year	Number of stores 30 Nov 2024
The Nordics	20,627	21,307	–9	380
Western Europe	79,550	79,049	–35	1,016
Eastern Europe	21,181	19,633	4	479
Southern Europe	31,507	31,186	–34	574
North & South America	51,798	53,785	14	759
Asia, Oceania & Africa	29,815	31,075	–56	1,045
Total	**234,478**	**236,035**	**–116**	**4,253**

Key figures sustainability		Goal	1 Dec 2023–30 Nov 2024	1 Dec 2022–30 Nov 2023	1 Dec 2021–30 Nov 2022
Climate Share of absolute reduction in GHG emissions (scope 1 and 2) compared with 2019 baseline[1], %		–56% by 2030	–41	–21	–8
Climate Share of absolute reduction in GHG emissions (scope 3)[2] compared with 2019 baseline[1], %		–56% by 2030	–24	–26	–17
Climate Share of renewable electricity in own operations, %		100% by 2030	96	94	92
Commercial products Share of recycled or sustainably sourced materials, %	**Total**	100% by 2030	89	83	82
	Sustainably sourced	–	59	57	58
	Recycled	30% by 2025 50% by 2030	29.5	27	24

1. Refers to science-based targets for own operations (scope 1 & 2) and for the company's entire value chain (scope 3) and excludes the use of sold products. The baseline is 2019.
2. Excluding indirect use-phase emissions.

2024
Progress with purpose

Paloma Elsesser
at the Met Gala

H&M at the Met Gala: Showcasing our strong fashion heritage

H&M was invited to the world-famous Met Gala in New York and created unique, custom-designed outfits for several high-profile attendees. The collection, inspired by the Costume Institute's theme 'Sleeping Beauties: Reawakening Fashion', revisited H&M's archives from its early days in 1947, bridging past and present.

Celebrating 20 years of designer collaborations
Honouring two decades of guest designer partnerships, from Karl Lagerfeld to Versace, Marni to Moschino, Stella McCartney to Sonia Rykiel, H&M marked the anniversary with a curated pre-loved drop of past guest designer pieces. With key vintage pieces from past collections, a new generation of customers can enjoy these unique designs, while supporting us in our ambition towards a circular economy for fashion.

Expanding global influence with H&M Group brands
H&M Group brands broadened their global presence: ARKET opened stores in Milan, Barcelona and Warsaw and COS made a strong impression with a successful show at New York Fashion Week. Our wide portfolio of brands supports H&M Group's commitment to providing diverse fashion perspectives and unique experiences globally.

Strong performances in sustainability rankings
H&M Group is once again on the Carbon Disclosure's A list and the Dow Jones Sustainability Index, and is among the top companies in the Fashion Transparency Index, Stand.earth as well as the Textile Exchange Material Change Index.

Elevated experiences in stores and online
Our newly upgraded H&M stores in cities such as London, Berlin, New York, Paris and Tokyo offer an elevated shopping experience with digital enhancements and locally curated assortments. At the same time, we also upgraded our digital H&M store and app for improved inspiration and experience.

Empowering women through H&M Move and Women Win partnership
With this two-year partnership, H&M Move supports Women Win's ONSIDE Fund focusing on local organisations to tackle inequalities through movement.

Charli XCX for H&M
in New York

Connecting fashion, music and culture

H&M launched its Autumn/Winter 2024 collection worldwide in September, led by campaign star Charli XCX, bringing fashion and music together across global fashion capitals such as London, Milan, Paris, Stockholm, New York and Berlin. The campaign celebrated style, individuality and local culture.

Further developing H&M Beauty
H&M Beauty's flagship stores offer a new level of in-store experience with a wide range of beauty products, from make-up and hairstyling to perfume and body care, increasing the brand's reach and influence. Since 2023, five H&M Beauty flagship stores have opened.

Investments in innovation
H&M Group are taking important steps towards becoming a sustainable business that has decoupled our growth from greenhouse gas emissions, resource use and extraction. By building strategic partnerships to scale circular business models and investing in new materials and production methods, we continue to give customers unbeatable value and enable them to make more sustainable choices. Our investment in the second-hand platform Sellpy is an example of how we create additional growth, while at the same time contribute to a sustainable development.

Future Supplier Initiative
H&M Group is co-funding a decarbonisation initiative in Bangladesh, in collaboration with Bestseller, Gap Inc., and Mango, aiming to reduce greenhouse gas emissions throughout the supply chain. We are also a member of Fashion Pact, an initiative that aims to speed up progress towards a net zero future for the fashion industry.

Raising the bar with recycled material ambition
As we are moving closer to achieving the target of 30 percent recycled materials by 2025, the ambition is to now aim for using 50 percent recycled by 2030.

H&M Studio returns to Paris Fashion Week
With an exclusive pop-up in a glass-roofed gallery space in Paris, fashion names including Yasmin Finney, Elsa Hosk, Ziwe and Tina Kunakey took in the space. H&M Studio is H&M's most fashion-forward offering, developed by the design team at the brand's Stockholm atelier.

WORD FROM CEO

Building a foundation for continued profitable and sustainable growth

The past year has been one of progress. We set a clear direction, raised the bar and we see great potential to further develop our business towards continued profitable and sustainable growth.

H&M Group unites around a clear purpose: to liberate fashion for the many. We are committed to inspiring people to express themselves by offering a wide assortment of sustainable fashion with great value for money in an inspiring shopping environment.

2024 has been a year where we have taken steps in the right direction. By investing in and streamlining our brands and supply chain, paired with maintained cost control, our cash flow from operating activities amounted to SEK 32 billion and an improved operating margin, although we didn't reach our ambition of 10 percent. The H&M Group's net sales for the full year amounted to SEK 234 billion.

In 2024, we focused on what matters most to our customers. This simple principle guided our decisions throughout the year, sharpening our focus on our core business, with the H&M brand as our top priority. H&M continued to strengthen in three key areas: elevated products, a more inspiring shopping experience, and stronger brand building.

Elevated product offering

With creativity at heart, we want to inspire our customers to dress according to their personal style through our products and collections. We have invested in design, craftsmanship, product quality and price. We have become even faster at responding to trends, accelerated decision making, increased supply chain flexibility, expanded our nearshoring capacity and tightened the teamwork with our suppliers.

As a result, especially our women's fashion has been well received, highlighted by the launch of H&M's A/W collection. In 2025, we will build on this foundation and elevate our ambitions for all customer groups.

Inspiring shopping experiences

In our omni model, we continue to integrate our physical and digital sales channels that collaborate and strengthen each other. By improving our product availability and expanding the use of RFID technology (Radio Frequency Identification) for inventory management, we ensure that the right products are available at the right time in the right channel so that the customer offering is always the most relevant.

During 2024, we started an extensive upgrade of our shopping experience, both online and in store. In physical stores, we have created modern, engaging environments, with rebuilds in key fashion capitals like London, New York, Tokyo, Seoul, Paris, Berlin and Stockholm. We are also rolling out upgrades at speed and scale to enhance customer experience in a significant share of our remaining stores. Improvements include better layouts, added tech functionality, improved product presentation and greater product availability.

Online sales developed very well during 2024. We made shopping more intuitive and convenient, with better fit, size and product recommendations, along with a simplified search function. We also introduced a new, more inspirational online shopping experience in several markets.

Strengthened brand building

We continue to strengthen the H&M brand, shaping meaningful experiences and branding moments with creativity, curiosity and imagination at the core.

We have evolved our brand building by connecting more effectively with our customers where they spend their time – strengthening our digital presence and reach. Through collaborations with creators and with more relevant and inspiring content, we are building stronger customer relationships with increased engagement.

H&M Lifestyle brands

H&M's extended product range for home, sport and beauty is performing well. Our focus on H&M lifestyle brands has paid off – H&M HOME, H&M Move, and H&M Beauty all show strong potential to grow in these expanding global categories. We are especially pleased with the positive customer feedback on our H&M Move sports range, particularly regarding its improved quality and functionality.

Portfolio brands and ventures

To make fashion accessible to more people and drive long-term profitable growth, we have a portfolio of brands and ventures like COS, Weekday, & Other Stories, ARKET and Sellpy. Our brands reach diverse customer groups with their own unique offers, while our ventures create additional long-term growth, contribute to sustainable development and generate new learning.

Both COS and ARKET developed positively, and our majority-owned venture, Sellpy, continued to grow at a high pace. Today Sellpy is one of Europe's largest second-hand platforms for fashion, available in 24 markets.

While our focus remains on organic growth for the H&M brand, we have during recent years also invested in approximately 30 ventures to drive future growth. These investments complement our customer offering and include new business models, direct-to-consumer brands and new recycled materials.

As we prioritise initiatives that drive sales and profitability, while streamlining efforts that do not add value, we have decided to discontinue the brand Afound. During 2025, we will also integrate the Monki brand into Weekday, both in stores and online.

Integrated sustainability

Sustainability is a key priority. It is fundamental to how we operate and essential for long-term success.

We have identified four areas where we have the greatest potential: Decarbonising our supply chain, shifting towards recycled or sustainably sourced materials, optimising production to match demand and scaling circular business models to keep materials in use and extend product life.

In 2024 we integrated sustainability even further into our business, for example in our design and product development processes. We also made targeted investments to decarbonise our supply chain. In 2024, our scope 3 greenhouse gas emissions decreased by 24 percent compared to our 2019 baseline. This sets us up well to reach our long-term goal of reducing greenhouse gas emissions by 56 percent by 2030. Currently, 85 percent of the materials we use are recycled or sustainably sourced, and we aim to make that 100 percent by 2030. Our efforts have been recognised by global rankings, such as Stand.earth and the Dow Jones Sustainability Index, as well as being recognized as one of the leaders in the business by the Textile Exchange. We have yet again been included in CDP's A list for our work to reduce emissions, mitigate climate risk and contribute to the transition to a fossil-free economy.

Outlook

With our business idea – fashion and quality at the best price in a sustainable way – we are well positioned for growth in the global fashion market. As living costs rise, consumers also increasingly prioritise best value for money when making their purchases.

We will continue strengthening our business to navigate a rapidly changing world marked by challenging macroeconomic conditions and geopolitical uncertainty. Our flexible supply chain helps us build resilience and mitigate negative external impact in different markets.

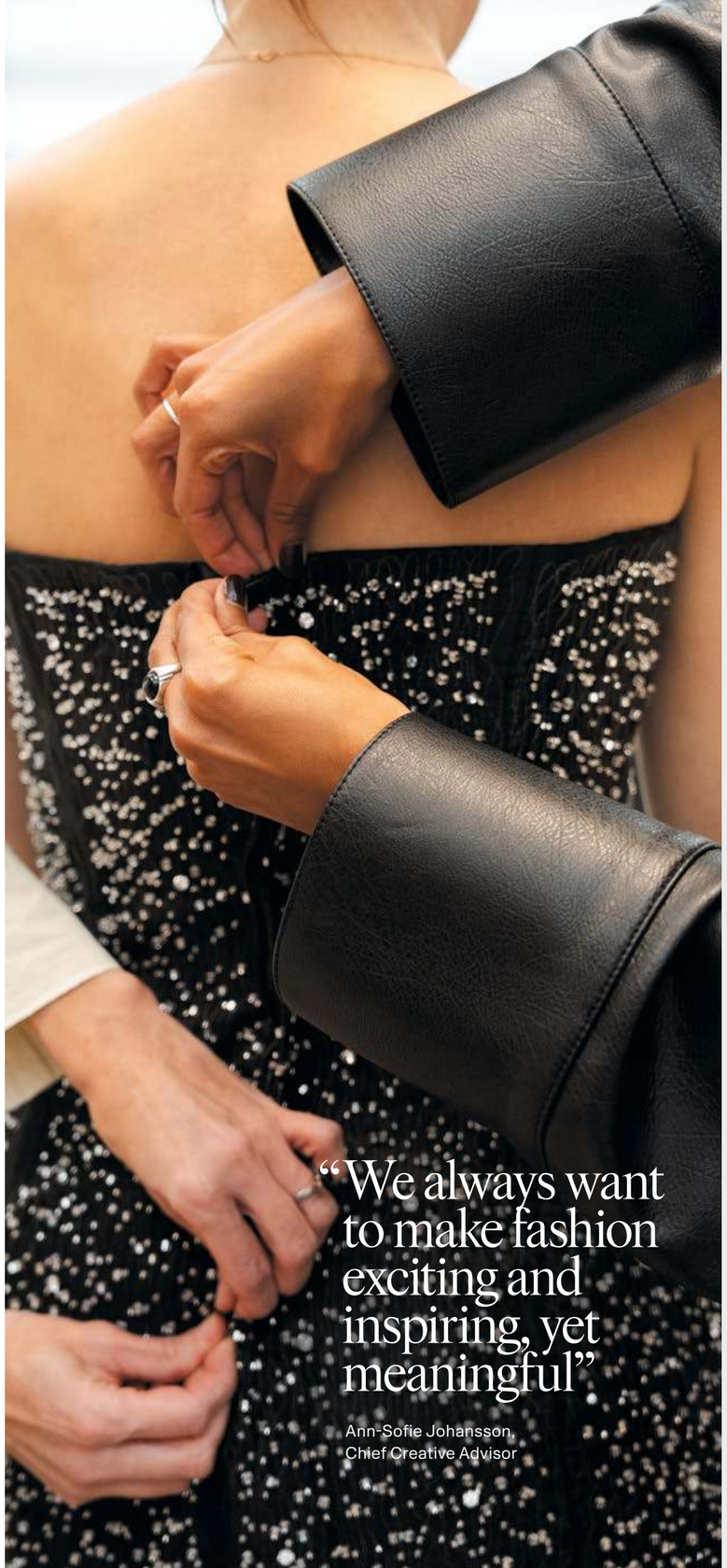
We have a strong foundation and clear path forward. Our top priority remains the H&M brand and organic growth, which are essential for our future success. Most importantly, we have extraordinary teams around the world, whose dedication I see every day in our stores, warehouses and offices. The increase in full-year profits means we can allocate a further SEK 236 million to the H&M Incentive Program for all H&M Group employees.

Thanks to the commitment and contribution from our teams and a strong plan, I am optimistic about our potential. We will take significant steps forward in 2025 and keep working to build the foundation for continued profitable and sustainable growth.

Daniel Ervér
CEO H&M Group

In 2024 the first H&M store and online opened in Costa Rica.

During autumn 2025 H&M will open its first store and online in Brazil.



"We always want to make fashion exciting and inspiring, yet meaningful"

Ann-Sofie Johansson, Chief Creative Advisor

Ann-Sofie Johansson, Chief Creative Advisor at H&M Group

CREATIVITY IN FOCUS

Creating fashion that excites

H&M has a dedicated design team that is driven by creativity. With the guidance of the company's creative advisor Ann-Sofie Johansson, the H&M brand has strengthened its design philosophy around creativity. H&M's innovative design is paired with cultural relevance and sustainable practices. By listening to customer feedback worldwide, H&M ensures its designs stays accessible, engaging and full of personality for a diverse audience. "We always want to make fashion exciting and inspiring, yet meaningful," says Ann-Sofie Johansson. "It's about finding that perfect balance where creativity and responsibility meets what customers are looking for."

Behind this strategy is a talented team of in-house designers, exceptional at spotting and translating global trends for local markets. H&M's teams draw inspiration from the latest styles and trends, to create high-quality collections that have the right mix of essentials and the latest fashion. New ideas come from influences as diverse as art, music, travel, films, fashion shows, street style and social media. The design team is encouraged to explore their creativity and customer knowledge, which fuels confidence and innovation. "I feel joy and playfulness shine through our collections, creating an excitement that make customers feel this is exactly what I wanted!"

Looking ahead, H&M is set to redefine affordable fashion, with a focus on relevance and durability. "The future of fashion is about creating pieces that stand the test of time, both in quality and style," Ann-Sofie adds.

Our business

We exist to liberate fashion for the many

H&M Group is a global family of strong fashion brands offering customers the best combination of fashion, design, quality and sustainability and price, while our ventures build solutions to transform our industry for the better. Our brands have a shared purpose, business idea and values, while shaping their own unique worlds with different target customers, product offerings and customer experiences.

Our business idea and purpose lead the way
Our business idea, fashion and quality at the best price in a sustainable way, is at the heart of everything we do. We are here to liberate fashion for the many, making the positive power of fashion accessible for everyone to enjoy. This means liberating fashion from unreasonable prices and dictating standards, while minimising negative impact on people and the planet. It is a continuous effort that shapes every product and style, every experience and customer interaction. We want customers to be able to celebrate self-expression with the confidence that they are making a sustainable choice. With our diverse assortment, we make sure that we are offering great value for everyone.

Achieving this is both our passion and responsibility. We have a long-term and committed main owner, financial resources, a global team of committed colleagues and a strong culture of innovation and entrepreneurship supporting us on our way.

The world around us
The apparel category is a growing, constantly evolving global market, with an estimated market value of around USD 1.45 trillion. The market is fragmented, featuring

Purpose Liberate fashion for the many.

Business idea Fashion and quality at the best price, in a sustainable way.

Values We are one team. We believe in people. We are entrepreneurs. We make constant improvement. We are cost-conscious. We are straightforward and open-minded. We keep it simple.

Key areas Product offering, Shopping experience and Brand marketing.

many small players and only a few major global companies. The top 10 apparel brands make up about 14 percent of the total market[1].

The fashion industry is evolving fast, driven by a demand for transparency, ethics and sustainability, as well as great affordability. H&M Group's brands are well-positioned to meet these demands, offering a mix of outstanding value for money, style and quality that resonates across diverse markets. With its expected industry growth, the apparel market holds significant opportunity.

How we do business

H&M Group operates primarily in the affordable fashion category with a diverse portfolio of direct-to-consumer brands spanning a wide range of styles and price points. Our strong brands are each unique in their customer offerings yet complement one another, enabling us to reach a diverse spectrum of customers.

With our design teams, our fashion brands create their own collections primarily sold in their own digital and physical stores, ensuring relevance for a wide customer base both globally and locally. This approach allows us to gather valuable consumer insights, continuously improving our businesses. The H&M brand is our core focus, as its success strengthens our ability to invest in, support and expand the entire portfolio of brands and ventures across H&M Group. All our brands are committed to do business in an ethical, responsible, sustainable and transparent way.

Ambitious long-term targets

We have three ambitious long-term targets: long-term sales growth of at least 10 percent per year, an operating margin that exceeds 10 percent and a 56 percent reduction in greenhouse gas (GHG) emissions no later than 2030, with 2019 as a baseline[2]. These goals underline our dedication to long-term growth with environmental and social responsibility.

1. Euromonitor 2024.
2. Refers to science-based targets for own operations (scope 1 and 2) and for the company's entire value chain (scope 3) and excludes the use of sold products.

Strengthening our core

With our in-house design, omni model and affordable position we have a unique opportunity to grow. During the year we have focused on what matters the most to our customers, with H&M as our top priority. We have strengthened our customer offer with shifts in three key areas: product, shopping experience and brand building.

Elevated product offering

We have developed our products and assortment to deliver on our business idea. This means creating fashion that customers want, while building a flexible supply chain focused on minimising our negative impact on people and the planet, better match demand with supply and extending each product's lifecycle.

Improved shopping experience

We have increased inspiration, relevance and convenience for our customers by leveraging the unique strengths of our physical and digital stores, along with our social channels. We have further focused on localising our offer in physical stores while personalising it in the digital channels. Additionally, we are improving customer service and continue to integrate our stores within our omni-channel supply chain.

Strengthened brand building

We continued to strenthen our branding, shaping meaningful experiences and inspiring marketing. To connect with diverse audiences, we have optimised our use of media channels and content for greater relevance, engagement and traffic. We have also strengthened our brand presence in global fashion cities.

Shared operational enablers – foundations for success

To achieve our ambitious goals, we have four operational enablers that underpin our key areas.

People and leadership

Our most important strength and asset is our engaged colleagues and our unique company culture. Attracting and developing world-class talent is central to H&M Group's vision. At H&M Group, colleagues are trusted with great responsibility right from the start. Wefocus on building purpose-driven leadership that encourages creativity, care and strong business outcomes by enabling people to reach their full potential. This approach ensures that our teams are empowered to drive our purpose forward.

AI & Data

Leveraging AI and data will strengthen our core. Advanced analytics provide actionable insights, enabling us to better understand customer needs, optimise inventory and streamline supply chains, all supported by a robust technology foundation.

Resource efficiency

By prioritising efficiency and productivity, we optimise our cost structure. The combination of financial strength and long term approach enables us to continue to invest in improvements to the customer offering and experience, as well as in innovations across the value chain, to secure a long-term profitable and sustainable growth.

Integrated sustainability

At H&M Group, we are committed to offer our customers affordable products that are designed with sustainability in mind and in a way that allows us to circulate products and materials at their highest possible value. We believe fashion should be accessible to everyone and that our products should be made in a responsible way, and designed to be used, reused and recycled. Therefore, we focus on optimising our production and resource use, decarbonising our value chain, shifting to recycled and sustainably sourced materials, and scaling circular business models while respecting human rights. Sustainability is deeply embedded in our operations, from the materials we choose to the products we sell, to ensure we continue to deliver unbeatable value to our customers.

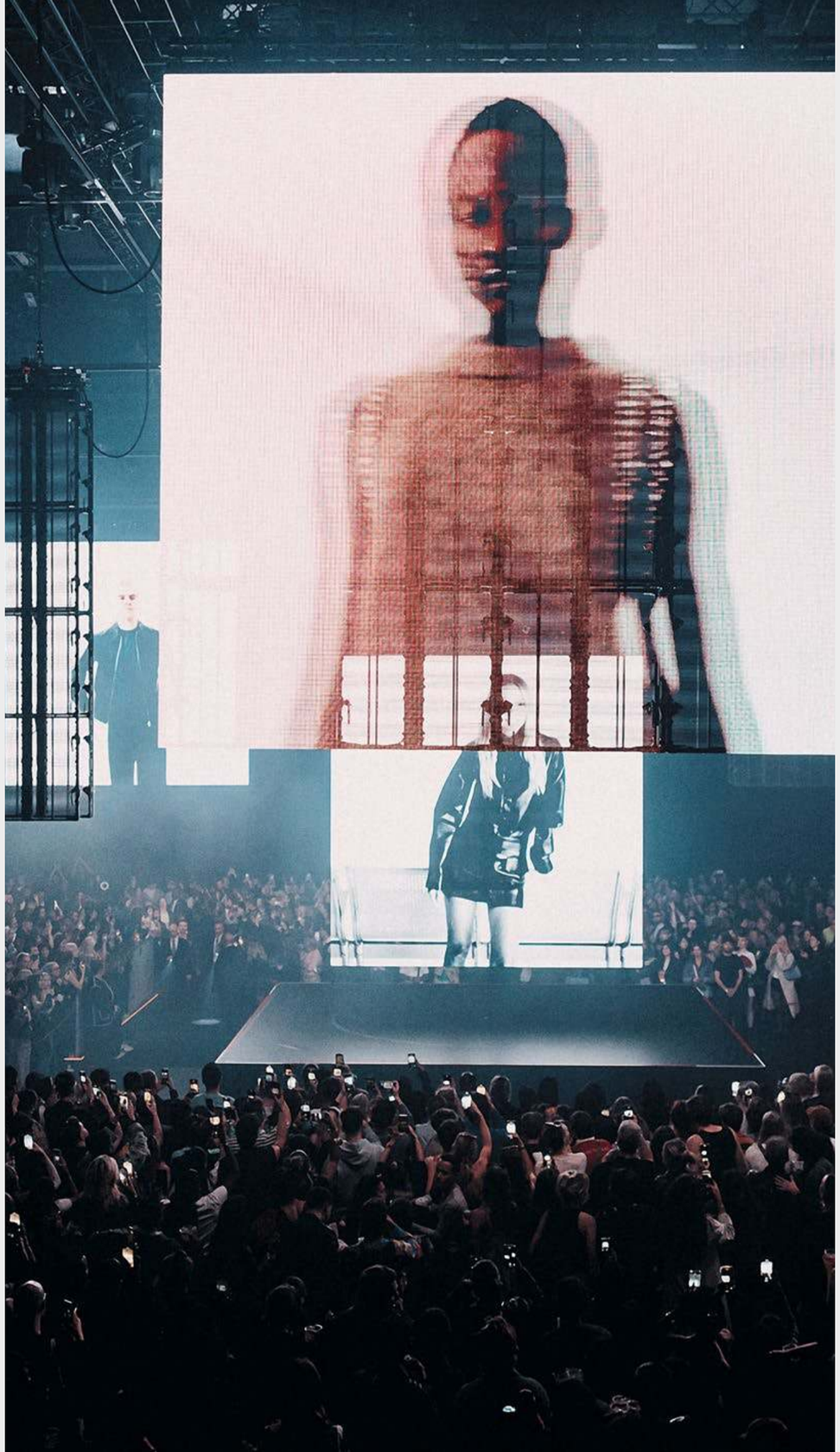
Our integrated sustainability focus

- Decarbonising our supply chain
- Shifting towards recycled or sustainably sourced materials
- Optimising production to demand
- Scaling circular business models to keep materials in use and extend product life

In all our work and key areas, respecting human rights remains an integral component.

“We want to take the H&M brand to the next level”

Jörgen Andersson,
Chief Creative Officer



Jörgen Andersson,
Chief Creative Officer at H&M

CREATIVITY IN FOCUS

The fuel that fashion runs on

H&M is raising the level of ambition, with creativity at the core. “We want to take the H&M brand to the next level,” says H&M’s Chief Creative Officer Jörgen Andersson. “And creativity is the fuel that fashion runs on.” By supporting curiosity and imagination, H&M brings fresh ideas to life, shaping exceptional products and experiences.

One great example was the Autumn/Winter 2024 campaign, merging fashion, music and culture in a way that really connected with people. “This is how we want to move forward, creating fashion experiences that inspire and excite the many. Our message is clear: relevance and uniqueness are power!”

Incorporating creativity and curiosity across the organisation has always been essential to H&M’s approach, rooted in the vision of its founder, Erling Persson. Building on these strengths, H&M focuses strongly on the core of the business – the product, the experience and the brand.

To meet the evolving demands of customers, H&M is intensifying its efforts and capacity to deliver high-quality fashion made in a sustainable way and with exceptional value for money. It begins with our collegues, strong leadership and engagement at every level. By leveraging sophisticated technologies and tailoring experiences to local markets, each interaction – whether online or in-store – becomes a source of inspiration. ”We will continue to build a future where creativity drives both style and business, making H&M a brand that truly resonates with the many.”

The best of both worlds – our omni model

H&M Group's omni-channel model blends physical and digital shopping for an inspiring, seamless and convenient customer experience. In 2024, we have expanded services, improved store formats and developed our digital features.

With the group's diverse brands and ventures, we are dedicated to creating engaging, unique customer experiences across all channels, continually evolving to meet and exceed customer expectations. Whether in store or through digital touchpoints – such as websites, apps, social media, or online marketplaces – our goal is to offer a convenient and inspiring shopping experience wherever, whenever and however our customers engage with us.

Sustainability is a core part of our omni-channel strategy where we use technology and circular initiatives to broaden our customer offer. Predictive AI is one of the techniques that enables us to meet customer demand quicker with higher accuracy and precision, as well as better align supply with demand.

Stores that inspire and connect

Our stores around the world are more than just retail spaces – they are destinations where customers can find inspiration, explore their personal style and experience our brands firsthand. Whether it is trying on clothes, creating looks or finding the perfect fit, customers value the proximity, accessibility and experience our stores provide.

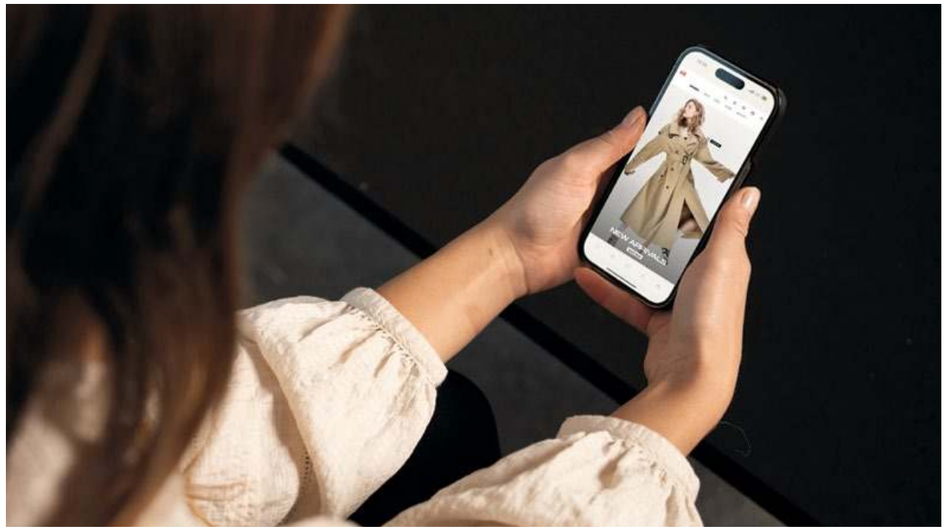
We are ensuring that we have a well-balanced and relevant store portfolio in each market. H&M Group's contracts allow around a third of leases to be renegotiated or exited each year.

In 2024, we have deepened our focus on regional flagship stores, elevating customer experience and aligning store formats with each brand's unique direction. The same approach that we apply to fashion, blending global trends with local insights, also shapes our stores. Every visit should captivate and inspire. By further incorporating technologies such as RFID (Radio Frequency Identification), we make it easier for customers to quickly locate items and get accurate availability information. Stores are also key to our supply chain, supporting last-mile services such as our buy online pickup in store and facilitating online returns in-store. Along with second-hand sales within several of our brands, we can extend the life of garments and support the transition to a circular economy for fashion.

A smarter digital shopping experience

Our physical and digital channels complement each other, strengthening our overall customer offering. Alongside increased integration of both channels to offer a seamless experience, we are continually enhancing the online experience for our customers. We are making it easier for customers to find items they love through improvements to our product exposure and search capabilities, and to find items they want to keep with personalised fit and sizing recommendations. In 2024, we rolled out a new digital store and app that elevate the visual experience with improved fashion imagery and presentation as well as clearer styling and fit recommendations to further inspire customers.

Our omni-channel approach continues to evolve with the introduction of the updated app and digital features in stores and online to give an even better experience, as well as introducing our brands on new marketplaces, bringing them to a broader audience. By continuing to invest in both physical stores and digital advancements, we are ensuring that our customers enjoy a seamless, flexible shopping journey – anytime, anywhere.



Stores

In 2024, we opened 88 (101) new stores and closed 204 (197) stores. This resulted in a net closure of 116 stores. We had 4,253 stores in 78 markets at the end of the 2024 financial year. Most openings are in growth markets, while closures are mainly in established markets. H&M will open its first store as well as online in Brazil in 2025.

Online

H&M has a presence in 60 online markets. COS, Weekday, Monki, & Other Stories and ARKET offer global selling, which enables customers in around 70 additional markets to shop online. The exact number of markets that have this service varies between brands. Several of our brands can also be found on various external marketplaces.

Customer in focus

Empowering personal style through creativity

We are here to liberate fashion for the many. Our passion for design drives us to create collections that inspire our diverse customer base. In 2024, we raised the bar with dedication to craftsmanship and innovation, making high-quality, trend-forward fashion accessible to the many.

Across all brands we have talented designers, dedicated to creating styles that reflect the latest trends while staying true to our core values of accessibility and inclusivity. The collections draw from a dynamic mix of art, nature, culture, social media and the vibrant energy and street fashion of global cities, offering a range of styles that resonate with diverse customers.

Our product teams are truly customer-focused which mean that they can react quickly to trends and an ever-changing market. As we are taking big steps in becoming even faster to deliver current fashion to our customers, we are collaborating even closer with our demand-driven supply chain to be constantly flexible to customers preferences and upcoming new trends.

With shorter lead time from design to the product reaching the customer, the precision, availability and relevance are improved in all touchpoints. At the same time our customers are gaining access to a broader and more relevant assortment. This means a stronger offer in all categories, with a wider variation in styles, qualities and trims to meet customer expectations.

Our philosophy is simple: fashion should be for everyone. By integrating global perspectives with an understanding of our customers' preferences, we deliver collections that inspire multi-faceted communities, ensuring that everyone can dress their personality.

A commitment to quality and sustainability
Quality and sustainability are embedded in every piece we create, from careful fabric selection to garment manufacturing. We have many criterias when selecting materials, including environmental impact, durability, comfort and purpose. We ensure that our products can be enjoyed over time, meeting the growing consumer awareness on sustainability issues. In 2024, 89 percent of the materials were either recycled or sustainably sourced, of which 29.5 percent were recycled. We have also launched a new ambition for 50 percent recycled materials by 2030[1].

Through initiatives such as H&M second-hand sales Pre-loved, ARKET Archive, COS Resell and Sellpy, we promote a circular economy for fashion, offering pre-loved fashion that extends the life of each garment. This approach aligns with our vision of reducing negative environmental impact by prolonging the life of garments.

Collections that inspire

An exciting approach to fashion
Complementing the strength of our own design team, 2024 also marks 20 years of successful H&M designer collaborations. Since the iconic Karl Lagerfeld collection in 2004, these partnerships have continually brought fresh perspectives and unique styles, making high-end fashion accessible to the many. In 2025 we are looking forward to a range of exciting collaborations, including collections with Polish designer Magda Butrym launching in April and one with renowned designer and creative Glenn Martens this Autumn.

& Other Stories' Fashion & Innovation collection
& Other Stories released a Fashion & Innovation collection featuring innovative materials made from discarded resources to give them a second life, bio-based ingredients as an alternative to leather, and recycled and organic mulberry silk. MIRUM® is an innovative premium material made from 100 percent bio based ingredients, an alternative to animal leather. This material is a result of a close collaboration with H&M Group's Circular Innovation Lab.

COS at New York Fashion Week
COS returned to New York Fashion Week, unveiling its Autumn/Winter 2024 mainline and Atelier collections. Renowned for its commitment to precise craftsmanship and innovative design, COS draws inspiration from contemporary culture and the arts, seamlessly blending elegance with modernity.

rokh H&M
H&M launched a collaboration with Korean designer Rok Hwang that combines avant-garde style with everyday wearability. Featuring adaptable classics such as double-layer trench coats and detachable-hem dresses, the line offered versatility, enabling customers to style each piece in their own way.

H&M Studio collection
H&M Studio is H&M's most progressive fashion offering. Launched in 2013 and developed by an in-house design team at the brand's Stockholm atelier, the limited-edition collections are unveiled several times a year. In 2024 six drops were successfully launched.

Anamika Khanna collaboration
Since 1998, Anamika Khanna has been a driving influence in recontextualising Indian fashion to the wider world. Together with H&M, the designer merged Indian and Western style codes to create a collection of carefully considered contrasts, fluid silhouettes, hand-embroidered embellishments and vibrant prints.

1. Read more in our sustainability report on page 77.

rokh H&M

Anamika Khanna collaboration

Circular customer journeys

Through our circular business models, we are committed to optimise resource use and increasing product life span. We offer several different secondhand initiatives including curated in-store assortments and websites where people sell their preloved pieces direct to other consumers.

Giving our customers different ways to engage with fashion and style is in our DNA and also goes in line with our business idea. We test and invest in innovative services that span the whole product lifecycle. These initiatives enable products and materials to circulate multiple times through repair, resale and recycling. Our approach prioritises repurposing garments, enabling both textile-to-textile recycling and recycling to be used in other industries.

Read more about our circular business model in our sustainability report, pages 73–78.

Key initiatives

Circular design principles
Our design process prioritises responsibly sourced, durable materials and methods, supporting repair, reuse and recycling, all aimed at prolonging product lifespan and minimising negative environmental impact.

Secondhand
Our brands H&M, ARKET, COS and Weekday (including Monki) all have secondhand as a part of their customer offer. We are also the majority owner of Sellpy, a digital platform that connects customers and makes it easy to buy and sell preloved items.

Repair and care services
In select stores, we offer repairs and provide guidance to help customers care for and prolong their garments' lifespan.

Garment collecting and recycling
We collect used garments worldwide for reuse or recycling, enabling both textile-to-textile recycling and recycling to be used in other industries. Our joint venture Looper Textile Co. with Remondis, provides collecting and sorting solutions to enable reuse and recycling.

Fashion brands for diverse styles and occasions

H&M
H&M HOME
H&M BEAUTY
H&M MOVE
COS
WEEKDAY
CHEAP MONDAY
MONKI
& OTHER STORIES
ARKET
SINGULAR SOCIETY
SELLPY

H&M
Dedicated to liberating fashion for the many

H&M is committed to making fashion accessible to all through its business idea: fashion and quality at the best price in a sustainable way. H&M offers a broad range of styles for different personalities, preferences, body types, ages, identities, occasions and cultures. The H&M brand also includes H&M HOME, H&M Move and H&M Beauty. Customers can express themselves through the brand's diverse, fashionable and current assortment, which includes everything from unique designer collaborations and functional sportswear to affordable wardrobe essentials, beauty products and accessories. H&M has 3,777 stores in 78 markets and is available online in 60 markets.

hm.com

H&M Lifestyle brands

H&M HOME
A design-driven global interior brand

H&M HOME's assortment ranges from high-quality bed linen and timeless dinnerware to diverse textiles, furniture and lighting. Contemporary style and attention to quality and detail are at the brand's core. By merging modern design and quality with sustainability and affordable prices, H&M HOME enables interior lovers across the world to create a personal and modern space – a place to feel at home. H&M HOME was launched online in 2009. Today, it is available in most H&M online markets, through standalone H&M HOME concept stores, and at shop-in-shops in H&M stores.

hm.com/home

H&M Beauty
The most fashionable beauty destination

H&M's own beauty concept, H&M Beauty, offers a wide range of affordable and high-quality products, including its in-house makeup line, a new fragrance collection, and over 80 global and Scandinavian beauty brands. H&M Beauty is available in shop-in-shops in H&M stores and since 2023, five H&M Beauty flagships stores have opened across Scandinavia.

hm.com/beauty

H&M Move
Invites the whole world to move

H&M Move provides functional, fashionable activewear, accessible for the many. H&M Move celebrates movement and invites the world to move – however you move. The range includes collections for all types of movements from yoga, running, training to racket and much more. H&M Move offers collections for women, men and kids online and in around 2,400 stores worldwide at dedicated areas within H&M stores.

hm.com/move

COS
An exploration of the modern wardrobe

COS offers a wardrobe of ready-to-wear and accessories rooted in exceptional quality and lasting design. The brand has an elevated aesthetic that embodies luxury with an emphasis on craftmanship, innovation and compelling fashion movements. Fuelled by a connection to modern culture and dynamic global cities, its considered handwriting blends contemporary with timeless – always creating with a mindful approach. COS has 238 stores in 48 physical markets and online stores in 38 markets. The assortment is delivered to additional markets via global selling through online channels and is also available on external platforms.

cos.com

Weekday
Influenced by youth culture and street style

Weekday is a street fashion and lifestyle brand pushing the boundaries of everyday dressing. It is a collective, a platform for expression – cultivating the creative generation in the search of hypeworthy inspiration, new styles and emerging cultural trends. Launched in 2002, Weekday offers a unique retail experience and a carefully curated mix of jeans, women's, men's and accessories. When making its comeback in 2024, the brand Cheap Monday, that is also available through selected retailers, joined Weekday online and in selected stores. Weekday has 46 stores in 14 physical markets and online stores in 29 markets. The brand also delivers to additional markets via global selling through online channels as well as external platforms.

weekday.com

Monki
A vibe: friendly, playful, bold and empowering

Monki, founded in 2006, draws inspiration from those who bravely express their style and creativity without the filter of conventions and aims to be a catalyst for others to do the same. During 2025 Monki's distinct brand experience will be integrated into the Weekday youth destination, both online and in store.

monki.com

& Other Stories
Feminine fashion for your whole look

Launched in 2013, & Other Stories offers a curated range of shoes, bags, accessories, beauty and ready-to-wear – all equally important for the whole look. & Other Stories inspires its customers to explore and express their own personal style with thoughtfully designed collections that focus on quality and attention to detail, always embracing modern femininity. & Other Stories has 70 stores in 25 markets and online stores in 32 markets. The brand also delivers to more markets via global selling through online channels as well as external platforms.

stories.com

ARKET
Modern Nordic design and lifestyle destination

ARKET offers essential collections for women, men, children and the home, along with a seasonal vegetarian café and coffee shop. Inspired by simplicity, nature, and the aesthetics of slow living, the assortments features garments, objects, and food carefully made and artfully curated for a more beautiful everyday life. Its first store opened in London in 2017 and on arket.com. The brand currently has 40 stores in 17 markets across Europe and Asia. ARKET is online in 31 markets and the products are available in additional markets through global selling. It is also available on selected external platforms.

arket.com

Singular Society
Welcome to the next generation of retail

Singular Society is an innovative membership-based brand that offers premium products at the price they cost to make. Founded in 2020, Singular Society's ambition is to help change the way retail operates, and to offer an alternative to the traditional way of consuming – no markups, no shortcuts and transparent pricing and product information. Singular Society is currently shipping to the EU and has a flagship store in Stockholm.

singular-society.com

Driving entrepreneurship and innovation

New growth & ventures includes venture investments, joint-ventures, potential acquisitions and our own startups. The objective is to drive entrepreneurship, explore opportunities at a faster pace, contribute to the development of the industry and H&M Group's long-term growth.

Beyond the capital invested, new growth & ventures adds value through its expertise, cost or customer synergies. The investments are complementing H&M Group's customer offering, including business models, enablers, direct-to-consumer brands and new recycled materials. The aim is to engage with customers in new ways to add value, create additional growth, contribute to sustainable development and generate new learning. Examples of ventures are Sellpy, Syre, A Retro Tale, Rondo, Looper Textile Co. and Creator Studio.

Sellpy
Founded in 2014, Sellpy has grown into a broad digital platform for secondhand fashion and other products. With its vision of enabling everyone to live in a more circular way, Sellpy has created a unique service that makes it easy for people to buy and sell secondhand items. H&M Group has been the majority owner of Sellpy since 2019. Sellpy is currently available in 24 markets, including Sweden and Germany.
sellpy.com

Looper Textile
In 2023, we launched Looper Textile Co., an independent joint venture with Remondis that provides local municipalities and retailers with collecting and sorting solutions to extend the useful life of no longer used garments via reuse and recycling. This is part of our work to invest in progress around key processes, visibility and technology, which increase the likelihood of extending the useful life of garments.
loopertextile.com

Creator Studio
Creator Studio is a global platform for merchandise design and production. With an easy-to-use platform, lean production process, made-to-order digital printing and e-commerce integration, Creator Studio aims to lower the barriers for creators to offer good quality merchandise.
creatorstudio.com

Pioneering fashion from ideas to impact

At H&M Group, innovation means rethinking what fashion can be. By bringing together experts across teams we are developing solutions that make fashion both accessible and responsible, empowering our customers to make choices they can trust.

Innovation at H&M Group is a collaborative force that brings together the expertise within strategic innovation, sustainability and business development. This approach drives innovation across every part of our business model, from products to processes, as we build a resilient future for fashion.

Driving innovation across the group
Within innovation we explore new growth areas to future-proof our business model. By balancing structured processes with entrepreneurial agility, this ensures that H&M Group is both adaptable and forward-looking, advancing projects that can reshape our business and the broader industry.

Our sustainability capabilities act as the ethical compass of our innovation efforts. This work is critical in rethinking materials, optimising resource use and minimising our negative impact on people and the planet.

To complement these efforts, new growth & ventures invests in pioneering startups that share our vision of sustainable fashion and retail technology. These investments enable us to bring fresh, external perspectives into our business, encouraging a culture of creativity and innovation that extends beyond our walls.

Innovation initiatives

⟶ Our Circular Innovation Lab supports innovation from early-stage to commercial production, and integrates these across our organisation and supply chain. We fund new and developing technologies that, for example, improve customer experience, enable a circular economy for fashion and support our sustainability goals.

⟶ H&M's business development and product team has launched a new data-powered assortment structure, enabling us to increase our product offer relevance in each store. This structure has initially been rolled out for H&M womenswear.

⟶ Logistics is essential to our business, and we are innovating through partnerships with industry and academia. We have initiated GHG emission tracking pilots for transportation, gathering real-time data to identify actionable ways to reduce our carbon footprint. Additional pilots use AI and machine learning to optimise workforce planning and distribution efficiency. Other initiatives include gamified learning and skills management to drive operational excellence.

H&M Foundation

H&M Foundation's work, which is independent from the H&M Group, aims to enable a socially inclusive and planet positive textile industry. The H&M Foundation supports this through initiatives such as the Global Change Award, which supports early-stage projects with transformative potential. In 2024, the Foundation has sharpened its focus on climate solutions that promote fairness and justice.

⟶ This year's Global Change Award Summit gathered changemakers, systems thinkers, suppliers, brands, industry experts, investors and more in Mumbai, India, under the theme 'How can we accelerate innovation and what actions can we take today to create the net zero industry of tomorrow?'.

⟶ H&M Foundation works with the Hong Kong Research Institute of Textiles and Apparel (HKRITA) on the Planet First programme. Planet First aims to find technologies that can contribute positively to all aspects of earth's natural support systems. All solutions and learning are shared openly with the industry to ensure maximum impact.

Our value chain

Building an even more responsive and responsible value chain

Through continuous development and a firm commitment to sustainability, H&M Group's value chain reflects our journey towards an even more responsible, transparent and efficient business model that meets the expectations of today's conscious consumer.

To ensure we deliver the best customer offering and an elevated experience across all sales channels at the right time, we focus on maintaining an efficient and demand-driven supply chain, which can react quickly to trends and ever-changing customer demands. Our value chain includes the full range of activities required to plan, design, source, process and manufacture, transport, sell, use, reuse and recycle our products. The part of the value chain that covers production, logistics and distribution is what we refer to as our supply chain.

Our supply chain is built on long-term strategic partnerships, mutual trust and fair purchasing practices. We maintain a close dialogue with our suppliers through our production offices located in the different sourcing markets. As a global company it is vital to have an efficient and demand-driven supply chain that enables us to quickly adjust volumes, sales channels and markets based on changes in customer demand and unexpected events. We are improving lead times and optimising the customer experience by using efficient distribution systems and highly automated logistics centres.

By integrating advanced technologies and deepening strategic partnerships, we are creating value by driving economic growth while optimising resource use, minimising our negative environmental impact, and building a responsive and responsible value chain.

Optimising production

With our strategic partner framework, we consolidate volumes with fewer and stronger suppliers. This shift has allowed us to respond to trends more swiftly and predict demand more accurately. AI-driven forecasting and RFID technologies have further optimised supply planning, better ensuring that we produce what we sell.

Decarbonising our value chain

Decarbonising our value chain remains a core focus. In order to speed up our sustainability actions we continue to work closely with suppliers to support them to decarbonise, transitioning to renewable energy sources and improving energy efficiency. We have also integrated sustainability targets into our partnerships, helping suppliers meet environmental goals. Our logistics infrastructure has received sustainable upgrades, such as the addition of solar panels and rainwater harvesting systems in our distribution centres. Preferred transport options, including electric vehicles and bicycle deliveries in selected markets, have further reduced emissions.

Recycled and sustainably sourced materials

As we are very reliant on materials, our commitment to investing in startups focused on new innovative materials remains steadfast. Our long-term ambition is to only use recycled or sustainably sourced materials and in 2024 we took decisive steps to increase use of recycled and sustainably sourced materials, such as organic cotton, recycled polyester and innovative fibres made from renewable sources.

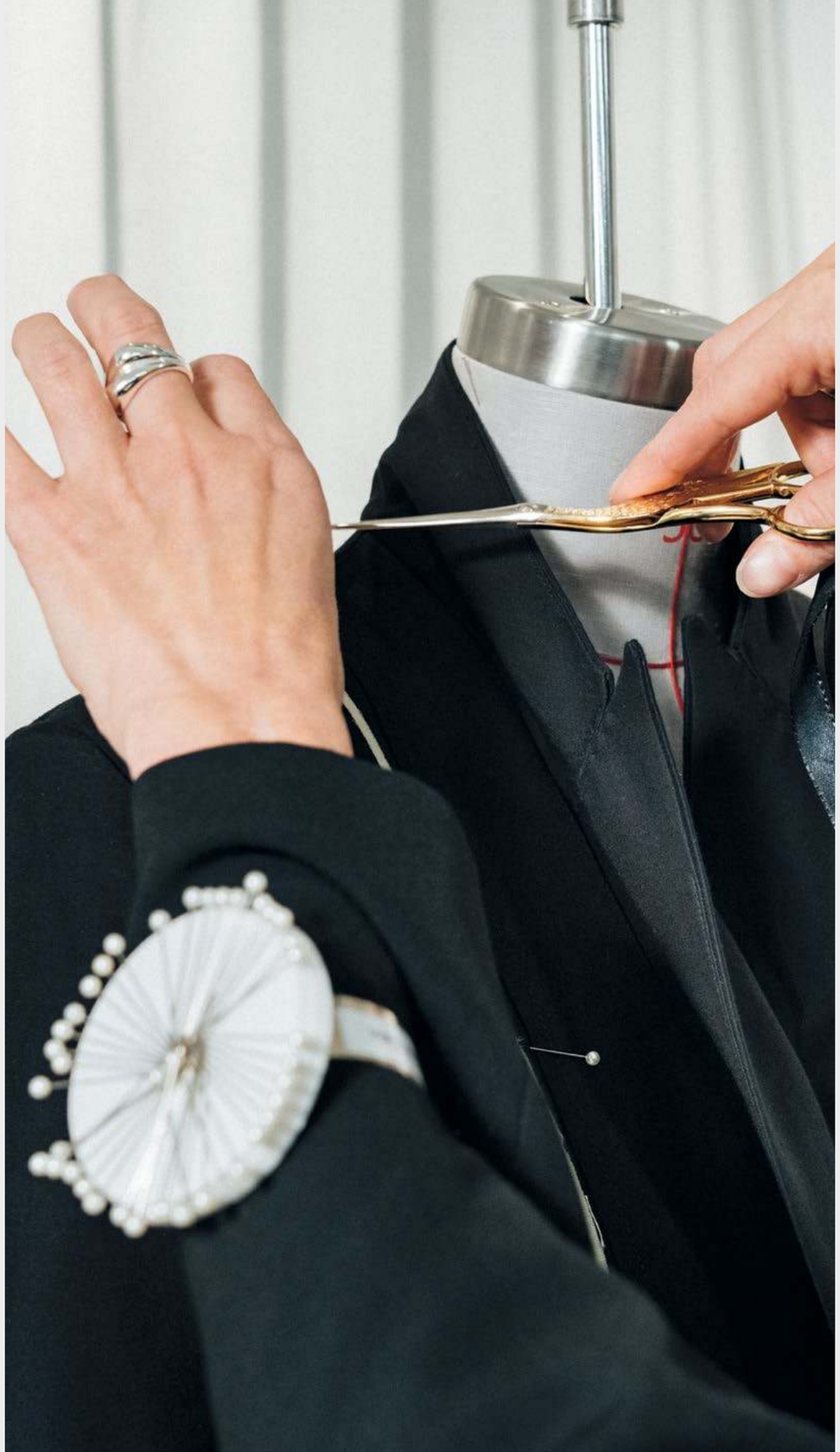
Improving product flow

Our distribution centres are central to our omni-model strategy, strengthened by our investments in technology and AI. Across our global network, we are continuously enhancing our logistics infrastructure to ensure optimal product flow, offering flexibility and speed between sales channels to improve availability. Our warehouses combines the latest techonology with smart building management, with features including photovoltaic panels, rainwater harvesting and biological sewage systems, to minimise the negative environmental impact.

Read more about our value chain in the sustainability report, page 56.

"Creativity, customer focus, and salesmanship are keys to deliver a strong product offering"

Tina Felixon, Chief Product Officer H&M



Tina Felixon, Chief Product Officer H&M

CREATIVITY IN FOCUS

Elevating fashion with precision

"We believe in the power of great fashion and design, affordability and sustainability. Our goal is to inspire people around the world to express their personal style through our collections. Great design and craftsmanship, quick decision making, a flexible supply chain and a very tight teamwork all the way out to our suppliers are key to deliver on our business idea and purpose", says Tina Felixon, Chief Product Officer H&M.

In 2024, H&M started to adopt to a more efficient way of working within the product function, enabling improved product availability, both in store and online, and a faster and more accurate response to customer demands and emerging fashion trends.

"Creativity, customer focus, and salesmanship are keys to deliver a strong product offering. Our product teams have developed a stronger offer with a better variation in styles, qualities, and trims, giving our customers access to a broader and more relevant assortment. With shorter lead time from design to the product reaching the customer, H&M will improve precision and relevance in all touchpoints", continues Tina Felixon.

Corporate governance

Corporate governance report

Effective corporate governance ensures that companies are managed as sustainably, responsibly and efficiently as possible in the interests of their shareholders. For H & M Hennes & Mauritz AB (H&M Group or H&M), this means ensuring compliance with external regulations, supported by the use of important tools such as company values, global policies and guidelines.

H&M Group operates across multiple markets, each with their different laws, environmental requirements, social conditions and challenges. These varied contexts underline the importance of acting consistently guided by a strong ethical compass. It is of utmost importance for H&M Group to always act ethically, transparently and responsibly across all parts of the business – from collaborating with suppliers to meeting with customers.

H&M Group has a long tradition of transparent reporting, supply chain disclosure, and helping its customers to make more informed choices. H&M Group is committed to continually improving the comparability and quality of the data, systems and calculations it uses, together with industry partners and all relevant stakeholders. H&M Group's commitment to transparency is set out in more detail in the sustainability report, see page 52. In the sustainability report the group's sustainability governance is also further described.

H & M Hennes & Mauritz AB is a Swedish public limited company. The company's class B shares are listed on Nasdaq Stockholm. This report covers the financial year from 1 December 2023 to 30 November 2024 (the 2024 financial year) and is prepared in accordance with the Swedish Corporate Governance Code (the Code) and the Swedish Annual Accounts Act, and has been examined by the company's auditors.

Corporate governance in Sweden

H&M Group has applied the Code since 2005. The Code is based on the principle of 'comply or explain', which means that companies applying the Code may deviate from individual rules, as long as they explain how they have deviated, provide the reasons for the deviation and describe the alternative approach they have adopted.

The full Code is available at corporategovernanceboard.se. During the 2024 financial year H&M Group did not deviate from the Code.

Listed companies in Sweden must be aware of the following aspects of corporate governance:

- The nomination committee plays a key role. Unlike the Anglo-American system, members of the nomination committee are appointed by the company's largest shareholders. The nomination committee proposes the size of the board of directors and who should be elected to the board of directors at the annual general meeting (AGM) of shareholders. Members of the board of directors are elected by all shareholders eligible to vote at the AGM. This means the nomination committee has a decisive influence over who is elected to the board of directors. The nomination committee also recommends the appropriate level of board of directors' fees, as well as fees to the company's auditor. The process for appointing members to the nomination committee is decided by the AGM.
- Swedish law states that members of the board of directors are appointed to represent the interests of all shareholders. If a large shareholder proposes a new member via the nomination committee, that member of the board of directors is required to represent the interests of all shareholders and not just those of the shareholder(s) that nominated them.
- For many decades, Swedish enterprise in general has viewed it as positive for the CEO and other members of the board of directors elected by the general meeting to own shares in the company they operate in. This is regarded as a guarantee that the interests of the board of directors are aligned with the interests of all shareholders to maintain and increase the share price, manage the company's risks, and maximise opportunities.
- Neither the Code nor the Swedish Companies Act impose any restriction on the age or length of service of members of the board of directors. There is also no time limit beyond which an independent member of the board of directors is no longer considered independent of the company or its principal owners.
- The Code stipulates that at least one of the company's auditors is to attend the AGM. It is also common practice in Sweden for the company's chief auditor to attend the AGM. The auditors are deemed to act as the control body for the board of directors on behalf of all shareholders. As a result, shareholders can pose questions to the auditors at the AGM irrespective of the size of their shareholding.
- The option of having different classes of shares has been present in the Swedish Companies Act for a long time and is widely used. These different share classes – usually referred to as class 'A/B/C' shares – often have different voting rights and sometimes have different rights with respect to dividends.
- By law, employees have the right to appoint employee representatives to the board of directors of large companies. All members of the board of directors are invited to the same meetings, receive the same information, and have the same voting rights. Board fees are paid only to members elected at the AGM.

External and internal governance

H&M Group's corporate governance operates in accordance with external regulations, international frameworks, and internal control documents. It is founded on the company's values and a corporate culture that emphasises simple, straightforward, cost-conscious, entrepreneurial business practices, teamwork, a belief in people, and a drive for constant improvement. Sustainability is core to H&M Group and is integrated into all parts of the business.

Examples of external regulations and frameworks include:

- Accounting legislation, including the Swedish Bookkeeping Act and Annual Accounts Act
- The EU Market Abuse Regulation (MAR)
- Nasdaq Stockholm Rules for Issuers
- The General Data Protection Regulation (GDPR)
- The Swedish Companies Act
- The Swedish Corporate Governance Code (the Code)
- The Global Reporting Initiative (GRI)
- The UN Guiding Principles Reporting Framework
- The Task Force on Climate-related Financial Disclosures (TCFD)
- The COSO framework.

With specific regard to sustainability, H&M Group reports in line with existing legislation, including policies developed by the European Union, Germany (Supply Chain Due Diligence Act), Norway and the UK. For more information, see the sustainability report on page 52 and read more on hmgroup.com/sustainability and in the sustainability progress report.

Examples of internal control documents include the company's:

- Articles of association
- Board of directors' rules of procedure, including instructions for the CEO and the audit committee
- Corporate Governance Policy, including the Internal Control Framework
- The ethics policy 'code of ethics'
- Communications policy
- Data privacy policy
- Environmental policy
- Financial policy
- Human rights policy
- Insider policy
- 'Our way' document, which details H&M Group's culture, values, policies and guidelines
- Responsible business conduct policy
- Social policies
- Sustainability commitment
- Tax policy
- Whistleblowing policy

H&M Group's governance structure

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 executive management team, individual business areas organised by brand, employees, and employee organisations.

H&M Group's shareholders have overall responsibility for the company's direction. They appoint the board of directors and the chair of the board of directors at the AGM based on proposals from the nomination committee. Proposals for the composition of the board of directors, board fees and the election of auditors are prepared in advance by the nomination committee.

The board of directors includes three employee representatives. Each also has a deputy. The representatives and their deputies are all chosen by their respective employee organisations.

The board of directors selects individual members to serve on an audit committee. The committee oversees financial reporting, including compliance with legal requirements on statutory sustainability reporting, and the effectiveness of the company's risk management and internal control, ensuring impacts, risks and opportunities are appropriately managed. The committee is the main channel of communication between the board of directors and the auditors.

The board of directors is also responsible for appointing the CEO to oversee day-to-day management and administration of the company. The CEO appoints members of the executive management team. Accountability for implementation and performance relative to the company's strategies, policies, and goals in all areas, including sustainability, is the responsibility of the respective business functions and brands, and forms part of their performance review with the CEO.

Shareholders and annual general meeting

The shareholders in H&M have the final decision on the company's governance. Shareholders vote at the general meeting to adopt the articles of association, which determine what the business will focus on, and to appoint the board of directors and its chair, whose task is to administer the company's affairs on behalf of the shareholders. The shareholders at the general meeting elects auditors and decide on the instructions for the nomination committee and elects its members.

The general meeting is thus the company's highest decision-making body and is the forum in which shareholders exercise their right to decide on the company's affairs. H&M's annual general meeting (AGM) is held once a year, in late April or early May.

The date and venue are announced in conjunction with H&M's nine-month report, as well as at hmgroup.com. The notice of the meeting is published in full four to six weeks before the meeting as a press release and in the newspaper Post- och Inrikes Tidningar and at hmgroup.com. Publication of the notice is announced by an advertisement placed in the newspapers Dagens Nyheter and Svenska Dagbladet. Shareholders registered directly in the register of shareholders who have given notice of their attendance on time are entitled to participate in the meeting and vote in accordance with the total numbers of shares that they hold. Shareholders who cannot be present in person may be represented by proxy.

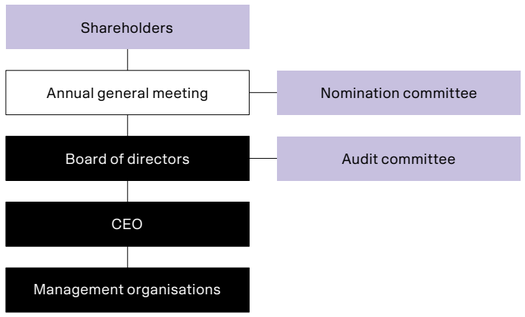
Shareholders wishing to have a particular matter considered by the meeting may submit a written request to the board of directors at least seven weeks before the meeting. An email address for H&M is also provided in the press release for the notice of the meeting, for shareholders who wish to submit their questions in advance. All the material related to the meeting, including the minutes of the meeting, is available on the company's website in both Swedish and English. Extraordinary general meetings can also be held when there is a particular need to do so.

Shareholders' decision-making powers

Among other things, the general meeting makes decisions concerning:

- The election of members and the chair of the board of directors
- Board fees, including the compensation paid to members for work on the audit committee
- Discharging members of the board of directors and the CEO from liability
- Amendments to the articles of association
- The election of the auditors
- The adoption of the income statement and balance sheet
- The distribution of earnings for the past financial year
- The instructions for the nomination committee
- Guidelines for remuneration to senior executives

H&M Group's governance structure



Articles of association

According to H&M's articles of association, H&M's board of directors is to consist of at least three and no more than 12 members elected by the general meeting and no more than the same number of deputies. The AGM decides the exact number of members of the board of directors and which individuals are to be elected to the board of directors. Members of the board of directors are elected for the period until the close of the next AGM. The general meeting also decides on amendments to the articles of association.

Annual General Meeting 2024

H&M's 2024 AGM was held on 3 May in the Erling Persson Hall, Aula Medica in Solna. The option of postal voting was also provided.

A total of 1,365 shareholders were represented at the meeting, representing 90.6 percent of the votes and 79.4 percent of the capital.

The main resolutions passed were as follows:

- The lawyer Andreas Steen was elected as chair of the meeting.
- Balance sheets and income statements were adopted for H&M and for the group.
- The dividend would be paid to shareholders in two instalments, the record date for the first payment being 7 May 2024 (SEK 3.25 per share) and for the second payment 8 November 2024 (SEK 3.25 per share). The remainder of the company's earnings would be carried forward.
- The members of the board of directors and the CEO were discharged from liability for the 2022/2023 financial year.
- The number of members of the board of directors elected by the meeting to serve until the close of the next AGM was set at eight, with no deputies.
- The following ordinary members of the board of directors were re-elected: Stina Bergfors, Anders Dahlvig, Danica Kragic Jensfelt, Lena Patriksson Keller, Christian Sievert, Christina Synnergren and Karl-Johan Persson. Helena Saxon was elected as a new member of the board of directors.
- Karl-Johan Persson was re-elected as the chair of the board of directors.
- The board fees proposed by the nomination committee were approved as follows: chair of the board of directors SEK 1,900,000; members of the board of directors elected by the AGM SEK 825,000; members of the audit committee an additional SEK 210,000; and the chair of the audit committee an additional SEK 315,000.
- Deloitte AB was appointed as the auditors until the close of the 2025 AGM. Auditors' fees are to be paid based on approved invoices.
- The board of directors' remuneration report was approved.
- A reduction in the share capital, for allocation to non-restricted equity, was approved through the cancellation of the 19,144,612 class B treasury shares repurchased within the framework of H&M's buyback programme, resulting in a reduction of the share capital of SEK 2,430,352.764. To restore the share capital, the AGM simultaneously resolved to increase the share capital by SEK 2,430,352.764 through a bonus issue without issuing new shares, with the amount of the reduction being transferred from non-restricted equity.
- The board of directors was authorised to make decisions concerning the purchase of own class B shares on as many occasions as it deems appropriate in the period up to the 2025 AGM. The company's acquisition and holding of treasury shares may not exceed 10 percent of all the shares in the company.

Votes and capital represented at the H&M group's annual general meeting

Year	% of votes	% of capital
2019	84.6	68.4
2020	86.7	72.7
2021	87.8	74.9
2022	87.8	75.0
2023	89.5	76.9
2024	90.6	79.4

Number of shareholders and ownership structure

At the end of the financial year, H&M had 213,223 shareholders. The total number of shares in H&M is 1,610,542,225, of which 194,400,000 are class A shares with 10 votes per share and 1,416,142,225 are class B shares with one vote per share. As at 30 November 2024, a total of 6,050,850 B shares in H&M had been repurchased as part of the share buy back programme.

H&M's largest shareholder is Stefan Persson and family, who via Ramsbury Invest AB hold all the class A shares, which represent 57.9 percent of the votes, as well as 764,799,715 (708,744,122) class B shares, representing 22.8 (21.0) percent of the votes. In addition, the family privately owns 36,400,289 class B shares. This means that as at 30 November 2024, Stefan Persson and family privately and via Ramsbury Invest AB represented 81.9 (79.7) percent of the votes, excluding treasury shares, and 61.8 (57.7) percent of the total number of shares. Ramsbury Invest is thus formally the parent company of H & M Hennes & Mauritz AB. Ramsbury Invest AB is owned by Stefan Persson and family, and primarily by Stefan Persson. Karl-Johan Persson is also a shareholder in Ramsbury Invest AB.

A class A share has greater voting power at the company's general meetings. All the shares have the same dividend entitlement and share in the company's assets. Since the company was first listed on the stock exchange in 1974, all the class A shares in H&M have belonged to the founding Persson family. This is common when family-owned businesses are floated on the stock exchange since it allows the founding family to have a controlling interest. The division into class A and class B shares is set out in H&M's articles of association, providing transparency to those considering buying shares in H&M.

Annual General Meeting 2025

H&M's AGM in 2025 will be held on 7 May 2025. To register to attend the 2025 AGM, see the notice of the meeting at hmgroup.com/agm.

Auditors

The auditors are independent and appointed by the shareholders at the AGM. They are responsible for:

- auditing and examining the H&M group's annual and sustainability report, consolidated financial statements and accounts, ensuring these have been prepared in accordance with current laws and recommendations,
- reviewing the management of the H&M group by the board of directors and the CEO, and,
- ensuring compliance with the guidelines on remuneration to senior executives adopted by the AGM.

The accounting firm Deloitte AB (Deloitte) was elected as auditors for the H&M group at the 2024 AGM. The firm was appointed for a one-year term ending at the 2025 AGM. Authorised public accountant Didrik Roos from Deloitte has overall responsibility for the audit.

As in previous years, the 2024 AGM resolved that the auditors' fees should be paid based on invoices submitted and approved. The fees invoiced by the auditors over the past two financial years are reported in note 11 of the annual and sustainability report for 2024.

Deloitte is a member of a global network used by most H&M Group companies for auditing purposes and meets the H&M group's requirements with respect to competence and geographic coverage. The auditors' independent status is guaranteed by legislation and professional ethics, the accounting firm's internal guidelines, and the fact that non-auditing assignments must be approved in advance by the audit committee. Didrik Roos also acts as auditor to Axfood AB, Boozt AB, Loomis AB and New Wave Group AB.

The auditors attend all meetings of the audit committee. Didrik Roos also attended the January 2024 board meeting to notify the board of directors of the scope and focus of the 2024 financial year audit, as well as any significant considerations arising from the audit.

In addition to this involvement, the auditors regularly meet with the chair of the board of directors, the audit committee's chair and other members, the executive management team and other key individuals. The auditors also take part in the AGM, reporting to all shareholders on the outcome of the audit.

Alongside its mandate as elected auditors, Deloitte has provided other services, such as limited assurance of the sustainability progress report and consulting work, primarily tax advice. Deloitte has internal processes to ensure its independence before embarking on these assignments. The audit committee also has a process for approving non-auditing services before commencement.

The audit committee evaluates the auditors annually to confirm the auditors' objectivity and independence.

Board of directors

The board of directors' role is to manage H&M's affairs in the interests of the company and all its shareholders, and to safeguard and encourage a good corporate culture. This means that the board of directors has the overall responsibility for the company's administration, taking a long-term, sustainable approach with a focus on the customer offering and growth.

In addition to legislation and recommendations, the work of the board of directors is regulated by the board of directors' rules of procedure which contain rules on the distribution of work between the board of directors, its committees and the CEO as well as on financial reporting and sustainability reporting, investments and financing. The rules of procedure, which also include the procedure for the audit committee, are updated as needed but are established at least once a year.

Composition of H&M Group's board of directors and independence of its members

The members of the board of directors are elected by the shareholders at the general meeting, normally at the AGM and for the period up to and including the next AGM. Since the 2024 AGM the board of directors has consisted of eight ordinary members elected by the general meeting, with no deputies, as well as three employee representatives and three deputies for these positions. Only the employee representatives and their deputies are employed by the company. Since the 2024 AGM the board of directors has consisted of the following members elected by the general meeting: Karl-Johan Persson (chair), Stina Bergfors, Anders Dahlvig, Danica Kragic Jensfelt, Lena Patriksson Keller, Helena Saxon, Christian Sievert and Christina Synnergren. Keith Barker, Tim Gahnström and Agneta Gustafsson are the regular employee representatives, with Therese Nordström, Sofia Almbrandt and Hans Nilsson as their deputies. For more information about members of H&M's board of directors, see pages 44–46.

Members of the board of directors are required to devote the time and attention that their position on the board of directors demands. New members receive introductory training that includes meetings with the heads of the various brands and functions.

The composition of the board of directors during the year met the independence requirements set out in sections 4.4 and 4.5 of the Code. This means that a majority of members of the board of directors elected by the general meeting are independent of the company and its management. Most members of the board of directors are also independent of the company's major shareholders.

Employee organisations

Under Swedish law, the employees have the right – via employee organisations (trade unions) – to appoint employee representatives with deputies to the company's board of directors. The trade unions appoint three members of the board of directors and three deputies to H&M's board of directors.

Number of board meetings

H&M normally holds six regular board meetings during the financial year, one of which is the statutory board meeting. Extraordinary board meetings are held when the need arises. The CEO attends all board meetings, except when the CEO's terms of employment are being discussed. The CEO reports to the board of directors on the operational work within the group and ensures that ahead of each board meeting the board of directors is given relevant and objective information on which to base its decisions. The CFO also attends the board meetings to provide financial information. The board of directors is assisted by a secretary who is not a member of the board of directors.

Members of the board of directors and 2024 meetings

The board of directors has eight members elected at the AGM, five women and three men, and three employee representatives supported by three deputies appointed by employee organisations in accordance with Swedish law. In total, the board of directors has 14 members – eight women and six men.

The composition of the board of directors exhibits breadth and diversity and ensures significant complementarity between the members of the board of directors' different areas of expertise. Their experience in areas such as retail, entrepreneurship, fashion, digitalisation, finance, AI, advanced analytics and automation, sustainability and communication forms a strong basis for effective and highly productive discussions with the CEO and management.

Of the eight board meetings held in 2024, one was a constituent meeting in connection with the annual general meeting. Attendance at the board meetings was very high; see the attendance for each member of the board of directors in the table on page 43.

Generally, one or more departments or brands are invited to each meeting to give a status presentation concerning the work of their function or brand. These presentations act as a complement to the CEO's status reports, providing an opportunity for more in-depth discussions concerning specific areas of operation. Each board meeting also includes a summary of the matters addressed by the audit committee at its most recent meeting within areas such as accounting, audit, security, tax, internal control, and risk, as well as various new regulations and legislations.

Work of the board of directors in 2024

H&M's board meetings are generally structured as shown below. This is supplemented by one or more business presentations.

The following are usually reviewed at each board meeting:

- Minutes of the previous meeting
- The CEO's status report and report by the CFO
- Strategic matters
- Feedback from the latest audit committee meeting
- Financial reporting such as the interim report, full-year report, and the annual and sustainability report
- Any other business

Sales, costs and efficiency within the organisation are discussed continually at the board meetings. During the year the geopolitical and macroeconomic situation remained challenging, and the effects of this on the H&M group's operations formed a key part of the board of directors' work. This includes how the H&M group has been navigating inflation, rising interest rates, the competitive landscape, digitalisation, security and climate matters across areas such as customer offerings and pricing, the supply chain for example in production and transport, the store portfolio and omni-channel business, sustainability, technology and AI, as well as communication and marketing. During the year the board of directors continued to address topics such as store format development and online commerce and the ongoing integration of physical and digital channels (omni), brand-building activities, organisational changes, capital allocation, and cybersecurity. Developments within the group's brands and business areas are continuously monitored at the meetings, for example by various representatives from the company presenting the work of their respective areas to the board of directors. During the year the board of directors also held two strategy days during which it reviewed and set next year's business plan.

An account of what has been reviewed at the latest audit committee meeting is provided. This has primarily concerned accounting, IFRS 16 effects, audit, tax, customs duties, internal control, risk, and various new regulations, legislations and directives, including the EU's new Corporate Sustainability Reporting Directive (CSRD). During the year the entire board of directors received training in CSRD, and information was provided by the head of sustainability about the status of and plan for meeting the new disclosure requirements. The significant risks discussed at the audit committee meetings were also discussed at the subsequent board meetings. The board of directors goes through interim financial reports before they are published at four meetings in the year. At the January meeting, the board of directors discusses the annual and sustainability report and the auditors' reports on the year's audit. During the year the board of directors also met with the company's auditors without the CEO or other representatives of executive management being present.

As every year, in 2024 the board of directors took various decisions including approving a SEK 1 billion share buyback programme based on authorisation from the AGM, a proposed dividend of SEK 6.50 per share to be paid in two instalments, the remuneration report and decisions concerning the financial statements, as well as deciding on an investment plan, a growth plan, targets and the closure of Afound. On 31 January 2024 the board of directors decided to appoint Daniel Ervér as the new CEO of the H&M group. Daniel Ervér, who was previously responsible for the H&M brand, succeeded Helena Helmersson, who had announced her departure.

Since H&M does not have a separate review function (internal audit function) for work on internal control but has instead established its own model for managing the company's risk and internal control (see pages 48–51), once a year the board of directors assesses the need for a separate internal audit function. In 2024, the board of directors again reached the conclusion that the present model for monitoring internal control is satisfactory.

Ahead of the AGM, the board of directors presented a remuneration report for 2024 in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board. The remuneration report describes how the guidelines for remuneration within H&M adopted at the 2021 AGM were applied in the 2024 financial year. The remuneration report for 2024 is available at hmgroup.com/about-us/corporate-governance/remuneration.

H&M does not have a remuneration committee since the board of directors deems it more appropriate for the entire board of directors to carry out the tasks of a remuneration committee, which is entirely in accordance with requirement 7.4 of the Code. The board of directors prepares the proposed guidelines for remuneration to senior executives that are presented at the AGM, and it is the board of directors that decides on the CEO's salary in accordance with the latest guidelines adopted at the AGM. The board of directors continually assesses the CEO's work and once a year discusses this matter alongside setting of the CEO's remuneration for the coming year. No member of executive management is present when this is discussed.

The board of directors continually evaluates its work, and the chair of the board of directors is in regular contact with members of the board of directors between meetings as part of the board of directors' work and its evaluation process. The evaluation covers working methods, the working climate, wishes and the main focus of the board of directors' work.

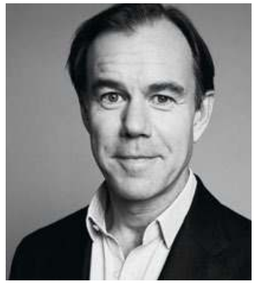
The evaluation also focuses on access to and the need for specialist expertise within the board of directors. The evaluation is used as a tool for how the board fo directors is to operate and additionally forms a basis for the work of the nomination committee.

Composition of the board of directors and attendance at meetings in the 2024 financial year

Name	Year elected	Independent[1]	Independent[2]	Fees (SEK)[3]	Board meetings[4]	Audit committee	Share-holdings[5]	Shares held by related parties
Karl-Johan Persson, chair	2020	Yes	No	1,850,000	8/8		12,136,289	Shareholder in Ramsbury Invest AB[6]
Stina Bergfors	2016	Yes	Yes	800,000	8/8		9,000	6,000[7]
Anders Dahlvig	2010	Yes	Yes	1,000,000	8/8	5/5	17,510	
Danica Kragic Jensfelt	2019	Yes	Yes	800,000	8/8		2,500	120
Lena Patriksson Keller	2014	Yes	Yes	800,000	8/8			1,200 and 9,450[8]
Helena Saxon[11]	2024	Yes	Yes		5/5	3/3	5,000	19,000 and 2,400[10]
Christian Sievert	2010	Yes	No[9]	1,100,000	8/8	5/5	87,000	
Christina Synnergren	2023	Yes	Yes	800,000	8/8		34,475	
Niklas Zennström[11]	2014	Yes	Yes	800,000	3/3		72,700	
Keith Barker,[13] employee rep.	2024				4/5			
Tim Gahnström, employee rep.	2021				8/8			
Agneta Gustafsson,[12] employee rep.	2022				8/8			
Sofia Almbrandt,[14] deputy employee rep.	2024				1/5			
Hans Andersson,[12] deputy employee rep.	2024				4/5			
Therese Nordström,[13] deputy employee rep.	2024				2/5		380	

1. Independent of the company and company management in accordance with the Swedish Corporate Governance Code.
2. Independent of major shareholders in the company in accordance with the Swedish Corporate Governance Code.
3. Fees as resolved at the 2023 AGM. This means that the fees related to the period until the next AGM, i.e. for the period 4 May 2023 to 3 May 2024. The amounts were paid out after the 2024 AGM.
4. Attendance via technology is equated with attendance in person.
5. There are no outstanding share- or share price-related incentive programmes for the board of directors.
6. Ramsbury Invest AB owned 194,400,000 class A shares and 764,799,715 class B shares as of 30 November 2024.
7. 6,000 shares held by spouse.
8. 1,200 shares owned through Lena Patriksson Keller's private company Verdani Holding AB. 9,450 shares held by spouse and children.
9. Christian Sievert is considered dependent in relation to Ramsbury Invest AB since Ramsbury Invest AB is a major shareholder in a company of which Christian Sievert is CEO.
10. Shares held by related parties: 19,000 shares held through Christian Sievert's company Whitechris Industri AB and 2,400 shares held by spouse and children. Supplementary disclosure: in addition to Christian Sievert's shareholding shown above, Christian Sievert holds 9,000 H&M shares via a pension plan.
11. Niklas Zennström left the board of directors at the annual general meeting in May 2024 and Helena Saxon was elected as a new member of the board of directors. Niklas Zennström's shareholding as of 3 May 2024.
12. Agneta Gustafsson, previously deputy employee representative, replaced Ingrid Godin as employee representative in spring 2024. Hans Nilsson became a new deputy employee representative, replacing Agneta Gustafsson.
13. Keith Barker became a new employee representative, replacing Louise Wikholm. Therese Nordström became a new deputy employee representative, replacing Margareta Welinder.
14. Sofia Almbrandt replaced Ramon Horvath as deputy employee representative in spring 2024.

Board of directors' profiles



KARL-JOHAN PERSSON

Chair of the board.

Born 1975.

Primary occupation
Chair of the Board of Directors of H&M Group.

Other significant board assignments
Member of the board of directors of Ramsbury Invest AB, the GoodCause Foundation and the H&M Foundation.

Education
BA in business administration from the European Business School, London.

Professional experience
2001–2004 CEO of European Network.
2005–2009 Operational executive roles within H&M Group, including within expansion, business development and new business.
2009–2020 CEO of H&M Group.
2020– Chair of the board of H&M Group.

STINA BERGFORS

Board member.

Born 1972.

Primary occupation
Board assignments.

Other significant board assignments
Member of the boards of, Handelsbanken and Tele2.

Education
MSc in business administration and honorary doctorate from Luleå University of Technology.

Professional experience
1999–2000 TV3 MTG Sales.
2000–2004 Media strategist OMD Nordics.
2005–2008 CEO of Carat.
2008–2013 Country director for Google and YouTube in Sweden.
2014–2020 Founder and CEO etc. at United Screens.

ANDERS DAHLVIG

Board member and member of the audit committee.

Born 1957.

Primary occupation
Board assignments.

Other significant board assignments
Chair of Inter IKEA Holding BV and member of the board of directors of Oriflame SA.

Education
MSc in business administration, Lund University, and MA from the University of California, Santa Barbara.

Professional experience
1983–1993 Various roles within IKEA in Sweden, Germany, Switzerland and Belgium.
1993–1997 Managing director of IKEA UK.
1997–1999 Vice president of IKEA Europe.
1999–2009 President and CEO of IKEA.

LENA PATRIKSSON KELLER

Board member.

Born 1969.

Primary occupation
Executive chair at branding and communications agency Patriksson Group AB.

Other significant board assignments
Member of the boards of directors of Elite Hotels, Wanås Art Foundation, Jeanerica AB and Maria Nilsdotter AB. Lena is also involved in the Prince Daniel Fellowship at the Royal Swedish Academy of Engineering Sciences (IVA).

Education
Design and marketing at Parsons School of Design in New York and at the American University in London.

Professional experience
1993–1996 Buying & product development at H&M.
1996–1998 Global communications manager, J.Lindeberg.
1999– CEO and later executive chair, Patriksson Group AB.

CHRISTIAN SIEVERT

Board member and chair of the audit committee.

Born 1969.

Primary occupation
CEO of AB Max Sievert.

Other significant board assignments
Member of the board of directors of AB Max Sievert and of the boards of portfolio companies of AB Max Sievert; also, member of the board of directors of AB Anders Löfberg.

Education
M. Sc. in Economics and Business Administration, Stockholm School of Economics.

Professional experience
1994–1997 Bain & Company, Stockholm, and San Francisco, USA.
1997–2003 Investment manager and partner at Segulah.
2003–2013 CEO/managing partner at Segulah.
2013–2014 Partner, Segulah.
2014– CEO of AB Max Sievert.

CHRISTINA SYNNERGREN

Board member.

Born 1978.

Primary occupation
Board assignments.

Other significant board assignments
No other significant board assignments.

Education
M. Sc. in Economics and Business Administration, Stockholm School of Economics.

Professional experience
Christina has 20 years of experience from management consulting firm BCG (Boston Consulting Group), most recently as managing director and senior partner. She has also held several other leadership positions within BCG, including roles in the global Fashion & Luxury and Retail leadership teams, as well as being a member of BCG's Executive Committee – the decision-making body responsible for managing the entire firm globally. Christina left BCG before H&M's 2023 annual general meeting at which she was elected to the board of directors.

HELENA SAXON

Board member and member of the audit committee.

Born 1970.

Primary occupation
Board assignments.

Other significant board assignments
Board member and audit committee chair at Sobi and Stockholm School of Economics, as well as at SEB until 1 April 2025.

Education
M. Sc. in Economics and Business Administration, Stockholm School of Economics. Certificate in Corporate Governance from International Directors Program at INSEAD, France.

Professional experience
After her studies Helena began working as a financial analyst at Goldman Sachs in London. She subsequently moved to Investor AB, where she has worked for most of her career, including as CFO and member of Investor's executive management team 2015–2024, and has also worked as investment manager within tech and health.

DANICA KRAGIC JENSFELT

Board member.

Born 1971.

Primary occupation
Professor of computer science at KTH Royal Institute of Technology conducting research in the fields of computer vision and robotics. The aim of the research is to use sensors to build future systems that interact with people and their environment in a natural way.

Other significant board assignments
Board member at FAM, SAAB and the Institute for Future Studies; member of the Royal Swedish Academy of Sciences and the Royal Swedish Academy of Engineering Sciences (IVA).

Education
MSc in mechanical engineering from the Technical University of Rijeka, Croatia. Danica was awarded a PhD in robotics by KTH Royal Institute of Technology, Stockholm, in 2001. Honorary doctorate from Lappeenranta University of Technology in Finland.

Professional experience
2008– Professor of computer science, conducting research in the fields of computer vision and robotics, at KTH Royal Institute of Technology in Stockholm.

Employee representative profiles

HANS NILSSON

Deputy employee representative, on the H&M group board since 2024.

Born 1965.

Employed since 1987.

Current position
Sales advisor, H&M Hudiksvall.

THERESE NORDSTRÖM

Deputy employee representative, on the H&M group board since 2024.

Born 1988.

Employed since 2011.

Current position
Pattern maker.

KEITH BARKER

Employee representative, on the H&M group board since 2024.

Born 1961.

Employed since 2007.

Current position
IT architect.

TIM GAHNSTRÖM

Employee representative, on the H&M group board since 2021.

Born 1979.

Employed since 2015.

Current position
Solution architect (Business Tech).

SOFIA ALMBRANDT

Deputy employee representative, on the H&M group board since 2024.

Born 1979.

Employed since 2008.

Current position
Data engineer.

AGNETA GUSTAFSSON

Employee representative, on the H&M group board since 2024. Deputy employee representative on the board 2022–2024.

Born 1969.

Employed since 1988.

Current position
Sales advisor, H&M Jönköping.

Nomination committee
The nomination committee prepares information for decisions at the general meeting concerning the election of the board of directors, the chair of the board of directors, the auditors and the chair of the annual general meeting, fees to the board of directors and auditors, and instructions for the nomination committee. The nomination committee's proposal for the composition of the board of directors considers diversity and breadth with regard to expertise, experience, background and gender balance. It also takes into consideration the company's stage of development and future focus.

Before each AGM the nomination committee's report is available to read as a separate document at hmgroup.com/corporategovernance. The composition of the nomination committee is based on the instructions for and proposed composition of the nomination committee adopted at the 2022 AGM, which apply until a general meeting of shareholders resolves otherwise. The nomination committee below is based on the principle that the nomination committee is to consist of the chair of the board of directors plus four others nominated by the four largest shareholders in terms of voting rights, as set out in the register of shareholders on the last banking day of August. In autumn 2024 the nomination committee thus consisted of:

- Karl-Johan Persson, chair of the board of directors
- Stefan Persson, Ramsbury Invest AB
- Lottie Tham
- Anders Oscarsson, AMF Tjänstepension and AMF Fonder
- Joachim Spetz, Swedbank Robur Fonder

The nomination committee meets the requirements of the Code regarding the independence of members. Stefan Persson chairs the nomination committee, in accordance with the rules in the nomination committee's instructions which state that the chair of the nomination committee shall be the member representing the largest shareholder unless the nomination committee appoints another person. The nomination committee unanimously decided that in view of H&M's ownership structure, Stefan Persson in his capacity as principal shareholder is the natural choice to chair H&M's nomination committee.

Work of the nomination committee in preparation for the 2024 AGM, including description of diversity policy for the board of directors
Before the 2024 AGM the nomination committee held one meeting at which minutes were taken. The committee was also in contact at other times. As a basis for its work to analyse the composition of the board of directors ahead of the 2024 AGM, the nomination committee studied the report by the chair of the board of directors on the work of the board of directors. The board of directors' work has functioned well over the course of the year, with great commitment from the individual members. The report by the chair of the board of directors, along with interviews conducted with members of the board of directors elected by the general meeting, also informed the nomination committee's proposal to the 2024 AGM regarding the composition of the board of directors. The different competencies of board of directors' members are complementary, which contributes to a good whole. All the members attended all the board meetings and showed great commitment, both at and between the meetings. The nomination committee endeavours to ensure that the board of directors consists of individuals with a high level of expertise and integrity, while at the same time ensuring that the board of directors has a good and appropriate mix of experience and expertise in order to meet H&M Group's present and future opportunities and challenges. The nomination committee's proposal to the 2024 AGM was to re-elect the following members of the board of directors: Stina Bergfors, Anders Dahlvig, Danica Kragic Jensfelt, Lena Patriksson Keller, Karl-Johan Persson, Christian Sievert and Christina Synnergren; and to elect Helena Saxon as a new member of the board of directors, as her expertise and background are seen as contributing valuable input to the work of the board of directors. Niklas Zennström had asked to step down from the board of directors since after 10 years as a member of H&M's board of directors, he intends to focus on his own companies and foundations. Niklas still believes strongly in the H&M group and will continue to assist with his network and experience when needed. The nomination committee also proposed the re-election of Karl-Johan Persson as chair of the board of directors.

The nomination committee judged that the proposed board of directors complied well with section 4.1 of the Code, which the nomination committee uses as the standard in relation to diversity policy. The policy aims to ensure that the proposed board of directors exhibits the required diversity and breadth of qualifications, experience and background, as well as gender balance. The nomination committee has continued to stress the importance of gender balance, and H&M's board of directors has had a good gender balance for many years. The members of the board of directors proposed for election by the general meeting were five women and three men.

The proposed board composition was considered to more than satisfy the requirements in terms of expertise and experience, taking into account the company's operations and future development. The proposal was considered to meet the applicable requirements regarding the independence of members of the board of directors, their stock market experience and their expertise in accounting and auditing.

The nomination committee has also discussed the members of the board of directors' independence and assessed that the proposed board composition satisfies the requirements that apply in respect of the members' independence, stock market experience, and accounting and auditing expertise.

To decide whether a member is independent, an overall assessment is made of all circumstances that might call into question the member's independence of the company and its management. Rule 4.4 of the Code states at least seven different circumstances that are to be considered here. At least two of the members of the board of directors who are independent of the company and its management must also be independent of the company's major shareholders. To decide whether a member of the board of directors is independent, the extent of the member's direct and indirect relationships with the major shareholder are to be considered in the assessment. A member of the board of directors who is employed by or is a member of the board of directors at a company that is a major shareholder is not to be considered independent. Regarding the composition of the audit committee, section 7.2 of the Code states that the majority of the committee's members are to be independent of the company and its management. At least one of the members of the board of directors who is independent of the company and its management must also be independent of the company's major shareholders. The chair of H&M's audit committee is independent of the company and its management, as are the other members of the committee. Two of the three members are also independent of the company's major shareholders. There is nothing in the Code stating that the chair of the committee must be independent of major shareholders.

Between the 2024 AGM and the end of the 2024 financial year, the nomination committee held one meeting at which minutes were taken. The committee was also in contact at other times. In autumn 2024 the nomination committee began its review, starting with information from the chair of the board of directors concerning the functioning of the board of directors during the year. It was established that the board of directors has functioned well and fulfilled its work effectively. In the period up until the proposals to the 2025 AGM are presented, the nomination committee will discuss the size and composition of the board of directors based on such factors as expertise, experience and the outlook for the company, the election of a chair of the board of directors and a chair of the general meeting, fees for members of the board of directors, the instructions for the nomination committee and the election of auditors. The nomination committee's work in preparation for the AGM in May 2025 is not yet complete; more information will be presented before and at the 2025 AGM.

Audit committee
The audit committee oversees H&M Group's financial reporting, including compliance with legal requirements on statutory sustainability reporting, and the effectiveness of the company's risk management and internal control, ensuring impacts, risks and opportunities are appropriately managed. The committee oversees all auditing topics and publication of company's financial reports.

The audit committee also assists the nomination committee with any proposals to the AGM concerning the election of auditors. The audit committee reviews and monitors the impartiality and independence of the auditors and determines which assignments the accounting firm may conduct for H&M Group in addition to the audit. The auditors provide an annual written statement to the audit committee providing assurance of the auditors' independence and outlining which additional services the accounting firm has provided to H&M Group during the financial year. The audit committee comprises three members of the board of directors with expertise in accounting or auditing. The audit committee is appointed annually by the board of directors at the statutory board meeting held in conjunction with the AGM. Since the 2024 statutory meeting, Christian Sievert has served as chair of

the audit committee, Anders Dahlvig and Helena Saxon as members. All three are independent of the company and its management. Christian Sievert is not considered independent of the company's major shareholders, specifically Ramsbury Invest AB, since Ramsbury Invest AB is a major shareholder in a company of which Christian Sievert is CEO. Anders Dahlvig and Helena Saxon are independent of the company's major shareholders. The committee held five minuted meetings during the 2024 financial year. The company's auditors attended all meetings of the audit committee and provided a report to the committee on their review of H&M Group's annual report and financial statements, including the consolidated financial statements. The meetings were also attended by, among others, the CFO, the chief accountant, the head of investor relations and the head of corporate governance. Minutes from the committee's meetings were distributed to all members of the board of directors.

During the year the audit committee addressed the following matters, among others:

- The company's financial reporting, including interim reports, and the corporate governance report as part of the annual and sustainability report.
- Compliance and effectiveness of H&M Group's internal control and risk management processes and review of its enterprise risks.
- Information provided by the following functions and departments on their work: People & Organisational Development/HR; Security; Expansion; Accounting and Tax; Supply Chain; and Business Tech, including specific topics on Cyber Security.
- The transfer pricing model, tax matters and matters relating to customs.
- The yearly report on Data Privacy.
- Follow-up on H&M Group policies.
- Review of the company's annual reporting cycle and the work to prepare for the new Corporate Sustainability Reporting Directive (CSRD), information provided by Deloitte on the audit plan, the scope of the audit and the results of the review.
- Review of the auditors' independence and impartiality.

The audit committee has an established routine for approval of any non-auditing services provided by the auditors, the routine is applied before such service can be delivered. The audit committee agreed it was clear which assignments Deloitte had taken on in addition to auditing and found no reason to question the accounting firm's impartiality. H&M Group also uses consulting services from other accounting firms and tax advisors.

CEO

The CEO is appointed by the board of directors and reports to the board of directors on H&M Group's development. The CEO is responsible for the daily management of the company as directed by the board of directors. This includes:

- Recruitment of senior executives
- Buying, production and logistics matters
- The customer offering
- Pricing strategy
- Sales and profitability
- Sustainability
- Marketing
- Company growth and expansion
- Digital development
- Development and further integration of the store and online channels

The CEO is required to make the necessary preparations to enable all commercial decisions, including on investment and company expansion. The role of CEO includes contact with financial markets and investors, the media and regulatory authorities.

Daniel Ervér, born 1981, has been CEO for H&M Group since 31 January 2024. Daniel Ervér has worked within H&M Group for 18 years in various roles in different parts of the company, most recently as head of H&M, which is the largest brand within H&M Group. Since Daniel Ervér was appointed as CEO, he continues to be operationally responsible for H&M.

Daniel Ervér holds 76,900 shares in H&M. He also holds 450,000 call options issued by Ramsbury Invest AB, with each option providing the right to buy one class B share in H&M during the 12-month period following the expiry of a three-year agreement dated 15 February 2024.

Organisation and management

H&M Group is a multi-brand matrix organisation comprising the following brands: H&M, which includes H&M HOME, H&M Beauty and H&M Move; and the Portfolio Brands consisting of COS, Weekday, Cheap Monday, Monki, & Other Stories, ARKET and Singular Society. The group also consists of new growth & ventures, which includes the company's investment arm H&M Group ventures, Creator Studio, Looper Textile Co. and Sellpy.

The matrix organisation provides a combination of group and local perspectives on leadership and entrepreneurship. The regional sales organisations are responsible for daily retail operations in their market and region.

The CEO is responsible for day-to-day management of H&M Group and appoints the members of the executive management team. On 30 November 2024, the executive management team, including the CEO, comprised seven individuals, four of whom were women. In addition to the CEO, the executive management team consisted of the CFO, the person with responsibility for the Portfolio Brands, the person with responsibility for new growth & ventures, and the heads of the following group functions: Communications, Sustainability, and People & Organisational Development/Human Resources.

Those responsible for other group functions than the ones included in the executive management team are appointed by the CFO.

By the 30th of January 2025 the description of the Exectuive Management team was updated, for the latest information on H&M Group executive management, see hmgroup.com/about-us/corporate-governance/.

Further reading

Read more about H&M Group's corporate governance at hmgroup.com/about-us/corporate-governance/, which contains:

- Articles of association
- Information and material from previous AGMs and Extraordinary General Meetings
- Information about standards and policies
- Information about the board of directors, CEO, auditors, and audit committee
- Information on the nomination committee
- Previous corporate governance reports

Internal control

Internal control is critical to safeguard the company's assets and thereby the shareholders' investment. Internal control and risk management are part of the board of directors' and the management's responsibilities to manage the business in the most appropriate and effective manner possible, ensuring reliable financial reporting and compliance with applicable laws and regulations. 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.

H&M Group's internal control framework is based on the internationally recognised COSO framework. The company's internal control framework and control environment is based on the five components of the COSO framework – control environment, risk assessment, control activities, information and communication, and monitoring – which are further described below.

Control environment

The control environment forms the basis of internal control. It consists primarily of the company's ethical values and integrity, expertise, management philosophy, organisational structure, responsibility and authority, policies and related guidelines and instructions, as well as routines. It is underpinned by the culture that the board of directors and management create and communicate.

Management documents, such as internal policies, guidelines and manuals, are particularly important, giving employees solid guidance on the way the company operates. The 'Our way' document summarises the company's values, policies and guidelines and how they shape the way H&M Group operates to ensure business is carried out in an ethical, responsible, sustainable and transparent way. 'Our way' is intended for all employees within all brands and functions of H&M Group, as well as external stakeholders. Read more about 'Our way' at hmgroup.com/about-us/our-way and under Business conduct in the sustainability report, on page 105.

H&M's internal control structure is based on:

- The division of accountability between the board of directors, the audit committee and the CEO, which is clearly described in the board of directors' formal rules of procedure
- Regular reports from the executive management team and the audit committee to the board of directors, according to established routines
- The company's organisational structure
- The company's values, guidelines, policies and manuals
- Control activities, checks and balances, analysis and reporting

H&M Group is a matrix organisation, which means that those responsible for group functions are also responsible for the efficiency and effectiveness of the work of their function within each brand.

Internal controls are monitored regularly and evaluated annually by the relevant group function, checking corresponding functions in each country are operating in accordance with the prescribed group and local policies and guidelines. Store operations are checked by internal store auditors.

All subsidiaries within H&M Group have the same structure and accounting system and the same chart of accounts. This simplifies the creation of appropriate routines and control systems and facilitates internal control and comparisons between the various companies.

There are multiple policies, guidelines and manuals in place across the group, including detailed instructions for store staff that control the daily work in the stores. In most cases these are drawn up by the group functions at head office in Stockholm and then communicated to the respective departments in regional and country offices. Each group function regularly reviews its guidelines and manuals to keep them up to date, adding new guidelines whenever necessary.

Control activities

There are several control activities built into the business processes to support business efficiency and accurate financial and sustainability reporting. These control activities are designed to prevent, find, and correct inaccuracies and non-compliance. Control activities can exist at all levels and in all parts of the organisation. Within H&M Group, control activities include effective control and analysis of sales statistics, account reconciliation, monthly accounts, financial and sustainability reports and on systems relating to financial and sustainability reporting.

Monitoring

H&M Group's execution of internal control is firmly established within the company, providing a means for group functions to ensure that their respective function operates in line with company guidelines in all sales markets and regions.

The assessment of internal control also allows for interaction across the group to identify potential areas for improvement, with each sales country and region providing valuable and constructive feedback to the group function and the group function delivering feedback to regional and country management.

Within the production organisation, additional control and monitoring activities are outlined in the internal Routine Handbook for Production, which helps to ensure the company does business in an ethical and transparent way. Most of the activities described in the Handbook are monitored monthly at a regional level and every other month at a global level. Internal store auditors perform annual checks at a subset of stores to identify strengths, weaknesses and corrective actions.

As a complement to the internal control work performed, additional reviews of specific areas have been conducted by external audit firms. Overall, the results have been satisfactory and where findings have been identified corrective actions have been put in place. The board of directors and the audit committee continually evaluate information provided by the executive management team on company operations, including information on the efficiency of internal control procedures and activities. This work includes checking that the necessary steps are taken in response to any shortcomings detected and that suggestions made during assessments by the group function and internal store auditors, as well as by external auditors, are acted on. This monitoring work maintains awareness of the importance of effective internal control and supports continuous improvement within the group.

In 2024, the company's group functions assessed internal control within their respective area for each sales country. The work covered both general issues and department-specific issues. This internal control assessment resulted in a plan of action for each group function, defining areas for improvement to strengthen internal control at both country and group level. The group functions also followed up on assessments made in the previous year to ensure recommendations had been implemented.

Information & communication

Policies and guidelines are of particular importance for accurate accounting, reporting and provision of information, and define the control activities to be carried out.

H&M Group has a communications policy providing guidelines for communication with external parties. The purpose is to ensure that all disclosure obligations are met, and that the information provided is accurate and complete.

Financial communication is provided via:

- The annual and sustainability report
- Interim reports, the full-year report and quarterly reports
- Press releases on events and circumstances that may impact the share price
- H&M Group's website hmgroup.com

More information on specific policies can be found in the sustainability report on page 108.

Risks and uncertainties

Operational, financial and sustainability risks are continuously analysed by all brands and group functions. The risk management process and way of working is set by corporate governance function and established through the company. This process of risk review and assessment identifies the systems, methods and controls required to minimise any impact from identified risks. For the most significant issues, the corporate governance function manages a quarterly review of risk level and associated mitigation plans.

A summary of the group's enterprise risks is presented quarterly to the CEO and CFO, bi-annually to the audit committee and subsequently to the board of directors.

The company's first Task Force on Climate-related Financial Disclosures (TCFD) analysis was conducted in 2019. An updated climate risk analysis according to the guidelines issued by the TCFD was carried out during 2024, read more on page 85.

Risk management process

H&M Group has an entrepreneurial approach to business development. Launching new initiatives and ventures makes it necessary to accept a degree of business risk, while presenting many opportunities. H&M Group carries out regular risk assessments for both operational and financial risks.

Financial risks are related to the use of economic funds and financial resources and include foreign currency fluctuations, taxes and various regulations and ordinances. Operational risks mainly comprise internal business risks and external events which may affect the group. These include sustainability risks, which are identified through a systematic approach to human rights and environmental due diligence. It is an ongoing process to identify, prevent, mitigate and remedy potential and actual negative impacts on people, while leveraging opportunities to advance their rights. Read more about the sustainability risks and the human rights and environmental due diligence in the sustainability report on page 52.

During 2024 a number of external risks and uncertainties were identified and handled within the company's risk management processes. In 2024 most risks related to external events, such as geopolitical uncertainty, increased regulatory demands, and macroeconomic factors affecting the overall cost, rather than to internal business risks. Given the nature of the business, exposure to external risks is still high and will remain high as geopolitical and global risk events will possess a risk on the global supply chain and retail setup.

Financial risks

Foreign currencies

The most significant currencies for the H&M group's purchasing are the US dollar and the euro. Fluctuation in the exchange rate between the US dollar and the euro is the single largest foreign currency transaction exposure for the group.

Large and rapid exchange rate fluctuations, particularly in the US dollar as the most important sourcing currency, may also have a significant effect on purchasing costs – even if this may be regarded as relatively competition-neutral over time.

In addition to the effects of transaction exposure, translation effects also impact the group's results. These effects arise due to changes in exchange rates between the local currencies of the various foreign sales companies and the Swedish krona compared with the same period the previous year. The underlying profit/loss in a market may be unchanged in the local currency but may increase when converted into SEK if the Swedish krona has weakened or decrease if the Swedish krona has strengthened.

Translation effects also arise in respect of the group's net assets on consolidation of the foreign sales companies' balance sheets. For more information on currency hedging see note 2, Financial risks.

To hedge flows of goods in foreign currencies and thereby reduce the effects of future exchange rate fluctuations, payments for the group's flows of goods – i.e. the group's purchases of goods and, in most cases, also the corresponding foreign currency inflows from the sales companies – are hedged under forward contracts on an ongoing basis to the companies H & M Finance AB and H & M Hennes & Mauritz GBC AB.

Trade intervention
Purchasing costs may be affected by decisions at a national level on issues such as export/import subsidies, customs duties (see more below), textile quotas and embargoes. The effects primarily impact customers and companies in individual markets.

Global companies with operations in many countries are affected to a lesser extent, and among global corporations, trade interventions may be regarded as largely competition neutral. In the event of changed trade relations, not just sourcing costs but generally also the entire flow of goods from production to the customer would be affected, which companies would need to mitigate.

Related party customs valuation continues to attract attention at a global, European and national level, both from authorities and importers such as H&M Group. It will therefore continue to be important for H&M Group to proactively monitor and manage future developments in this area.

Taxes
Multinational companies, such as H&M Group, face growing tax risks, including double taxation and disputes with tax authorities. The OECD's BEPS 2.0 framework adds complexity to tax compliance and transfer pricing. H&M Group operates globally, paying various taxes, including corporate income taxes and VAT, while adhering to local laws.

Financial reporting under IFRS 16 presents additional challenges. This standard alters lease accounting, potentially distorting profitability ratios and affecting transfer pricing benchmarks, leading to disputes with tax authorities, despite compliance with OECD guidelines.

H&M Group also faces complications from contradictory national court rulings regarding indirect taxes, which can complicate tax credit claims in their headquarters' jurisdictions. This inconsistency poses challenges for managing international tax positions.

H&M Group complies with BEPS 2.0 guidelines to ensure profits are taxed where value is created. Pillar One reallocates taxing rights to consumer markets, while Pillar Two introduces a global minimum tax to prevent profit shifting to low-tax areas. The group avoids tax havens, ensuring income is not artificially shifted.

H&M Group's tax policy ensures compliance with OECD guidelines and aims to tax profits where value is created. The company maintains a sustainable tax rate and engages in legitimate tax planning, avoiding aggressive strategies.

For the 2024 financial year, H&M Group has adhered to its tax policy, achieving ISO 9001:2015 certification for its quality management system in international tax. The group ensures that each subsidiary's tax residence aligns with its domicile, promoting transparency in its tax structure.

Operational risks
Changes in customer demand
Rising numbers of purchases are made online, making this channel an increasingly important part of the customer experience. Customers are looking for a smooth, simple and inspiring experience in which stores and online channels interact and enhance each other.

In recent years H&M Group has therefore made substantial investments to enable elevated customer experience. Continuous investments and improvements are in focus and new development areas are constantly monitored and adapted.

Customer offering
Fashion has a limited shelf-life and there is always a risk that part of any collection is not well-received by customers, limiting commercial potential. Purchasing decisions are also increasingly influenced by customers' desire to live more sustainably.

Within each segment and each collection, it is crucial to have the correct balance between fashion basics and the latest trends and the right volume of each. Each collection must achieve the optimum balance between fashion, quality, price and sustainability. This is achieved through increasing accuracy in purchasing decisions and volume planning, which also reduces overall resource consumption and contributes to the company's climate and circularity goals.

H&M Group works intensively to optimise buying during the season in parallel with detailed analysis of daily sales and stock levels in different markets. H&M Group has invested in its capability to create regional and local customer offerings to meet this demand.

H&M Group is constantly evolving its customer offering and experience to improve its capability and capacity to have a more relevant and attractive customer offering than its competitors.

Mitigation plans are continuously monitored and refined to lower the risk exposure of H&M Group.

Reputational risk
Being one of the world's leading fashion companies, H&M Group's brands attract a great deal of interest and are constantly in the spotlight.

To safeguard and manage its brands, it is important that H&M Group continues to evolve operations in response to growing legal requirements, especially in relation to Environmental, Social and Governance (ESG) areas, and to operate in accordance with its values, which are characterised by strong business ethics.

It is of the utmost importance for H&M Group to live up to the high ambitions set out in internal policies and guidelines and that anyone involved in the business has a good knowledge of the way the company's products are produced.

Delivering on the set sustainability goals and ambitions is a crucial part. Being proactive with new legislation and ensuring implementation and compliance with proper risk management and internal control work is equally a core part of the work.

Accurate, transparent, and reliable communications supports to prevent damage to the company's reputation and mitigate the consequences of any incidents.

Negative macroeconomic & geopolitical changes
Macroeconomic or geopolitical events can negatively affect market conditions in a country. This includes political instability, conflict and war, as well as sudden changes in the business environment, such as rising inflation, significant disruption to the supply chain or economic slowdown affecting consumer purchasing behaviour. All could negatively impact the company's sales. Meanwhile, any new markets that an H&M Group brand enters may have a heightened risk of political instability, corruption or armed conflict.

Uncertainties exist concerning how fluctuations in external factors such as the price of raw materials, transport costs and suppliers' capacity impact the company's cost base. There are also risks associated with social tensions in markets where H&M Group sources its products, which may lead to instability for suppliers, and in manufacturing and deliveries. During 2024 mutliple events across the world have shown an increasing level of instability.

H&M Group monitors geopolitical developments in the world day by day and act to minimise impact on the company's product availability, freight costs and stock levels. Action plans are in place to mitigate and minimise potential impact on the supply of products.

Business continuity plans are continuously reviewed in order to ensure relevance based on changing circumstances across the world.

Information security and cybersecurity
All companies are today exposed to various risks associated with the use of information technologies. The risks to which H&M Group are exposed to are the same ones facing any company of the same size, broad customer base and geographical spread. H&M Group can also see a threat arising from the potential multi-polar world with four major trade zones, at information-, cyber- and privacy security levels. The moreover traditional security breaches that H&M Group faces include hacking attacks, phishing attempts, system disruptions and system overloads.

H&M Group continues to invest in its colleagues, processes, systems, procedures and technologies to mitigate and remediate these risks and keep our company, its stakeholders, partners and its customers safe. H&M Group constantly monitors, evaluates and protects from threats to its assets and third-party risks, and are on top of the increasing regulatory landscape that the company is subject to on a global, regional and local level.

Data protection and ethical AI
Breaches of data security can lead to negative impact on customers, employees and business partners, for example if personal information is made public.

H&M Group actively monitors its privacy risks and has policies, guidelines and a group function in place to protect individuals' data and meet the requirements of the EU General Data Protection Regulation (the GDPR), as well as local legislation in countries relevant to H&M Group. The development of laws and regulations is continuously monitored, and the company's processes and controls are updated accordingly.

H&M Group has appointed a data protection officer (DPO) for the group and data privacy managers within each region. The data protection procedure is similar in all local operations and all office employees and store managers must undergo data protection training.

Reporting is done regularly by the group's DPO to the company's management and the board of directors through the audit committee. In addition, a technical team within the company's business tech function provides group-wide support and management on how artificial intelligence should be used in an ethical way.

Sustainability risks
Climate
Climate change may impact the conditions for producing and distributing products in certain regions and countries. The growing effects of climate change mean that these variations will likely increase in the future. The company is continously working with various mitgation activities to minimize the impacts to business and customers. More in detailed description of the climate risks are described in the sustainability report on page 58.

Water and natural resource use
Environmental risks to H&M Group's business, value chain, communities and the planet include depletion of natural resources, biodiversity loss, land use change and water impacts. Many environmental risks are closely connected to human rights risks – for example land rights and livelihoods, the right to access clean water and the impact of climate change on communities that already have inequitable access to resources or finance.

The company's focus recycled and sustainably sourced materials, use of innovative materials, further improved planning accuracy, and growth in new and circular business models will improve the resilience of H&M Group's business and supply chain by reducing dependence on limited natural resources. Read more about H&M Group's environmental risks on page 58.

Customer demand
Growing consumer interest in sustainability is stimulating a change in customer preferences and consumption patterns. This could have a major effect on H&M Group's sales – both positive and negative – depending on how successfully the company evolves its offerings and business models.

The company's focus is to further accelerating investments in shifting towards circular design principles, recycled and sustainably sourced materials, optimising production and resource use, and scaling circular business models and solutions across our value chain.

Human rights
H&M Group's salient human rights Issues show how the company identifies and assesses risks across its value chain and prioritises action. Current salient issues include access to water, land rights and livelihoods, labour rights, safe workplace, wages, working conditions in addition to environmental challenges.

H&M Group's commitment to respect internationally recognised human rights is the foundation of everything the company does and contributes to more favourable social and environmental conditions for communities and people. Read more about H&M Group's approach to human rights on page 91.

Anti-bribery and corruption
Corruption risks exist in many of the markets in which the company and its suppliers operate. As with human rights and environmental risks, the company maps risks related to corruption across its operations and supply chain through annual risk assessments and reviews.

The company identifies the greatest risks based on location or type of operations and determines its response, with appropriate follow-up actions and timeframe for review. Tackling the risk of corruption benefits the company by strengthening its business ethics and corporate culture, and enhancing its reputation with stakeholders. Read more about H&M Group's business conduct on page 105.

Internal audit

During the year, in accordance with section 7.4 of the Code, the board of directors assessed the need for a specific internal audit process. The board of directors concluded that H&M Group's present model of monitoring internal control is the most appropriate for the company. It is applied by functions such as finance & accounting, expansion, logistics, production, business tech, sustainability, legal, communications and security, and embraces the work of all subsidiaries. In the board of directors' opinion, the current H&M Group model is in line with the work performed by an internal audit department in other companies. Therefore, the board of directors deemed that there is no need for an internal audit department.

The issue of a specific internal audit department will be reviewed again in 2025.

Stockholm, March 2025

The Board of Directors

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 39–51 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard Rev 16 The auditor´s examination of the corporate examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and governance statement. This means that our generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, March 20, 2025

Deloitte AB

Didrik Roos
Authorized Public Accountant

General 53
Our approach to sustainability 54

Environment 58
Climate 59
Chemicals and water pollution 67
Water 69
Biodiversity, ecosystems and land-use 71
Resource use and circularity 73
EU Taxonomy reporting 80
TCFD climate risk analysis 85

Social 90
Human rights 91
Own workforce 94
Workers in the value chain 97
Affected communities 102
Consumers and end-users 103

Governance 104
Business conduct 105
Our policies and commitments 108

Auditor's report 110

Sustainability report

General

Our products are at the core of our business and we believe there should be no compromise between exceptional design, affordable prices and sustainable options. H&M Group aim to create a responsive and responsible value chain, by optimising our production and resource use while respecting human rights, to minimise our negative impact on people and the planet. We want our customers to be able to celebrate self-expression with the confidence that they are making a sustainable choice.

Our approach to sustainability

Our customers are at the heart of everything we do and for almost 30 years, we have been working with sustainability to meet their expectations and build a resilient business. We aim to support the transition towards a sustainable design and fashion industry by offering our customers responsibly made products, designed to be used, reused and recycled.

Basis for preparation of the sustainability report
Our sustainability reporting is based on the results of an impact materiality analysis covering an assessment of impacts across our own operations as well as our upstream and downstream value chain. For many years, H&M Group has been conducting its materiality analysis in line with applicable Global Reporting Initiative (GRI) Standards. In 2023, we began developing our materiality analysis process to align our approach with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), along with EFRAG's Implementation Guidance for Double Materiality. The annual and sustainability report 2024 and our impact materiality analysis has been prepared to align with the format of the upcoming reporting requirements but does not claim any compliance with the CSRD or the ESRS. The sustainability report is prepared in accordance with the GRI, see page 110, and with the requirements on statutory sustainability reporting in the Swedish Annual Accounts Act. The sustainability report is prepared on a consolidated basis according to the same principles as the financial statements and in accordance with laws and frameworks disclosed on page 3. Read more about how we report on hmgroup.com/sustainability/sustainability-reporting/how-we-report/reporting-frameworks.

Sustainability governance
The sustainability director 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. The sustainability director reports on sustainability goals and 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 monitors the effectiveness of internal control and risk management, reporting regularly to the board of directors on the status of these processes.

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. The board of directors consists of 14 non-executive members, including three employee representatives and three deputy employee representatives. The percentage of female board members is 57 percent, while the percentage of male board members is 43 percent, and the board's gender diversity ratio is 75 percent. The percentage of board members (excluding employee representatives and their deputies) independent of the company and company management is 100 percent and the percentage of board members independent of majority stakeholders in the company is 75 percent. For further information, see our corporate governance report, pages 38–51.

Management of sustainability matters
H&M Group performs due diligence to identify and assess risks and impacts within its own business and with its business partners in relation to relevant external and internal requirements, based on need and as required within the company's business processes. We take a systematic approach to Human Rights and Environmental Due Diligence (HREDD) by continously identifying, assessing, mitigating and remedying any potential and actual negative impacts on people or the planet, while leveraging opportunities to advance the rights of affected stakeholders. H&M Group's HREDD is also integrated into our corporate governance and risk management process to ensure that business decisions are made while considering the impact on affected stakeholders.

The H&M group responsible business conduct (RBC) policy sets out the additional steps required for conducting an HREDD. This applies to our operations, value chain and the communities where we operate. H&M Group's HREDD process is based on OECDs Guidelines for Multinational Enterprises and the UN Guiding Principles and other relevant legislation, where applicable.

H&M Group carries out regular risk assessments to identify any risks to our business, financial position or performance. Our risk management process is set out by the corporate governance function and includes the identification and assessment of sustainability related risks to H&M Group. Our assessment is based on the analysis of events happening over the short-term (less than one year), medium-term (one to five years), and long-term (five to fifteen years). Read more about H&M Group's risk management process on pages 49–51.

Our sustainability strategy
We believe fashion and design should not be limited to the few. With several clearly positioned brands, businesses and ventures – each with their own unique identity – we meet our customers' ever-increasing expectations and diverse needs. Our aim is to make the positive power of fashion available for everyone to enjoy, while minimising our negative impact on people and the planet. H&M Group's strong financial position and long-term approach enable us to continue to invest in new ventures and initiatives, to support the transition towards a sustainable design and fashion industry.

Our sustainability work is centred around H&M Group's key impact areas, which have been identified through stakeholder engagements and an analysis of our value chain. Our key impact areas inform our overall business strategy and idea to ensure we meet our stakeholders' expectations and include:

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

These areas are deeply interconnected, requiring a holistic approach to minimise any associated business risks and negative impacts. Our use of resources – such as energy, water, chemicals, land and raw materials – is directly tied to how we design our products and collections with implications for millions of people and workers across our value chain. Therefore, our sustainability strategy and targets are aligned with our aim to build a more responsive and responsible value chain that delivers fashion and quality at the best price, in a sustainable way. For more information about our sustainability strategy and performance, see our sustainability progress report, available at hmgroup.com/sustainability/sustainability-reporting.

The interest and views of our stakeholders
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 the table on page 55.

Our key stakeholders

	Description	Main channels for engagement	Prioritised sustainability areas
Customers	Understanding, meeting and exceeding our customers' needs and expectations is fundamental to the success of our business and scaling circular business models.	Surveys and direct dialogue.	Product quality, design and durability, product transparency and traceability, sustainably sourced materials, garment collecting and recycling, overall impacts of products and business models on people and the environment.
Colleagues	Our colleagues play a vital role in putting our sustainability initiatives into action.	Surveys and direct dialogue.	Employees' working conditions, wages, health and safety, inclusion and diversity, and data security and privacy.
Supply chain workers	We engage with our supply chain workers through representative groups such as trade unions, as well as via anonymous surveys.	Direct dialogue, partnerships, surveys, multi-stakeholder initiatives.	Value chain workers' working conditions, wages, freedom of association, collective bargaining, health and safety, secure employment, gender based violence and harassment, just transition towards a circular economy, reversed supply chains, coal phase-out.
Communities	We listen to feedback from affected communities and their representatives, and use their input to inform our decisions.	Surveys, direct dialogue, events, conferences, partnerships, multi-stakeholder initiatives.	Access to clean water, gender equality and gender-based violence, just transition towards a circular economy, mitigation of climate change, reversed supply chains, support for local communities and emergency relief.
Suppliers and business partners	By collaborating with our manufacturers, suppliers of commercial and non-commercial goods, service providers and franchise partners we can share knowledge and raise industry standards.	Surveys, direct dialogue, events, conferences, partnerships, multi-stakeholder initiatives.	Wages, freedom of association, collective bargaining, health and safety, gender based violence and harassment, carbon accounting frameworks, renewable energy sources, investments in decarbonisation, carbon dioxide removals beyond value chain mitigation, waste management and disposal, supply chain management and transparency and sustainability regulations.
Experts and innovators	We support and invest in process, material and infrastructure innovators. We also work with experts to develop ideas for systemic change and to create positive impact beyond our business.	Surveys, direct dialogue, events, conferences, partnerships, multi-stakeholder initiatives.	Purchasing practices, wages in the supply chain, climate targets alignment with best available science, recycling and material innovation, business model innovation, product design and durability, microfibre impacts, waste management and resource recirculation, product and supply chain transparency.
NGOs and opinion formers	We welcome scrutiny and benchmarking against our peers from NGOs and others who push us and our industry to do better.	Surveys, direct dialogue, events, conferences, partnerships, multi-stakeholder initiatives.	Wages, gender based violence and harrassment, human rights, forced labour, GHG emissions across the value chain, progress on coal phase-out, decarbonisation, resource use and recirculation, waste management, animal welfare, supply chain transparency.
Investors and analysts	As a publicly listed company, we engage closely with our investors, while analysts track and assess our sustainability performance. We integrate feedback from these groups into our strategy and reporting.	Surveys, direct dialogue, events, conferences.	GHG emissions, investments in decarbonisation, innovative materials, circular business models, preparedness for sustainability legislations and supply chain transparency.
Policy makers	To influence legislative change that supports industrywide environmental and social progress and vital systemic shifts, we work with policymakers and international institutions.	Surveys, direct dialogue, events, conferences, partnerships, multi-stakeholder initiatives.	HREDD, industrial relations, wages, social protection, sustainability reporting, waste management, resource recirculation, transparent customer communications, supply chain transparency and traceability.
Media, public and industry reports	We have conducted a market analysis to gain an understanding of other public stakeholders such as the media and public opinion.	Surveys and direct dialogue.	Waste management, recycling, garment collecting, sustainability claims, working conditions, wages, health and safety, GHG emissions and a just transition.

Our business model and value chain
Our value chain includes the activities required to design, manufacture and sell our products. As a global company, we recognise that we have an impact on many stakeholders across our value chain. Through our own operations we have an impact on our employees, customers and business partners, and we are committed to acting with respect towards all people we engage with. Our own operations include the in-house design teams, our in-store services, and the online sale and distribution of clothes, accessories, footwear, cosmetics and homeware sold through our unique brands.

Our upstream value chain includes the sourcing, processing, production and transportation of materials and input goods such as cotton and wool required to produce our goods. Like most fashion brands, we do not own any factories, but instead we work with independent manufacturers to produce our goods sold. A large part of our negative environmental impact occurs in our upstream value chain, particularly during textile manufacturing processes, which are resource intensive. Our upstream business activities also have a large impact on workers in our supply chain employed at different production facilities, as well as on people living in communities affected by the sourcing and processing of raw materials and natural resources used to produce our input materials.

Our downstream value chain includes the use, reuse, resell, recycling and disposal of clothes, textiles and homeware. Along our downstream value chain we have an impact on our customers and the communities we operate in as well as the environment through resource outflows and the generation of waste. Through our investment arm, H&M Group ventures, we continue to explore new business models and partnerships with the aim to reduce our environmental negative impact and improve our customer offering.

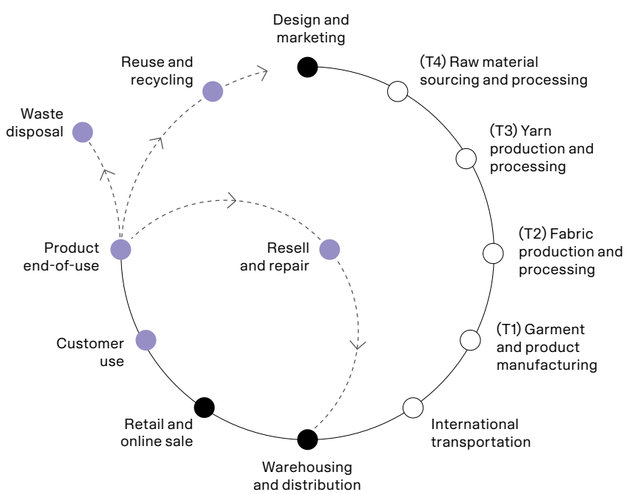
Our products are at the centre of our business model and everything we do, to ensure we offer the best combination of fashion, design, quality and sustainability at affordable prices. Therefore, we aim to build a resilient business and value chain that supports the transition towards a sustainable fashion industry. For more information about how we work towards building a responsive and responsible value chain, see pages 34–35.

Our materiality analysis process and results
To identify and prioritise sustainability matters along our value chain that are most relevant to our business, we analyse inputs from our stakeholders and investors in a materiality analysis. We start our yearly materiality analysis process by identifying possible impact areas as part of our overall risk management process, using a wide range of sources, including OECD sector risks, topical ESRS, GRI standards, and a systematic analysis of stakeholder inputs and expectations. Identified matters are assessed and prioritised at the end of the year by our subject matter experts. The process is coordinated by the sustainability department, responsible for ensuring consistency and alignment of the methodologies and assumptions used, and includes the:

- **Identification** of relevant sustainability impact areas along our value chain through continuous dialogue with our key stakeholders and international organisations such as ILO, OECD, international trade unions, human rights organisations, and policymakers during the year.
- **Assessment and prioritisation** of relevant sustainability impact areas based on the severity and likelihood of the impact. Severity is calculated as the average between the scale, scope and irremediable character of the impact. The assessment of our sustainability impact is closely connected to our overall risk management process, to ensure these processes are aligned. The threshold for impact materiality is based on the inherent impact level.
- **Monitoring and reporting** prioritised sustainability matters. Relevant matters are categorised and listed in our overall risk management system along with their associated mitigation plans and actions, and are monitored during the year to follow up on the effectiveness of our actions. Our prioritised matters form the basis of our sustainability strategy and reporting, see the table on page 57 for the results of the impact materiality analysis for 2024.

Read more about this process on hmgroup.com/sustainability/sustainability-reporting/how-we-report/materiality/.

Our value chain



Upstream
The sourcing, processing, production, manufacturing and transportation of input materials and products.

Own operations
The design, marketing, sale, warehousing and distribution of products and finished goods.

Downstream
The use, reuse, resell, repair, recycling and disposal of products and output materials.

NOTE: This value chain was created for the purpose of mapping our material sustainability areas and impact on affected stakeholders across our value chain. Therefore, it includes our key materials and value chain activities, and should not be seen as a complete representation of all our business activites.

Material sustainability matters

Area	Impact	Value chain location
Climate	GHG emissions in own operations	●
Climate	GHG emissions in the value chain	○ ●
Climate	Energy use in own operations	●
Climate	Energy use in the supply chain	○
Chemicals and water pollution	Chemical use in the supply chain	○
Chemicals and water pollution	Generation of microfibres and microplastics	○ ● ●
Chemicals and water pollution	Pollution of water	○
Water	Water withdrawals and consumption	○ ●
Biodiversity, ecosystems and land-use	Land-use change, deforestation and biodiversity loss	○ ●
Resource use and circularity	Raw materials and resource use	○ ●
Resource use and circularity	Resource outflows across the value chain	○ ● ●
Resource use and circularity	Generation of waste across the value chain	○ ● ●
Own workforce	Employee health and safety	●
Own workforce	Employee well-being, wages and working conditions	●
Own workforce	Employee diversity and inclusion	●
Own workforce	Employee work-life balance	●
Own workforce	Employee data and security	●
Own workforce	Forced labour in own operations	●
Own workforce	Working hours and secure employment for employees	●
Workers in the value chain	Health and safety of workers in the value chain	○ ●
Workers in the value chain	Working conditions and adequate wages in the value chain	○ ●
Workers in the value chain	Secure employment for value chain workers	○ ●
Workers in the value chain	Right to freedom of association for value chain workers	○ ●
Workers in the value chain	Forced labour in the value chain	○ ●
Workers in the value chain	Child rights in the value chain	○ ●
Workers in the value chain	Sexual harassment and gender-based violence in the value chain	○ ●
Affected communities	Water and sanitation in affected communities	○ ●
Affected communities	Land-use, land rights and livelihoods	○ ●
Affected communities	Communities access to a clean and healthy environment	○ ●
Consumers and end-users	Product safety and consumer health	●
Consumers and end-users	Privacy and integrity of consumers	●
Business conduct	Corporate culture and ethical business behaviour	○ ● ●
Business conduct	Animal welfare	○

○ Upstream ● Own operations ● Downstream

Environment

A large part of our environmental impact occurs in our upstream value chain, particularly during textile manufacturing processes such as dyeing and washing, which are often energy and water intensive. We recognise the impact our business has on the planet, and we believe we must work with others to enable necessary systemic change across the wider fashion industry to reduce our negative impact and our dependence on the extraction of natural resources.

Climate

Communities and ecosystems around the world are experiencing the effects of climate change firsthand. We recognise that the business activities related to the design, production and transportation of materials and products across our value chain contribute to climate change through the release of GHG emissions. The largest impact on the climate and environment occurs in our upstream value chain during the production and processing of materials such as cotton and polyester. Our dependence on raw materials and natural resources along with the increased frequency of extreme weather events, could also lead to increased sourcing and production costs posing a financial risk to our business.

Strategy and governance
Our ambition is to contribute to the limiting of global warming to 1.5°C in line with the Paris Agreement. We aim to achieve this by decarbonising our supply chain, optimising production and improving resource efficiency. To reach our ambition, we have integrated accountability for reaching our climate targets into our core business throughout our brands and operations. In addition, we have developed a five-step climate action framework which guides and supports H&M Group's climate ambition and commitment to help us reduce our negative impact on the planet.

Climate-related incentive schemes
Senior executives' variable remuneration depends on the fulfilment of targets in the various areas of the business plan in total, which include sustainability, where GHG emission reduction is a key component. For more details and information about incentive schemes read our remuneration report, available at hmgroup.com.

Transitioning to a net zero value chain
Our climate transition plan functions as a strategic action plan for our organisation to reach our 2030 climate targets. It outlines our emission reduction journey and key enablers to reach our targets. The transition plan presents our targets, strategy and methodology related to climate, and is reviewed by the H&M Group board of directors and approved by the CEO. Read more about our climate transition plan on hmgroup.com.

Identification and management of material matters
To identify and manage impacts, risks and opportunities related to climate change we frequently engage with affected stakeholders. In addition, we have undertaken a qualitative scenario analysis to identify climate-related risks to our business. The analysis used climate models and company specific data to identify which physical and transition hazards are most likely to impact operations across our value chain. Using the Task Force on Climate-related Financial Disclosures (TCFD) framework, the analysis was carried out over the short-, medium-and long-term across three different scenarios. The results of the analysis show that increasing frequency and severity of extreme weather events, may influence the availability and price of raw materials and resources such as cotton and water, potentially increasing our sourcing and production costs in the long-term. Increased carbon taxes may also lead to higher production costs in the medium to long-term if not mitigated through the use of new production technologies. While climate change poses a risk to our current business model, it also creates opportunities for us to accelerate the transition towards a sustainable fashion industry and adapt our strategy by decoupling our growth from resource use and extraction. Read more about the results from our TCFD analysis and the management of climate-related impacts, risks and opportunities on pages 85–89.

Policies and procedures
Our work is guided by our environmental policy, which states that we are committed to reducing our climate impact in line with the Paris Agreement to limit global warming to 1.5°C. The policy does not address climate change adaptation, energy efficiency or renewable energy deployment specifically, but these underpin the strategy to reach our science-based targets, and to manage the climate-related financial risks in our operations and value chain. In addition, H&M Group's sustainability commitment, which applies to all our business partners and suppliers, includes requirements related to the reduction of GHG emissions.

Our policies and procedures are available at hmgroup.com and the supplier portal for all our business partners. Read more about H&M Group's policies and commitments on page 108.

Our climate action framework

	STEPS	ACTIONS
Actions for wider and accelerated change within and beyond our value chain	**Advocate for systemic change**	• Advocate for public policy that aims to limit global temperature rise to 1.5°C and push for legislation that accelerates the decarbonisation of our value chain. • Engage and collaborate with peers and others to enable and inspire global climate action.
	Contribute to addressing impact	• Remove and permanently store atmospheric carbon dioxide to reach net zero by 2040. • Protect existing carbon sinks to avoid emissions and biodiversity loss that arise from degradation.
Impact targets	**Address direct and indirect impact**	• Prioritise actions for emissions reductions based on potential for impact and our ability to influence. • Identify and work collaboratively to remove barriers to decarbonisation, through financing and innovation. • Reduce absolute emissions in line with a 1.5°C pathway.
Foundation	**Calculate and disclose impact**	• Collect GHG emissions and energy-use data in accordance with the latest industry models and science. • Disclose results transparently and openly.
	Identify, quantify and mitigate risk	• Identify climate risks in line with the latest science and best practice. • Assess financial, people and planet effects and prioritise risks. • Create and follow up on plans to mitigate risks and build resilience.

Targets and actions

To reach our ambition and limit global warming to 1.5°C we have set targets related to our GHG emissions and energy consumption across our value chain. We continually evaluate our climate targets, metrics, disclosures and annual progress, with a dual focus: improving our calculation methods and reporting of climate data, and our consultation with external stakeholders such as WWF, Stand.earth, and the United Nations Framework Convention on Climate Change (UNFCCC). These collaborative efforts ensure the continual improvement of our targets and operational strategies.

Reducing absolute GHG emssions

H&M Group has set targets to reduce absolute scope 1 and 2 GHG emissions by 56 percent by 2030, against a 2019 baseline, and to reduce absolute scope 3 GHG emissions by 56 percent by 2030, against a 2019 baseline. In addition, we have set targets to reduce absolute scope 1 and 2 GHG emissions by 90 percent by 2040, and to reduce absolute scope 3 GHG emissions by 90 percent by 2040, against a 2019 baseline. In 2040, our overall target is to reach net zero by balancing out any remaining emissions through the use of permanent carbon dioxide removal.

These targets have been validated against Science Based Targets initiative (SBTi) 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.

Supporting targets to reduce GHG emissions

In addition to these emission reduction targets, we have also set supporting targets that contribute to reaching our ambition. For our stores, we have set a target to achieve a 36 percent reduction in electricity consumption per square metre and opening hour by 2030, against a 2016 baseline. This is an updated target, as we reached our previous 2030 target in 2023. For our own operations as a whole, we have set a target to source 100 percent renewable electricity, including at least 50 percent from power purchase agreements with new renewable electricity generation by 2030. For our supply chain we have set a target to source 100 percent renewable electricity for our garment production, from spinning to a finished product, by 2030. We have also set a target to completely phase out coal from our garment supply chain by 2026. For emissions related to raw material sourcing, we have a target to increase the share of recycled materials, see pages 73–75 for details about this target.

Key actions and decarbonisation levers

Current levers towards reaching our 2030 climate targets, in line with limiting global warming to 1.5°C, mainly focus on implemented regulations and public policies, currently available technology and prevailing market conditions. Through our climate transition plan, we outline the key changes needed in the legal framework and explain how we are driving these changes across every part of our value chain. To clearly showcase our key actions and levers, we have organised them by the relevant areas within the organisation.

Renewable electricity in our own operations

In addition to increasing the share of renewable electricity, we are also committed to procuring in more impactful ways. We are entering power purchase agreements (PPA) with renewable energy developers to bring new generation capacity to electrical grids where we operate. To date, we have signed ten PPAs with solar parks in the UK (1), Spain (3), the US (1), Poland (1) and Sweden (4). At the end of 2024, five PPAs were operational and covered 20 percent of our total electricity consumption, up from 10 percent last year. The total capacity secured through the signed PPAs is 380 MW, and is expected to generate 600 GWh of renewable electricity annually when operational.
In 2024, we sourced renewable electricity equal to 96 percent of the group's total electricity use. When we procure standalone energy attribute certificates (EACs), we focus on the lowest-impact sources – primarily wind and solar. All our EAC purchases comply with the RE100 technical criteria.

- **Energy efficiency.** We are rolling out energy efficiency programmes such as real-time monitoring, LED lighting, installing motion sensors and adjusting indoor temperatures.

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

1. Excluding indirect GHG emissions from use of sold products. These emissions are not within the 'minimum boundary' for category 11 (use of sold products) of the GHG Protocol's scope 3 standard. SBTi does not include such optional emissions in the target boundary for science-based targets. Instead, companies with significant optional emissions are encouraged to develop optional targets. We have in the past been engaging with the SBTi to identify a credible mitigation approach that would enable setting a high integrity target for indirect use-phase emissions. The engagement has not yet resulted in a way forward but will be renewed once the current revision of the GHG Protocol is finalised (likely in 2026). This target is restated to clarify the scope of the target, covering the garment products and the production stages, but excluding the raw material stage, as there is limited possibility for traceability into it. See hmgroup.com/sustainability/circularity-and-climate/climate for details on the coverage and progress towards this target.
2. Target boundary includes 100 percent of scope 1 and 2 emissions, and 100 percent of minimum boundary scope 3 emissions (which excludes indirect emissions from use of sold products).
3. Permanent carbon dioxide removals for use under the net zero standard have not yet been defined by the SBTi. Therefore we are taking a conservative approach and only focus on those that have a durability of over 1,000 years.

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.[1]
- 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.[2]

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

Production of goods and materials in the supply chain

In 2024, the production of goods in tier 1, 2 and 3 accounted for about 48 percent of H&M Group's total GHG emissions. Our key actions for reducing these emissions are:

- **Energy efficiency.** Our team of energy experts provides suppliers with free energy audits to identify potential efficiency improvements. Key focus areas include waste heat recovery from various manufacturing processes, focusing on dyeing process efficiency and replacing fossil fuel-driven boilers. In 2024, the energy efficiency programme enrolled 78 new facilities, identifying potential reductions of more than 656,000 tonnes CO_2e throughout the year. Since its launch in 2021, the programme has initiated 1027 projects, which have been or are being implemented by suppliers, resulting in total expected annual reductions of 350,000 tonnes CO_2e. These initiatives will generate financial savings for the suppliers, reduce energy usage, increase feasibility to electrify processes, and thereby enable us to lower our emissions. The GHG emissions per unit energy used, or carbon intensity is a key metric for the energy profile, that is used to track progress of individual supplier facilities.
- **Phasing out coal.** We are working closely with business partners and local stakeholders in our production markets to accelerate total substitution of coal. This will make a significant contribution to reaching our absolute GHG emissions reduction goal.
- **Renewable energy.** To meet the heat and steam energy demands in our textile supply chain, we prioritise electrification, supported by the procurement of renewable electricity, along with the use of ground or air-source heat pumps and on-site solar photovoltaic systems (PVs). Where electrification is not yet feasible, we prioritise producing thermal energy from agricultural residues as a transitional solution. By consolidating the number of suppliers and facilities we work with, as well as deepening our collaboration with those that already use low-carbon energy sources, we can reduce GHG emissions in our supply chain. Read more about our energy transition at hmgroup.com.
- **Financial support.** There is a need for direct financial support in our supply chain to finance measures related to reducing greenhouse gas emissions. Our Green Fashion Initiative supports our suppliers to replace the use of fossil fuels. Since the start, we have funded a total of 23 projects with the potential emission reduction of 148,000 tonnes Co2e annually, of which 67,000 tonnes CO_2e can be attributed to H&M Group's efforts. During 2024, the operational projects resulted in a reduction of 98,000 tonnes CO_2e, of which 45,000 tonnes CO_2e can be attributed to H&M Group, as specified in note 1.

Transport of goods and materials across the value chain

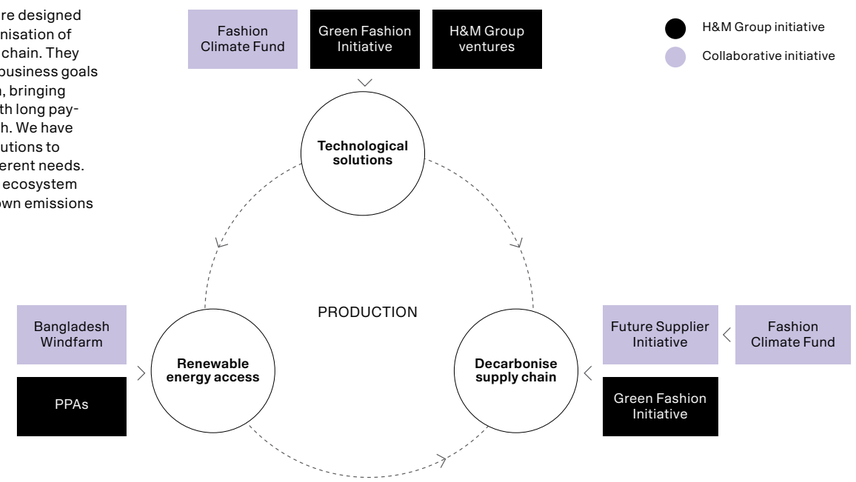
- **Low-emissions transport alternatives.** We are actively expanding the use of preferred transport options, which include electric and zero emissions vehicles, with a particular emphasis on electric vehicles (EVs). In regions where EV infrastructure is less advanced, we use biofuels as a transitional alternative.
- **Reducing number of journeys.** We are cutting the total number of transport journeys through initiatives such as using parcel collection points instead of direct home delivery. In addition, we are refining our returns management and store replenishment processes. Other ongoing initiatives include improving load efficiency, consolidating shipments and optimising delivery schedules.

Financing investments in new technology

H&M Group has introduced a strategy to channel investments effectively, balancing reduction opportunities with financial viability. Within green investments we measure return on investment by emissions reductions rather than financial gain. As most of our emissions are in scope 3, we have a dedicated programme to decarbonise our supply chain by providing finance to suppliers. Limited technical expertise, restricted access to finance, high interest rates and low financial return are common barriers to our suppliers when considering decarbonisation interventions. We address these barriers by offering

Green investment initiatives

Our green investments are designed to speed up the decarbonisation of our business and supply chain. They bridge the gap between business goals and our climate ambition, bringing financing for projects with long payback periods within reach. We have developed a range of solutions to target our suppliers' different needs. Together, they create an ecosystem of support that drives down emissions in a cost-effective way.



technical support through in-house energy experts and financing on favourable terms, made possible by our financial position and wide network of banking partners. We have identified a range of technical and financial solutions that support our suppliers to reduce emissions in a cost-effective way, adapting to their different needs. This involves for example renewable electricity, energy efficiency measures and switching to sustainably sourced materials and logistics. Our decarbonisation investment strategy includes:

- **Risk evaluation and alternative cost.** Using an alternative cost analysis to identify the economic impact of transformational investments, enables informed decision-making by assessing the long-term risks and benefits of climate action.
- **Bridging the gap.** Investments help bridge the gap between aspirational goals and concrete achievements, accelerating sustainability progress.
- **Unlocking new revenue streams.** As the market evolves and customers expectations increase, innovative climate solutions can create competitive advantages and new business opportunities.
- **Driving innovation.** Driving innovation to enhance resource efficiency and reduce costs.

Collaborative finance
Like many other fashion retailers, we cooperate with suppliers around the world. Often, we share their manufacturing capacity with other companies, and we only purchase a small share of the total volume they produce. To achieve our emission reduction goals, we must support the full upgrade of our suppliers' facilities and machinery. Our scope 3 emissions decrease only in proportion to our share of a facility's production. By sharing the costs, we believe the industry can achieve more significant reductions than individual brands could on their own. For example, when we invest in factories that produce garments for multiple brands, it allows others to benefit from our initial investment, reducing their GHG emissions at no additional cost. This highlights the need for collaborative financing to accelerate the transition towards net zero.

Collaborative financing between industry peers, banks, NGOs and financial bodies is vital to amplify and accelerate the transition. We are a lead partner of the Apparel Impact Institute's (Aii) Fashion Climate Fund and one of the driving forces behind the Future Supplier Initiative, which brings together brands to collectively finance decarbonisation projects for shared suppliers. It limits the cost of borrowing for factories and enables access to technical support, as well as offering the potential to build long-term, resilient business relationships with brands.

Decarbonising our entire value chain will require collective effort and innovative financial solutions. To address this, we have partnered with the consultancy firm Guidehouse, to create a collaborative financing tool. This tool allows brands that share suppliers to form a cohort, supporting their suppliers with technical assistance and financing through banks, with the backing of the brands. In 2024, the first cohort of the Future Supplier Initiative was launched, facilitated by Fashion Pact and Aii. We firmly believe that joint action is the most effective way to drive rapid industry-wide transformation. Therefore, we want to encourage fellow brands to engage in collaborative financing initiatives.

Sustainable financing for H&M Group
We issue sustainable 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.

In 2024, our total spend on decarbonisation activities across the value chain was approximately SEK 1.7 billion. This includes various initiatives aimed at phasing out fossil fuels, supporting energy efficiency, and replacing conventional materials with recycled or sustainably sourced alternatives.

Examples of activities included in the spend are:

- **Recycled and sustainably sourced materials.** By replacing conventional materials with recycled or sustainably sourced alternatives, this helps us reduce our GHG emissions.
- **Collaborative finance.** Our collaborative financing initiatives, including the Climate Fund by the Apparel Impact Institute, drive collective action to reduce GHG emissions in the fashion industry's supply chain, with H&M as one of the lead partners. Additionally, we are a key driver of the Future Supplier Initiative, which enables brands to collectively finance decarbonisation projects with shared suppliers that produce fabric and finished garments.
- **Supply chain projects.** Financing projects that enable factories to invest in technologies and processes to reduce energy demand and replace fossil fuel as well as support suppliers in getting access to renewable electricity. Providing factory energy audits to identify energy efficiency initiatives.
- **Renewable electricity and energy efficiency within own operations.** Investing in energy efficiency improvements in our facilities, which reduces our energy consumption and in turn helps us reduce our GHG emissions.

Advocating for systemic change
We engage directly with national and regional policymakers across our main retail and production markets, and indirectly through participation in stakeholder platforms and partnerships, including the UN Framework Convention on Climate Change Fashion Charter, WWF, World Economic Forum (WEF) and RE100. Our primary objective is to support a public policy shift in key production markets to improve the availability and accessibility of renewable energy. This involves collaboration with local governments in Bangladesh, Cambodia, mainland China, India, Indonesia, Türkiye and Vietnam, as well as engaging with EU institutions and member states to gain further support for decarbonisation in our production markets. Also, in our production markets, we engage with governments and industry organisations to advance legislation, for example:

- In Bangladesh, we are working actively to develop a Corporate Power Purchasing Agreements (CPPA) framework that will mark a pivotal step to facilitate direct access to renewable energy for corporate users and support the country's commitment to reduce GHG emissions.
- In Vietnam, we advocated for public policy and regulations to support the transition to renewable energy, and welcomed the successful launch of Vietnam's Direct Power Purchase Agreements (DPPA) in July 2024.
- In mainland China, we engaged with the National Energy Administration to support the development of public policies around green power trading and welcome the introduction of several policies to enhance the trading mechanism to boost renewable energy access for our supply chain.
- In Indonesia, together with other organisations, we successfully advocated for removing the cap on installed capacity for rooftop PV systems, paving the way for greater adoption of solar energy across the country.

At a global level we continued to engage with influential stakeholders and policy makers to advocate for legislation which will enable the decarbonisation of our value chain, for example:

- We became signatories of the WEF COP 29 Open Letter calling for enhanced collaboration between the public and the private sector to deliver on the Paris Agreement.
- We joined the Corporate Leaders Group Europe, one of the founders of the We Mean Business coalition and an ambitious and influential player at European and global level. With CLG Europe we had the opportunity to meet the Executive Vice President of the European Commission to discuss setting an EU climate target of at least a 90 percent reduction by 2040.

Internal carbon pricing scheme
Our internal carbon pricing supports our work to reduce GHG emissions from raw materials, production processes and transports, covering about 66 percent of our total scope 3 emissions in 2024. Our scope 1 and 2 emissions are not covered by the carbon price. As a tool for driving behavioral change, it applies a shadow price on emissions, influencing decision-making within the company. The specific price is set as a function of the H&M Group's emissions and cost of sold goods to result in an increase in price as emissions decrease, enabling additional actions to be taken. Carbon price used in climate risk analysis is based on expected carbon taxes and border adjustment mechanisms, and is not the same as the internal carbon price described here.

Preparing for net zero
Permanent carbon dioxide removal methods are designed to remove and store carbon dioxide durably. To achieve global net zero emissions by mid-century, this technology must be expanded. We need carbon dioxide removal to achieve our 2040 net zero target to balance out any GHG emissions that remain after we have achieved at least 90 percent absolute reductions. By supporting this emerging sector now, we can help drive its growth, secure supply in a market expected to face supply constraints and inspire others to become early adopters of carbon removal.

In 2022, we signed our first contract for permanent carbon dioxide removal using direct air capture and storage via a multi-year agreement with Climeworks. In 2023, we joined Frontier and made an advance market commitment for carbon removal along with other members. Since joining, we have entered eight offtake agreements, which are contracts to buy permanent carbon removals once they are delivered. The numerous offtake agreements we have entered into to date are an important step forwards, and we hope they will encourage further growth in the market by signalling clear demand and attracting investment.

Actions beyond value chain mitigation
In 2022 we joined the Lowering Emissions by Accelerating Forest Finance (LEAF) Coalition as a corporate partner. The coalition brings together public and private sector buyers to purchase high-quality carbon credits from forest governments (national and subnational) that have implemented jurisdictional REDD+ programmes to reduce deforestation. REDD+ stands for Reducing emissions from deforestation and forest degradation in developing countries, and is a process moderated by the UUNFCCC.

This financing provides a viable economic alternative to clearing forests for uses such as agriculture and can encourage governments to introduce public policies to protect forests, enforce laws to stop illegal deforestation, and provide economic incentives to landowners to preserve forests. The Amazon rainforest is identified as one of the ecosystems that are critical to stabilise in the near-term to avoid a tipping point which could further accelerate climate changes. 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 the agreement, LEAF Coalition buyers, including H&M Group, have committed to purchasing over 4 million emissions reduction credits. H&M Group makes no claims of GHG neutrality based on the purchase of these carbon credits.

GHG EMISSIONS

Progress towards targets in 2024
Our absolute scope 1 and 2 emissions decreased by 41 percent compared with our 2019 baseline. Compared to last year, this is a decrease of 25 percent or 13,607 tonnes CO_2e. This reduction is primarily driven by an increase in our procurement of renewable electricity, through PPAs and unbundled renewable energy certificates. During 2024, we added the Philippines and Colombia to the countries we source renewable electricity for, bringing the total to 96 percent.

Our absolute scope 3 emissions (excluding use-phase emissions) decreased by 23.7 percent compared with our 2019 baseline, a reduction of 2,160,000 tonnes CO_2e. Compared to 2023, emissions increased by 201,000 tonnes CO_2e, or about 3 percent.This can be attributed largely to two factors. Firstly, an increase in total material weight during the year. Secondly, a small increase in air freight, to just below 3 percent share of inbound transports, up from a very low share historically and still below the 2019 figure.

Our ongoing efforts to shift to cleaner energy in our supply chain is showing results as emissions from fabric production increased less (3 percent) than the total garment material weight (8 percent) all compared to 2023. Reductions since the base year have primarily been driven by an increased share of recycled and sustainably sourced materials for garments and packaging, and the shift to cleaner energy and energy efficiency improvements in our supply chain. In addition, while emissions are still linked to resource use, total scope 3 emissions per revenue (tonnes of CO_2e/ SEK million) has decreased by 24 percent compared to 2019 and increased by 4 percent compared to 2023.

GHG emission reduction targets[1, 2, 3]

	2024	2023	2022	2019 (Baseline)	Target (year and value)	% change compared with 2023	% change compared with baseline
Total scope 1 emissions (tonnes CO_2e)	15,102	15,754	18,048	21,564	2030, −56%	−4%	−30%
Total location based scope 2 emissions (tonnes CO_2e)	364,693	377,573	443,099	658,646	No target	−3%	−45%
Total market based scope 2 emissions (tonnes CO_2e)	26,553	39,508	46,806	48,735	2030, −56%	−33%	−46%
Total scope 1 and scope 2 market based emissions (tonnes CO_2e)	**41,655**	**55,262**	**64,854**	**70,299**	**2030, −56%**	**−25%**	**−41%**
Total scope 3 emissions (tonnes CO_2e) under our science based target (excluding use-phase emissions)	6,955,000	6,754,000	7,591,000	9,115,000	2030, −56%	3%	−24%
Total scope 3 emissions including use-phase emissions (tonnes CO_2e)	8,729,000	8,413,000	9,442,000	11,613,000	No target	4%	−25%
Total GHG Emissions (tonnes CO_2e)	**8,770,000**	**8,469,000**	**9,507,000**	**11,684,000**	**2030, −56%**	**4%**	**−25%**
Total scope 1 emissions intensity value (tonnes CO_2e/MSEK)	0.06	0.07	0.08	0.09	No target	−4%	−30%
Total market based scope 2 emissions intensity value (tonnes CO_2e/MSEK)	0.11	0.17	0.21	0.21	No target	−32%	−46%
Total scope 3 emissions intensity value (tonnes CO_2e/MSEK)	37.2	35.6	42.2	49.9	No target	4%	−25%
Total scope 3 emissions including use-phase emissions intensity value (tonnes CO_2e/MSEK)	29.7	28.6	34.0	39.2	No target	4%	−24%
Total GHG Emissions intensity value (tonnes CO_2e/MSEK)	**37.4**	**35.9**	**42.5**	**50.2**	**No target**	**4%**	**−25%**

1. In 2024, we have made some updates in how we calculate emissions compared with 2023, please see page 66 on the progress and updated methods for more details of these changes. Read more about our data and calculation methods at hmgroup.com/sustainability/sustainability-reporting/how-we-report.
2. Scope 1 emissions are all direct emissions from our own operations; scope 2 represents indirect GHG emissions from consumption of purchased electricity, heat or steam used in our own operations; scope 3 includes other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by us, energy-related activities not covered in scope 2, outsourced activities, and waste disposal. Scope 1 and 2 limitations and comments: only stores open for the full quarter are included; electricity consumption includes both actual data and estimates, where estimates are made if actual data is not received or not available within the reporting deadline. Electricity consumption data for HVACs operated by landlords is estimated.
3. Scope 3 emissions data are rounded to the nearest thousand.

Scope 3 emission split by category[1, 2]

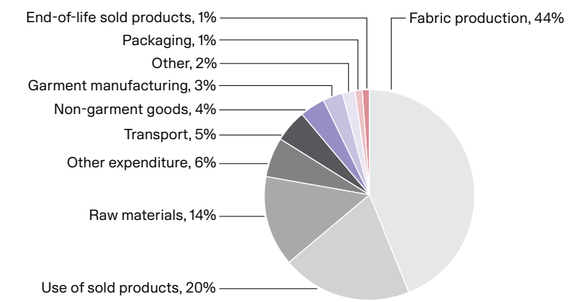
Tonnes	Scope 3 category	2024	2023	2022	2019 (Baseline)	% change compared with 2023	% change compared with baseline
Raw materials[3]	1	1,180,000	1,131,000	1,222,000	1,849,000	4%	−36%
Fabric production[3]	1	3,872,000	3,757,000	4,280,000	4,826,000	3%	−20%
Garment manufacturing[3]	1	280,000	252,000	305,000	360,000	11%	−22%
Non-garment goods[3]	1	334,000	336,000	393,000	454,000	0%	−26%
Packaging	1	110,000	145,000	152,000	235,000	−24%	−53%
Other expenditures[3]	1	561,000	601,000	672,000	706,000	−7%	−20%
Transport[3]	4	405,000	306,000	335,000	453,000	32%	−11%
End-of-life sold products[3]	12	65,000	62,000	66,000	73,000	5%	−11%
Other							
Fuel & energy related emissions	3	28,000	25,000	31,000	33,000	13%	−25%
Waste in own operations	5	3,000	4,000	3,000	4,000	−25%	−18%
Business travel	6	26,000	18,000	8,000	23,000	47%	15%
Employee commuting	7	25,000	28,000	30,000	44,000	−10%	−43%
Franchise	14	32,000	50,000	59,000	50,000	−35%	−36%
Investments	15	34,000	40,000	35,000	6,000	−14%	434%
Not included in Science based targets							
Use of sold products	11	1,774,000	1,659,000	1,851,000	2,499,000	7%	−29%

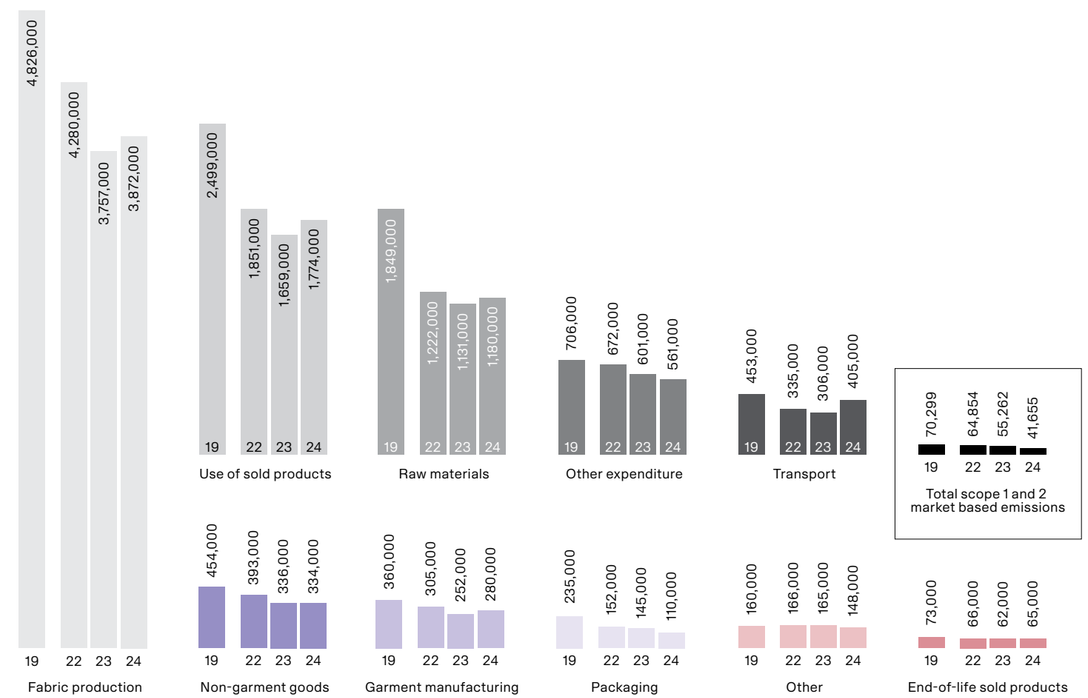
1. For categories 2 capital goods, 8 & 13 leased assets, and 10 processing of sold products, no activities with relevant climate impact has been identified, therefore these are excluded from disclosure. We periodically evaluate if any relevant emissions occur from these sources.
2. Emissions data are rounded to the nearest thousand.
3. Emissions have been recalculated in the area since the 2023 report, please see page 66 on the progress and updated methods for more details of these changes.

Total GHG emissions (tonnes CO_2e)

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

Scope 3 data 2024





ENERGY

Progress towards targets in 2024

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

96 percent of the electricity purchased for our operations was renewable (94 percent in 2023), including 20 percent from power purchase agreements with new renewable electricity generation, which supply us with long-term renewable energy at a fixed price and increase the amount of renewable electricity on electrical grids.

Phasing out on-site coal

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

During 2024 we have increased traceability and energy reporting coverage, to also include tier 3 in the garment supply chain. With this increased scope we have identified 12 tier 3 facilities using coal, increasing the total number of units to 39. We will include these in the reporting scope in the future, as well as in our target to phase out on-site coal entirely from all garment suppliers, in tiers 1, 2 and 3. The current dataset covers all tier 1 and most tier 2 and 3 suppliers, meaning we do not expect to find significant number of additional units using on-site coal across tiers.

Energy consumption and mix in own operations

	2024	2023	2022	2019 (Baseline)
Share of renewable electricity in own operations, %	96	94	92	96
Share of electricity from power purchase agreements with new renewable electricity generation	20	10	–	–
Total energy consumption in own operations (in Mwh)	1,157,665	1,208,450	1,383,746	1,816,827
– District heating	22,346	22,704	25,018	52,005
– Electricity	1,065,678	1,112,659	1,273,118	1,660,055
– Building diesel, natural gas, oil and others[1]	69,642	73,087	85,610	104,767
Total energy consumption in own operations from non-renewable sources (in Mwh)	139,874	167,430	212,478	223,174
Share of total energy consumption in own operations from non-renewable sources, %	12	14	15	12
Total energy consumption in own operations from renewable sources (in Mwh)	1,017,791	1,041,020	1,171,268	1,593,653
Share of total energy consumption in own operations from renewable sources, %	88	86	85	88
Change in electricity intensity (in kWh/m² per opening hour compared with 2016 baseline), %	–32	–29	–22	–18

1. Energy data related to building diesel, natural gas, oil, and others includes energy data for company cars and has been retroactively adjusted for previous years.

Improved data quality and calculations

We continually work to improve our data availability and quality, so we can capture our emissions as accurately as possible. Here, we share details of specific changes and their impact on our previously reported figures (specifically 2023 figures and baseline 2019 figures), to provide transparency and continuity. In 2024:

- We have used sales-country level waste statistics for domestic waste treatment, as well as exports and the end-point country waste treatments, which helped us to better estimate how products are moved and treated once they reach their end-of-life. These changes led to a decrease in emissions from end-of-life treatment by 30 percent or 26,613 tonnes CO_2e for 2023, compared to what was reported in our 2023 sustainability disclosure.
- For other expenditures, we have updated the data set for emission factors to include annual development of emissions. We also improved the overall calculation method for emissions of other expenditures and resolved an issue with over-estimating the emission of some packaging. These changes led to a combined increase in emissions within other expenditures by 25 percent or 119,792 tonnes CO_2e for 2023, compared to what was reported in our last year report.
- We improved the emissions calculation model for fabric production and garment manufacturing, to better capture placement of production processes. This led to a decrease in emissions from these activities of 5 percent or 188,290 tonnes of CO_2e for 2023. An error was found where some upstream emissions from energy used in production were not included. This led to an increase of emissions from these activities by 1 percent or by 42,546 tonnes CO_2e for 2023, compared to what was reported in our 2023 sustainability disclosure.
- Updates in the emission factor database MSI, used for non-garment products and raw-materials, most notably the addition of a specific emission factor for BCI cotton, led to a decrease in emissions within these areas by 1,7 percent or 26,011 tonnes CO_2e for 2023, compared to what was reported in our 2023 Sustainability Disclosure.
- In addition to these, some minor changes were made within transports, franchise and employee commuting emission calculations. Read more about these on our climate reporting webpage hmgroup.com/sustainability/circularity-and-climate/climate/climate-reporting.

For our full scope 3 emissions, including the use-phase all these changes corresponds to a decrease of 1 percent or 119,159 tonnes CO_2e for 2023 and a 2 percent or 275,732 tonnes CO_2e increase for 2019, and an additional absolute decrease between 2019 and 2023 of 394,890 tonnes CO_2e compared to what was reported in our 2023 sustainability disclosure. All these changes have been applied to historical results.

Within scope 1 & 2, we have updated the 2023 figures, replacing some estimates with actual data and including a distribution center in Poland mainly used by Sellpy. This update results in an increase in scope 1 & 2 emissions by 1 percent or 457 tonnes CO_2e for 2023 compared to what was reported in our 2023 sustainability disclosure. For the baseline year, we have adjusted refrigerants data due to incorrect square meter data used for stores in 2019, resulting in a decrease of 2 percent or 1,458 tonnes CO_2e in scope 1 and 2 for that year compared to what was reported in 2023.

Chemicals and water pollution

Chemicals are essential to our everyday lives and are used during the production process and manufacturing of clothes when, for example, washing and dyeing fabrics and textiles. One of our largest environmental impacts originates from chemical use during textile production and processing, and from the farming of cotton, where there is a risk that hazardous substances end up in water discharges or reside in materials and finished products.

Strategy and governance

We are committed to ensuring our products are produced and used in a way that prioritises the health and safety of people and ecosystems. This includes minimising pollution and eliminating hazardous discharge into water or soil during the sourcing, processing and production of input materials. Guided by our chemical roadmap, we work to continuously improve the safe management of chemicals in our value chain and we focus our efforts on tracing, engaging, being transparent, using the best available chemistries, avoiding discharge into water, and collaborating across our value chain to ensure good chemical management.

Identification and management of material matters

We continuously measure the levels of pollutants in the wastewater in our supply chain to identify negative impacts from the use of chemicals during manufacturing processes. Our chemical requirements for suppliers usually exceed existing regulations and we promote progressive chemical management. Hazardous chemicals should not be used in production or found in any of our products. We were one of the first in the industry to establish a chemical restrictions list in 1995, which has been constantly updated, and our suppliers are contractually bound to comply with the list.

Policies and procedures

Our work is guided by our environmental policy, which states that we take a progressive approach to chemical management that goes beyond legal compliance, to ensure the safety of the chemicals being used. The policy includes commitments to industry standards, and actions to ensure the safe use of our products and safe manufacturing processes. We also aim to develop a holistic pollution strategy covering water and chemical pollution throughout our value chain. This will include addressing substances of concern and of very high concern in end products, as well as fibre fragmentation during production and in the customer use phase. In addition, H&M Group's Sustainability Commitment, which applies to all our business partners and suppliers, includes requirements concerning the safety of chemical handling and storage, as well as environmental requirements such as the treatment of wastewater and the handling of hazardous waste.

H&M Group follows the Apparel and Footwear International RSL Management (AFIRM) Restricted Substances List (RSL) and the Zero Discharge of Hazardous Chemicals (ZDHC) Manufacturing Restricted Substances List (MRSL), as well as the ZDHC Wastewater Guidelines and Chemical Management System. Beyond these industry standards, our H&M Group chemical restriction lists include additional limitations on potentially harmful substances. To ensure that we choose safe chemical alternatives, we also prioritise third-party hazard-assessed chemicals, such as screened chemistry-certified options, wherever feasible. For chemical pollution in wastewater, we follow the ZDHC wastewater guidelines, which in most cases are stricter than local regulations. The wastewater testing is conducted annually for all units included in the chemical scope and the results are publicly disclosed on Powering Sustainability with Transparency. We also encourage our textile and leather suppliers to implement the ZDHC wastewater guidelines and ZDHC chemical management system.

Our policies and procedures are available at hmgroup.com and the supplier portal for all our business partners. Read more about H&M Group's policies and commitments on page 108.

Targets and actions

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

Safe products free from harmful chemicals

We aim for 100 percent compliance with ZDHC MRSL across all chemical inputs and wastewater. This target is measured annually to ensure no hazardous chemicals are used in production processes by our suppliers.

We actively collaborate with industry partners to influence and drive progress on product safety. We do this by sharing insights, best practices, and supporting international product safety standards through stakeholder dialogues.

Testing of wastewater discharge

We conduct unannounced quality tests at on-site Effluent Treatment Plants (ETP), focusing on key conventional parameters. In cases of non-compliance, corrective actions are required, followed by immediate retesting and ongoing monthly tests to ensure continuous compliance and water safety. Monthly chemical usage reports from suppliers are submitted to the ZDHC Gateway Chemical Module, which tracks chemical usage, provides a database of safer alternatives, and offers performance insights through the InCheck report. This platform helps suppliers evaluate and transition to safer chemical products, ensuring MRSL compliance. Suppliers share wastewater test results in the ZDHC Gateway Water Module to meet ZDHC wastewater guidelines. This module's ClearStream report benchmarks wastewater management performance, supporting continuous improvements in safe wastewater handling and reducing harmful discharges.

Our chemical roadmap

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

CHEMICALS AND WATER POLLUTION

Progress towards targets in 2024

We made continued progress in reducing water pollution in our supply chain. In addition, we have maintained steady progress toward our target of 100 percent MRSL compliance for chemical inputs and wastewater in tier 1 and 2 production factories, where we have similar results as last year.

Our 2024 MRSL compliance score is 97.1 percent compared with 96.6 percent in 2023.

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

Chemicals and water pollution

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

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

Water

The fashion industry is one of the largest consumers of water and our main impact related to water use occurs in our upstream value chain during the production and processing of fabrics and textiles. Water shortages and poor water management are critical global issues that affect communities and ecosystems across our value chain and pose a risk to our business if there is a lack of access to clean water.

Strategy and governance

Our ambition is to reduce absolute water consumption and use water in an efficient way to minimise our environmental negative impact and contribute to the preservation of freshwater resources globally. To achieve this ambition, we focus on recycling water and improving water efficiency in our supply chain and supporting innovative technologies that have the potential to significantly reduce the need for water in production processes.

Identification and management of material matters

We regularly update our water risk assessments to ensure that our actions to mitigate water-related risks, such as water scarcity, are relevant and effective. H&M Group uses WWF's Water Risk Filter to assess water-related impacts across the supply chain, setting contextual water targets based on identified risks. This tool helps us understand water scarcity and other relevant risks in key regions. In addition to using this tool, we also collaborate with key business partners, sharing our water risk assessments and encouraging partners to assess their own supply chain risks. This joint effort enhances water stewardship across the value chain, fostering collective action to address water challenges. Together with stakeholders, partners and technology providers, we actively engage in driving innovation in water stewardship and invest in and test new technologies aimed at reducing freshwater consumption.

Policies and procedures

We are committed to growing our business in a way that does not increase our water consumption, while also contributing to sustainable water management and resilience in the communities and ecosystems we impact. Our work is guided by our environmental policy, stating that we acknowledge the significance of water as a limited resource which is essential for survival. The policy is complemented by the water management instruction, which outlines requirements for our business partners. For example, there are requirements on installation of water meters in production facilities as well as treatment of wastewater with functional ETPs. The water management instruction lays the foundation of our work with tracking water consumption, meeting wastewater quality and reporting water related data. In addition, H&M Group's sustainability commitment, which applies to all our business partners and suppliers, includes expectations on their water management.

Our policies and procedures are available at hmgroup.com and the supplier portal for all our business partners. Read more about H&M Group's policies and commitments on page 108.

Targets and actions

To address water scarcity risks, we have set ambitious, context-specific water reduction targets for high-risk basins, alignining with our commitment to sustainable water management as stated in our environmental policy.

Reduce absolute freshwater consumption

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.

We are focused on improving water efficiency through optimised production processes, advancing recycling and reuse of treated wastewater, and piloting innovative technologies aimed at reducing water usage. By setting and pursuing absolute reductions in freshwater consumption, we strive towards meeting our broader goal of sustainable water usage, enhancing water efficiency while minimising overall negative impacts on people and the planet throughout our operations.

Key actions to reduce water consumption

Through these 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.

Our focus areas for water

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

- **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.

Key activities in Bangladesh

- **Training initiatives.** In Bangladesh, H&M Group, in collaboration with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), provided efficiency training to 50 factories. Experts conducted on-site visits to validate improvements and share best practices, fostering a culture of continuous improvement in water management.
- **Water recycling projects.** To reduce freshwater dependency, H&M Group and Primark, alongside consortium partners, are implementing a water recycling project at Fakir Knitwear Ltd. under the Sustainable Manufacturing and Environmental Pollution Programme (SMEP). Set to complete in 2025, this initiative will offer key insights into the business case for water recycling in high freshwater consumption regions such as Bangladesh.
- **Reducing water use in our own operations.** Although the majority of our water consumption occurs in our supply chain, it is important we make improvements in our own operations to reach our water reduction targets. For example, to reduce freshwater consumption in our distribution centres, we have started harvesting rainwater, using rainwater in our toilet flushing systems, and installing fixtures to reduce freshwater water usage.

WATER

Progress towards targets in 2024

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 freshwater 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 processes 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 decreased 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.

Water consumption[1]

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

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

Biodiversity, ecosystems and land-use

One of the main drivers of biodiversity loss are land-use changes. As a global fashion company, our largest impact on biodiversity and ecosystems occurs in our upstream value chain related to the use of resources such as land and water for farming, production and processing of cotton and wool. The negative effects of land-use changes on biodiversity can be further intensified by climate change, habitat destruction and pollution threatening communities who rely on healthy ecosystems for their livelihood.

Strategy and governance

Our ambition is to contribute towards the global goals for biodiversity by following the ARRRT-framework (Avoid, Reduce, Restore, Regenerate, and Transform). To avoid contributing to biodiversity loss and land-use changes we are also focusing on building a responsive, responsible and resilient value chain that operates in harmony with nature and is informed by the Kunming-Montreal Global Biodiversity Framework. Furthermore, we are investing in restoration efforts through our projects in collaboration with the WWF, BKB and the LEAF-coalition.

Identification and management of material matters

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.

Policies and procedures

Our work is guided by our environmental policy, which states that we are committed to contributing to reversing nature loss and the global goals of biodiversity. Our environmental policy also includes a commitment to preventing and reducing our overall impact on biodiversity and natural ecosystems affected by activities in our value chain, supporting the protection and restoration of biodiversity and natural ecosystems. In addition, we aim to develop a supply chain that is deforestation free and does not contribute to land conversion.

H&M Group's sustainability commitment, which applies to all our business partners and suppliers, also includes requirements to ensure the protection of biodiversity and ecosystems in the sourcing of raw materials.

Our policies and procedures are available at hmgroup.com and the supplier portal for all our business partners. Read more about H&M Group's policies and commitments on page 108.

Targets and actions

H&M Group is exploring the possibility to set science-based targets related to nature and biodiversity. The SBTN pilot study has helped us to establish a science-based foundation for nature action. As part of this study we mapped our ongoing actions towards three key land targets: no conversion of natural ecosystems, land footprint reduction and landscape engagement in prioritised regions. During 2024 we have also taken action to reduce the conversion of natural ecosystems and promote regenerative agriculture practices.

No conversion of natural ecosystems

Reducing the conversion of ecosystems away from their natural state is one of our key priorities to halt biodiversity loss and protect natural ecosystems. We are committed to sourcing materials that does not deplete and degrade natural resources or convert natural ecosystems. Our actions related to minimising land conversion therefore include efforts to increase the use of sustainably sourced and recycled materials when planning our collections.

Landscape engagement and regenerative agriculture practices

We are investing in regenerative agriculture practices and production processes to secure the availability of the input materials we need to produce our products in the future. Therefore, we are supporting the transition towards regenerative agriculture practices in our supply chain to minimise our negative impact on biodiversity loss and create a more resilient farming landscape. Through our partnership with WWF, we have also gained valuable insights into priority conservation landscapes in India, South Africa and Indonesia. These projects also included stakeholders holding indigenous and local knowledge and two of the projects were submitted to SBTN as landscape engagement projects.

In addition, we are also monitoring the development of biodiversity credits, which companies can use to support long-term nature protection and restoration, as a potential tool for further investment in thriving ecosystems.

Our biodiversity focus areas and the ARRRT framework

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

Re-Down (recycled down and feathers) collection from ARKET.

Resource use and circularity

We rely on large quantities of natural resources and raw materials for the production and processing of our products and packaging. Our use of resources has a negative impact on the environment, from the sourcing of raw materials to the disposal of our products and packaging. Increasing our resource efficiency and reducing our dependence on material resource use and extraction will not only reduce our negative impact on people and the planet, but also improve the resilience of our business model.

Strategy and governance
At H&M Group, our ambition is to grow our business decoupled from resource use and extraction with products and materials circulating at their highest value. We aim to achieve this by shifting towards recycled or sustainably sourced materials, and by optimising our production and resource use, and scaling circular business models and solutions across our value chain. In addition, we develop and contribute to innovations, ventures and projects across our value chain – often in collaboration with others – that we believe will accelerate our progress and enable a circular economy for fashion. Therefore, we focus our efforts on five areas: materials, business optimisation, product and packaging design, extending customer use, and waste prevention and management.

Identification and management of material matters
To identify impacts, risks and opportunities related to our use of raw materials, products and services, and the generation of waste across our value chain, we consult with our partners, industry networks and other external stakeholders. For raw materials, our risk-based approach identifies and assesses our impact on people and the planet, connected, or potentially connected, to our raw material production. It then determines appropriate measures to prevent or mitigate these impacts, based on their likelihood and severity. In 2024, we strengthened our due diligence procedures in raw material sourcing and partnered with standard owners and other stakeholders on due diligence. We have also applied these learnings to how we work with other standards and partners.

Policies and procedures
H&M Group's commitment to reduce its dependence on materials and decouple its growth from resource use and extraction is set out in our environmental policy, which applies to all entities within the H&M Group. The policy adress matters related to the use of material resources, circularity, waste prevention and management in our own operations and supply chain.

To further guide our sustainability work, we align with the Ellen MacArthur Foundation and its definition of a circular economy which includes eliminating waste and pollution, circulating products and materials at their highest value, and regenerating nature. H&M Group is also guided by the EU Waste Framework Directive and Waste Hierarchy.

In addition, H&M Group's sustainability commitment, which applies to all our business partners, includes requirements regarding the management of materials, circularity and waste. In accordance with our sustainability commitment, all our business partners agree to be monitored and evaluated on their sustainability performance within these areas.

Our policies and procedures are available at hmgroup.com and the supplier portal for all our business partners. Read more about H&M Group's policies and commitments on page 108.

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

Increase the share of recycled or sustainably sourced materials
Our material targets are set by evaluating the risk, impact and availability of recycled or sustainably sourced material alternatives and by considering the sustainability criteria set by external organisations such as Textile Exchange. Some of our detailed material targets are also part of an external commitment, for example the 2025 Recycled Polyester Challenge (Textile Exchange). Reaching our ambition starts with how we design our products and choose materials to work with when planning our collections. Our target is to use 100 percent recycled or sustainably sourced materials in our commercial products by 2030, ideally with at least half coming from recycled sources.

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

To reach these targets, we use materials for our products and packaging that are recycled or sustainably sourced. We also invest in innovative materials and processes, such as dyeing, printing and finishing, and recycling infrastructure. Additionally, we support scaling regenerative agricultural practices and enhance technology to improve impact data and material traceability. Finally, we collaborate with our suppliers and the wider fashion industry to promote the production and sourcing of recycled and sustainably sourced materials.

Our focus areas for resource use and circularity

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

Investing in new sourcing and recycling technologies
To increase the availability of recycled or sustainably sourced materials and make them more affordable, we support the development, testing and scaling of alternative materials and recycling infrastructure at various stages. We also collaborate with industry partners to drive wider adoption.

In 2024, H&M Group spent SEK 1.7 billion on decarbonisation activities across the value chain, for example replacing conventional materials with recycled or sustainably sourced materials which stand for the bigger part of the spend, as well as phasing out fossil fuels and supporting energy efficiency initiatives. Read more about our energy initiatives on pages 60–63.

In addition, together with Vargas Holding, we launched Syre, a venture to scale textile-to-textile recycled polyester. We also invested in Galy, a sustainable agriculture startup, that aims to make lab-grown cotton a reality. The company has developed a minimum-viable product and is working to both enhance the product's quality parameters and scale up production. We contribute to projects to fill industry gaps in current GHG emission factors and other crucial impact data for key fibres and raw materials. For instance, for cotton, our largest fibre by volume, we support a life cycle assessment (LCA) baseline study with Textile Exchange and other brands, as well as an OCA LCA study on environmental impacts of OCA's cotton cultivation in India.

We are piloting Better Cotton traceability in 2024 together with our suppliers to secure learnings for future scale up. We have also increased the volume of traceable material using the Textile Genesis platform for man-made cellulosic fibres and polyester.

Increased use of circular design principles and access to resell
Resource efficiency and optimisation starts with how we plan, design and develop our products and packaging. This is closely linked to how we plan our assortments, and how we engage with our customers. We use customer insights, AI and digital product creation to better align production with demand and optimise the distribution of our products across our stores, distribution centres and sales markets. This shortens lead times, optimises size availability, and achieves higher sell-through and stock turnover.

Design of products and packaging
We take action to reduce our use of materials, increase our resource efficiency, and scale circular solutions – starting with how we design our products. The lack of industry definitions and standards is a significant challenge in the scale-up of circular design practices for commercial products. We still remain committed to design products and packaging fit for a circular economy. We intend to set design targets for commercial products once the relevant legislation becomes clear.

For packaging, we have already made significant progress towards our target to design all our plastic packaging for reuse and recycling by 2025.

In the meantime for commercial goods, we continue to increase the share of products and collections designed according to circular design principles, and the expected, incoming requirements on for example durability and recycled content. We also analyse and improve physical durability parameters based on potential eco-design requirements to increase physical performance and extend the lifecycle of our textile products.

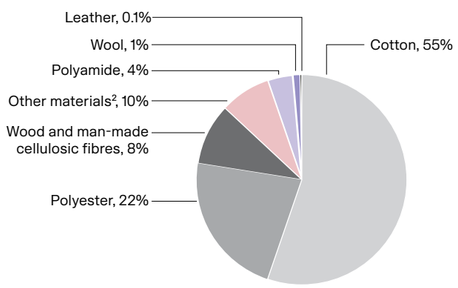
We work with brands and experts such as the Circular Design Consortium and Ellen MacArthur Foundation, to explore circular design strategies, scale circular product design, share insights, and tackle shared challenges. As a voting-member of the PEFCR Apparel & Footwear technical secretariat, we help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

Our product materials

We use a broad range of materials to produce our goods such as cotton, polyester and man-made cellulosic fibres. Our material basket shows the proportion of different materials used in our products. Cotton represents the largest share of our materials basket followed by polyester and man-made cellulosic fibres. We prioritise finding alternatives for the materials with the largest negative impact on the environment such as cotton, polyester, wood-based and animal-derived materials and wool.

Here we share the breakdown of materials included in our commercial products. This does not include materials for packaging.

Product material basket[1]



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

Scaling customer-facing circular business models
We continue scaling customer-facing circular business models to reach our ambition. By giving customers access to services and guidance that helps to extend the use of products, we contribute to new, more resource-efficient, revenue streams, reduce waste and maximise the value of the materials we use. Today, we offer a range of resell, repair and rental services across the group and we have increased access to resell services across our brands in 2024. Sellpy, our online platform for customers to sell and buy used products and clothes, continued to expand. In 2024, sales from resell increased, representing 0.6 percent of H&M Group's total turnover. We have also joined Ellen MacArthur Foundation's Re-model Initiative – a project involving leading brands that aims to identify solutions and remove barriers to scale customer-facing circular business models.

Increase share of waste directed to reuse and recycling
Waste is a significant global issue which requires systemic solutions. Scaling systems which enables the recirculation of materials and infrastructure to better manage resource outflows is critical to ultimately decreasing our dependence on the extraction of raw materials and reducing our environmental footprint. Guided by the Ellen MacArthur Foundation's circular economy principles and the EU Waste Hierarchy, we aim to circulate products and materials at their highest value, and ultimately, for zero waste to end up in landfills. This means preventing and reducing waste and increasing the share of waste being effectively handled and reintroduced into supply chains for reuse and recycling, in line with our environmental policy.

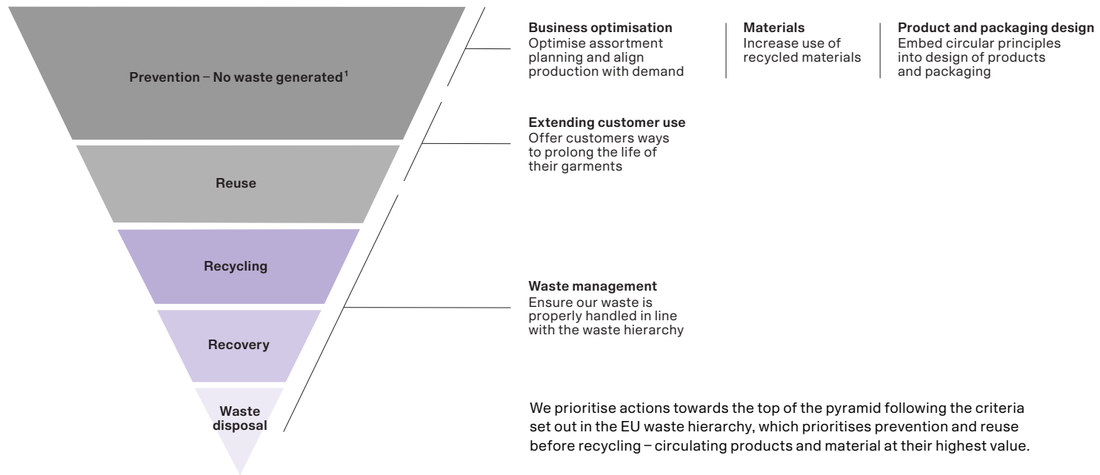
To mitigate our negative impacts on the environment, our waste management strategy focuses primarily on three waste streams in our own operations and supply chain that were identified as having the largest negative impacts and risk. These are product waste[1] and packaging waste in own operations, textile cutting waste in supply chain, and textiles collected from customers through our garment collecting programme. To manage waste effectively, we track data from our collection, sorting and waste management partners. We have strengthened our governance structures for priority waste streams, ensuring robust reporting in line with upcoming legislation. All partners receive training to report accurately and provide accurate control documents. To increase operational efficiency and visibility connected to our product waste and garment collecting programme in Europe, we partnered with Looper Textile Co.

To increase the recycling of textile cutting waste we build networks of recyclers and provide guidelines to our suppliers to optimise and recirculate post-industrial, pre-consumer textile waste.

We prevent and reduce waste by designing for durability and recyclability, through business optimisation, and by extending material and product use. We continue to increase the share of packaging made of paper and cardboard, replacing packaging made of plastic materials. This improves recyclability of packaging materials and therefore helps to increase the share of packaging waste going to recycling.

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

The way our strategy aligns with the EU waste hierarchy



We prioritise actions towards the top of the pyramid following the criteria set out in the EU waste hierarchy, which prioritises prevention and reuse before recycling – circulating products and material at their highest value.

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

RESOURCE INFLOWS

Progress towards targets in 2024

We continued to increase the share of recycled and sustainably sourced materials. In 2024, 89 percent of the materials used for our commercial products were recycled or sustainably sourced, which is well on track towards our 2030 goal.

For packaging most of the materials used are paper and cardboard. We continued to increase the shares of recycled or sustainably sourced materials and plastic packaging designed for reuse and recycling.

In 2024, 29.5 percent of materials used in our commercial products came from recycled sources, almost reaching our 30 percent target a year early. This success was mainly due to an increase in the share of recycled polyester. In 2024, 94 percent of all polyester used was recycled, showing significant progress towards our 2025 target of using 100 percent recycled materials. For packaging, we increased the share of recycled materials to 52 percent. This increase was mainly driven by our continued priority to use recycled plastic.

For sustainably sourced materials we continued to increase the share of wool certified to the Responsible Wool Standard (RWS) as well as the share of sustainably sourced man-made cellulosic fibres and FSC certified wood and wood-based materials, for both commercial products and for packaging.

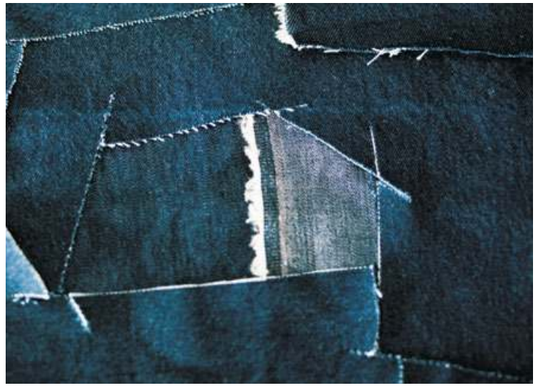
The increase in total material weight for commercial products during 2024 is an effect of change in assortment mix and our customer offer.

We reduced the volume of packaging from the previous year, mainly by streamlining retail and transport packaging. Plastic packaging decreased by 54 percent compared with 2018, surpassing our 25 percent reduction target for 2025 ahead of schedule. The slight increase in plastic use compared with 2023 was driven by an increased share of online shipments in 2024.

Weight of material in commercial products and packaging

Tonnes	2024	2023	2022
Total weight of material in commercial products[1, 2] and packaging materials	619,004	608,805	673,856
Weight of material in commercial products			
Total weight of commercial products[3]	384,742	375,642	411,292
Total weight of material in commercial products[2]	524,739	512,486	561,087
Total weight of recycled material in commercial products	154,914	135,721	135,133
Total weight of recycled and sustainably sourced material used in commercial products	465,008	427,651	461,378
Weight of material in packaging[4]			
Total weight of packaging material	94,265	96,319	112,769
Total weight of recycled packaging material	49,054	47,625	37,077
Total weight of recycled or sustainably sourced packaging material	79,508	76,076	80,275

1. This includes commercial products shell fabric materials, hence does not include materials used as filling, lining or trims on garments.
2. Material weight = including waste generated during production.
3. Product weight = excluding waste generated during production, including filling, lining or trims on garments.
4. This includes material in weight used to produce all our packaging used. Historic comparable packaging data is available from 2022, due to a change in our data scope – previously some packaging within our value chain was unreported.



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

%	Target	2024	2023	2022
Share of recycled or sustainably sourced materials[1] in commercial products[2, 3]				
Recycled or sustainably sourced materials[1]	100% by 2030	89	83	82
Recycled materials	30% by 2025 50% by 2030	29.5	27	24
Sustainably sourced materials[1]	–	59	57	58
Cotton that is recycled, organic, or other sustainably sourced[4] (total)	Maintain 100%	100	100	100
Cotton that is recycled	–	12	11	10
Cotton that is organic	–	12	12	13
Other sustainably sourced cotton[4]	–	76	77	77
Recycled polyester	100% by 2025	94	79	75
Mohair that is certified to the Responsible Mohair Standard (RMS) or coming from recycled sources	Maintain 100%	100	100	100
Virgin wool that is certified to the Responsible Wool Standard (RWS)	100% by 2025	87	67	62
Virgin cashmere that is certified to the Good Cashmere Standard (GCS)	100% by 2025	100	99	99
Down sourced that is recycled[5]	100% by end of 2025	94	N/A	N/A
Leather products produced with chrome-free tanned leather, including vegetable tanned leather and metal-free leather	100% by 2025	89	83	75
Virgin MMCF that is certified to the FSC or PEFC standards	100% by 2025	91	77	73
Virgin wood based materials that is certified to the FSC	100% by 2025	92	78	73
Share of recycled or sustainably sourced material in packaging				
Recycled or sustainably sourced packaging material	100% by 2030	84	79	71
Recycled packaging material	–	52	49	33
Recycled paper and cardboard packaging material	–	51	50	28
Recycled plastic packaging material	–	76	69	62
Sustainably sourced virgin paper and cardboard packaging material[1] (from FSC certified sources)	100% by 2025	83	76	69

1. The definition of recycled and sustainably sourced is available at hmgroup.com/sustainability/circularity-and-climate/materials.
2. Commercial materials KPIs (except the KPI for down) include commercial goods shell fabric materials, hence does not include materials used as filling, lining or trims on garments. Not all sustainably sourced materials can be naturally grown or cultivated, i.e. minerals or stones. In these instances, we set up material-specific requirements to secure sustainable sourcing.
3. Due to an update of waste weight factors for all major materials during 2024, there is a change in historical data for material KPIs.
4. Other sustainably sourced cotton: Sustainably sourced cotton includes cotton sourced through Better Cotton (BC), in-conversion, organic cotton, regenerative cotton, and cotton from other innovative sources.
5. New KPI set in 2024.

Plastic packaging

%	Target	2024	2023	2022
Share of material in plastic packaging				
Plastic packaging designed[1] for reuse or recycling	100% by 2025	89	87	78
Change in overall plastic packaging volume compared with baseline (2018)	– 25% by 2025	–54	–55	–40
Change in overall plastic packaging volume compared with previous year		1	–24	–14

1. The methodology used in previous years to measure the percentage of plastic packaging designed for recycling has been corrected in accordance with the Ellen MacArthur Foundation's Recyclability Assessment Tool, to include all products designed to be technically recyclable if a recycling system exists.

RESOURCE OUTFLOW

Progress towards targets in 2024

We continue to increase resell in both markets and stores. Resell is now offered in 26 markets and in 38 stores, available through Sellpy, H&M, ARKET, COS and Weekday (including Monki). In 2024 0.6 percent of our turnover came from resell. Although this represents a small share of our total business, we believe it is on par with or above the industry average for companies offering resell alongside their conventional assortments. Additionally, this share has doubled since 2022, and we aim to increase resell across H&M Group.

For product waste we changed to new KPIs during 2024 to align with reporting requirements, which means that there is no comparability with data from previous years.

We increased the share of packaging waste handled in distribution centres going to reuse or recycling. Accurate waste data is crucial for effective waste management. During 2024 we have further worked to improve the data collection process with our partners enhancing data accuracy and granularity. In 2023 we changed partners for garment collecting which enabled further improvement in data granularity and accuracy affecting comparability with 2022 and 2023 data. Despite challenges with data comparability, we believe the reported increase in disposal is mainly due to this improved data accuracy and the improved processes to collect, track and follow up data. We will continue improving our systems and operations to handle waste more efficiently.

Resell

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

Waste generated in own operations[1]

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

Garment collect

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

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

Reporting in line with Article 8 of the EU Taxonomy Regulation

In 2024, as in past years, H&M Group performed an inventory of its economic activities according to Article 8 of the EU Taxonomy Regulation. In particular, H&M Group´s activities to mitigate climate change and towards a circular economy have been analysed for eligibility and alignment based on Turnover, CapEx and OpEx.

Accounting principles

Turnover

Total turnover corresponds to net sales in the consolidated income statement in the financial report. For further information about turnover, please see the H&M Group income statement on page 120.

CapEx

Total CapEx corresponds to additions to balance sheet items including property, plant and equipment and intangible assets, before depreciation, amortisation or impairment and excluding any translation effects, as specified in note 14 and 15 to the consolidated balance sheet, complemented by additions/changes in IFRS16 classified right of use assets as specified in note 17 to the consolidated balance sheet. For further information about CapEx, please see the H&M Group balance report on page 122.

OpEx

In H&M Group's reporting, total OpEx includes repair and maintenance, as well as R&D expenses. For further information about OpEx, please see the H&M Group income statement on page 120.

Eligibility assessment

Based on the analysis carried out, H&M Group considers the following economic activities to be eligible according to EU Taxonomy regulation in 2024:

- **Circular Economy (CE) 5.4 Sale of second-hand goods** The turnover of Sellpy, which is a digital platform for second-hand fashion and other second-hand items, consists of the sale of second-hand goods. As a result, its turnover falls under economic activity 5.4. The description of economic activity 5.4 under the circular economy delegated act states that only second-hand goods used for intended purpose by customers shall be included. Therefore, only products that are considered second-hand and supplied by customers have been considered and included in our taxonomy report.
- **Climate Change Mitigation (CCM) 7.3 Installation, maintenance and repair of energy efficient equipment** H&M Group is undertaking various energy efficiency projects, many of which are immaterial or of a financial support, rather than of an investment, nature. H&M Group has, however, continued to invest in changing all store lights to energy-efficient LED sources in all H&M Group stores. This project falls under the EU Taxonomy economic activity 7.3 installation, maintenance and repair of energy efficient equipment under climate change mitigation delegated act and is therefore included in our taxonomy reporting. Since 2020, we have undertaken a significant initiative to transition to LED lighting in all our stores.
- **Climate Change Mitigation (CCM) 7.7 Acquisition and ownership of buildings** H&M Group owns a limited number of buildings and no new buildings have been acquired during 2024. Any eligible activities related to new and acquired buildings have therefore been deemed immaterial. H&M Group does, however, have an extensive amount of right of use assets, as all H&M Group's store locations are leased. All of H&M Group's new or renegotiated right of use assets fall under the EU Taxonomy economic activity 7.7 acquisition and ownership of building under climate change mitigation delegated act and are therefore included in our taxonomy reporting.

Alignment assessment

Based on the analysis carried out, H&M Group has assessed the economic activities CE 5.4 and CCM 7.3 to be aligned.

CE 5.4

Compliance with the technical screening criteria of substantial contribution to circular economy

The economic activity consists of selling a second-hand product that has been used for its intended purpose by a customer. The packaging used by Sellpy meets the requirement of at least 65 percent of recycled material. A waste management plan is not required since the product is not repaired, refurbished or remanufactured before reselling.

CE 5.4

Compliance with the technical screening criteria of not causing significant harm (DNSH)

Climate change mitigation

In line with the criteria, the direct GHG emissions coming from on-site generation of heat/cool or co-generation including power (i.e., from the warehouses that handle Sellpy´s operations) are lower than 270 gCO_2e/kWh. As part of the efforts to reduce emissions, the H&M Group climate strategy covers scope 1 and 2 of Sellpy´s emissions.

Climate change adaptation

H&M Group performed its first risk analysis following the Task Force on Climate-related Disclosures (TCFD) recommendations in 2019. This analysis has since been updated annually. The outcome of this risk analysis is reported in our TCFD report, pages 85–89. The TCFD risk analysis and our materiality assessment cover also our aligned activities.

Water and marine resources

There is no relevant use of water and chemicals in the processes owned by Sellpy.

Pollution prevention

There is no relevant use of chemicals in the processes owned by Sellpy.

CCM 7.3

Compliance with the technical screening criteria of substantial contribution to climate change mitigation

The economic activity related to the transition to energy efficient LED sources aligns with the installation and replacement of energy-efficient light sources and complies with the minimum requirements set for individual components and systems in the applicable national measures implementing Directive 2010/31/EU and rated in the highest two populated classes of energy efficiency in accordance with Regulation (EU) 2017/1369 and delegated acts adopted under that regulation.

CCM 7.3

Compliance with the technical screening criteria of not causing significant harm (DNSH)

Climate change adaptation

H&M Group performed its first risk analysis following the Task Force on Climate-related Disclosures (TCFD) recommendations in 2019. This analysis has since been updated annually. The outcome of this risk analysis is reported in the TCFD report, pages 85–89. The TCFD risk analysis and our materiality assessment cover also our aligned activities.

Pollution prevention

The energy-efficient light sources and materials used in the project to transition to LED lighting conform to the requirements in Appendix C 'Generic criteria for DNSH to pollution prevention and control regarding use and presence of chemicals'. LED luminaires contain no mercury, which not only eliminates the risk of environmental damage during waste disposal but also minimises the potential risks for those who handle the lighting products.

Compliance with the minimum safeguards

For any economic activity to be considered as aligned, it must be carried out in accordance with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. In 2023, H&M Group conducted a requirement mapping that resulted in the alignment with the minimum safeguards. In 2024, H&M Group ensured that each requirement was fulfilled. H&M Group applies robust due diligence to its operations and business decisions, making it possible to identify, prevent, mitigate and remedy, where necessary, any impact on the economy, the environment and the people (including any impact on human rights). Please refer to the following sections of the annual and sustainability report to read how H&M Group addresses each area set by the EU Taxonomy minimum safeguards:

- Human rights policy – see policies and commitments guiding our operations (page 108)
- Human rights due diligence and risk assessment – see management of sustainability matters (page 54)
- Addressing human rights impacts – see targets and actions in each social chapter (pages 94–95, 97–99, 102, 103)
- Human rights communication – see salient human rights issues assessment (pages 92–93)
- Grievance mechanisms – see policies and commitments guiding our operations (page 108)
- Consumer interests – see consumers and end-users chapter (page 103)
- Anti-corruption – see business conduct chapter (pages 105–106)
- Competition and tax policy – see corporate governance report (page 50)

Nuclear energy and fossil gas

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

TURNOVER

Financial year 2024

Economic Activities (1)	Code[1] (2)	Year: Turnover (3)	Year: Proportion of turnover, year N (4)	Substantial contribution criteria: Climate change mitigation (5)	Substantial contribution criteria: Climate change adaptation (6	Substantial contribution criteria: Water (7)	Substantial contribution criteria: Pollution (8)	Substantial contribution criteria: Circular economy (9)	Substantial contribution criteria: Biodiversity (10)	DNSH criteria ('Does Not Significantly Harm'): Climate change mitigation (11)	DNSH criteria: Climate change adaptation (12)	DNSH criteria: Water (13)	DNSH criteria: Pollution (14)	DNSH criteria: Circular economy (15)	DNSH criteria: Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		SEK m	%	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Sale of second-hand goods	CE 5.4	1,449	0.6%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	–	Y	Y	–	–	–
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,449	0.6%	–	–	–	–	0.6%	–	–	–	–	–	–	–	–	–		
Of which enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	E	
Of which transitional		–	–	–						–	–	–	–	–	–	–	–		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]										
Sale of second-hand goods		–	–	N/EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.4%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		–	–	–	–	–	–	–	–								0.4%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		1,449	0.6%	–	–	–	–	0.6%	–								**0.4%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		233,029	99.4%																
TOTAL		**234,478**	**100.0%**																

	Proportion of turnover /Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	0.0%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.6%	0.6%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

1. The code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
   - Climate change mitigation: CCM
   - Climate change adaptation: CCA
   - Water and marine resources: WTR
   - Circular economy: CE
   - Pollution prevention and control: PPC
   - Biodiversity and ecosystems: BIO
2. **Y – Yes**, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.
   N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.
   N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.
3. **EL**, Taxonomy-eligible activity for the relevant objective.
   N/EL, Taxonomy-non-eligible activity for the relevant objective.

CAPEX

Financial year 2024

Economic Activities (1)	Code[1] (2)	Year: CapEx (3)	Year: Proportion of CapEx, year N (4)	Substantial contribution criteria: Climate change mitigation (5)	Substantial contribution criteria: Climate change adaptation (6)	Substantial contribution criteria: Water (7)	Substantial contribution criteria: Pollution (8)	Substantial contribution criteria: Circular economy (9)	Substantial contribution criteria: Biodiversity (10)	DNSH criteria ('Does Not Significantly Harm'): Climate change mitigation (11)	DNSH criteria: Climate change adaptation (12)	DNSH criteria: Water (13)	DNSH criteria: Pollution (14)	DNSH criteria: Circular economy (15)	DNSH criteria: Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		SEK m	%	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Installation, maintenance and repair of energy efficient equipment	CCM 7.3	145	1.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	Y	–	–	Y	2.5%	E	–
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		145	1.0%	1.0%	–	–	–	–	–	–	Y	–	Y	–	–	Y	2.5%		
Of which enabling		145	1.0%	1.0%	–	–	–	–	–	–	Y	–	Y	–	–	Y	2.5%	E	
Of which transitional		–	–	–						–	–	–	–	–	–	–	–		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]										
Acquisition and ownership of buildings	CCM 7.7	2,453	17.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								16.3%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2,453	17.6%	17.6%	–	–	–	–	–								16.3%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**2,598**	**18.6%**	**18.6%**	–	–	–	–	–								**18.8%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		11,381	81.4%																
TOTAL		**13,979**	**100.0%**																

	Proportion of CapEX /Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	1.0%	18.6%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

1. The code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
   - Climate change mitigation: CCM
   - Climate ahange adaptation: CCA
   - Water and marine resources: WTR
   - Circular economy: CE
   - Pollution prevention and control: PPC
   - Biodiversity and ecosystems: BIO
2. **Y – Yes**, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.
   N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.
   N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.
3. **EL**, Taxonomy-eligible activity for the relevant objective.
   N/EL, Taxonomy-non-eligible activity for the relevant objective.

OPEX Financial year 2024		Year		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code[1] (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		SEK m	%	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y; N; N/EL[2]	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Sale of second-hand goods	CE 5.4	914	0.7%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	–	Y	Y	–	–	–
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		914	0.7%	–	–	–	–	0.7%	–	–	–	–	–	–	–	–	–		
Of which enabling		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	E	
Of which transitional		–	–	–						–	–	–	–	–	–	–	–		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]	EL; N/EL[3]										
Sale of second-hand goods	CE 5.4	–	–	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.6%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		–	–	–	–	–	–	–	–								0.6%		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**914**	**0.7%**	–	–	–	–	**0.7%**	–								**0.6%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		128,534	99.3%																
TOTAL		**129,448**	**100.0%**																

	Proportion of OpEX /Total OpEX	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0.0%	0.0%
CCA	0.0%	0.0%
WTR	0.0%	0.0%
CE	0.7%	0.7%
PPC	0.0%	0.0%
BIO	0.0%	0.0%

1. The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
   - Climate change mitigation: CCM
   - Climate change adaptation: CCA
   - Water and marine resources: WTR
   - Circular economy: CE
   - Pollution prevention and control: PPC
   - Biodiversity and ecosystems: BIO
2. **Y – Yes**, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective.
   N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective.
   N/EL – Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.
3. **EL**, Taxonomy-eligible activity for the relevant objective.
   N/EL, Taxonomy-non-eligible activity for the relevant objective.

TCFD climate risk analysis

Governance
Climate is one of H&M Group's key impact areas which is also included in our corporate risk review process. The global sustainability department drives the group's climate and sustainability strategy, integrating it into daily operations. This analysis follows the TCFD recommendations, covering different climate scenarios and time horizons. For more information about H&M Group's risk management process, see pages 49–51.

Strategy
H&M Group has conducted its climate risk analysis following the TCFD recommendations since 2019, which has been updated annually. During 2024, H&M Group has made an in-depth revision of the previous climate risk analysis and related assessments to include relevant considerations connected to CSRD. This updated analysis uses the growing set of tools, data and practices available for these types of assessments and is based on an evaluation of our full value chain, across three climate scenarios for:

- Potential financial impacts of climate risks and opportunities.
- Effects on the business model and financial planning.
- Resilience of the company's strategy.

Process of identifying and assessing potential financial effects
We assessed climate-related physical risks and climate-related transition risks and opportunities across three different time horizons: short, medium and long-term.

Physical events including flooding, extreme temperatures, extreme rainfall, drought, wildfires, cyclones, and water stress were evaluated alongside transitional events including changes to legislation, market shifts, reputational effects and technological events. These risks were assessed across stores, warehouses, logistics, supplier sites and sourcing regions.

Following this screening, a refined list of key risks underwent a high-level financial assessment to identify those with material financial impacts. Six risks and one opportunity were further assessed and modelled in detail, providing a clear picture of the potential financial risks across different climate scenarios and time horizons. Based on this process, we believe these potential events cover the plausible financial risks and uncertainties that we are exposed to in the short to long-term.

Climate scenarios
Three climate scenarios were analysed to capture possible future outcomes, including an optimistic, low temperature increase and a pessimistic, high temperature increase:

- Net zero 2050, in line with 1.5°C (SSP1-2.6): Low emissions, fewer physical events but more transition risks such as carbon taxes.
- Delayed transition, less than 3°C (SSP2-4.5): Moderate emissions with balanced risks.
- Hot house, more than 3°C (SSP5-8.5): High emissions, more severe physical risks but fewer immediate transition impacts.

Transition risks were also assessed using scenarios from Network for Greening the Financial System (NGFS), e.g. NiGEM NGFS v1.23.2 [GCAM 6.0 NGFS].

Time horizons
The assessment considered three different time horizons:

- Short term (within 1 year): Aligns with short-term financial planning.
- Medium term (within 1 to 5 years): When most risks are expected to emerge.
- Long term (in around 15 years): Aligns with H&M Group's long-term net zero targets.

RISK AND OPPORTUNITY SUMMARY

Below is a summary of the most significant financial effects. These include four climate-related physical risks, two climate-related transition risks and one financial opportunity.

	Short-term (in 1 year)			Medium-term (in 1–5 years)			Long-term (in around 15 years)		
Scenario	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)
Physical risk									
Increased price of cotton	Low	Low	Low	High	High	High	High	High	Critical
Disturbances to key ports impacting sales negatively	Low	Low	Low	Low	Low	High	Low	High	High
Multiple climate events increasing sourcing costs	Low	Low	Low	Low	Low	Low	High	High	High
Water scarcity increasing sourcing costs	Low	Low	Low	Low	Medium	Medium	Low	Medium	Medium
Transition risks									
Carbon taxes or tolls increasing sourcing costs	Low	Low	Low	Low	Low	Low	High	High	High
Reputational risks impacting sales negatively	Low	Low	Low	Medium	Medium	Medium	Medium	Medium	Medium
Opportunities									
Resell	Low	Low	Low	Medium	Medium	Medium	High	High	High

PHYSICAL RISK 1 – INCREASED PRICE OF COTTON

Droughts, flooding and other climate-related impacts could influence cotton farming negatively, causing increased price of cotton leading to increasing sourcing costs.

	Short-term (in 1 year)			Medium-term (in 1–5 years)			Long-term (in around 15 years)		
Scenario	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)
Financial risk	Low	Low	Low	High	High	High	High	High	Critical

Potential effects

A large proportion of H&M's raw materials sourcing costs are attributed to cotton, and virgin cotton is a critical resource for the business. The majority of cotton used is sourced in regions which are at high risk of disruption from climate change from a variety of events such as water stress, extreme heat, and flooding, which could increase H&M Group's sourcing costs.

In the short term, there are some limited forecasted fluctuations in cotton price outside of historical price dynamics, but the risk is deemed to be low.

As physical climate impacts begin to materialise in the medium term, cotton production is expected to be increasingly impacted. This is visible in all scenarios, with a somewhat larger impact in the Hot House scenario.

In the long-term Hot House scenario, cotton prices are expected to be significantly higher than at present as widespread climate impacts reduce material availability, yields, and some regions could become unsuitable for farming. Less severe climate impacts within the net zero and delayed transition scenarios, coupled with improved resilience, mean that cotton prices are less severely impacted in these scenarios, but overall risks are still judged to be high. The impact across time-horizons is increasingly mitigated by a reduced dependency on virgin cotton over time.

Risk Mitigation

- Using alternatives to virgin cotton, such as lab-grown cotton, next-generation cellulosics, and increasing the share of recycled cotton can reduce H&M Group's exposure to higher cotton prices.
- Development of regenerative and more resilient farming programmes to support adaptation of the cotton producers to a changing climate can also mitigate this risk to some extent.

PHYSICAL RISK 2 – DISTURBANCES TO KEY PORTS IMPACTING SALES NEGATIVELY

Disturbances to key ports coming from acute physical climate events such as cyclones, storms and heavy rainfall causing product shortages and consequently lost sales.

	Short-term (in 1 year)			Medium-term (in 1–5 years)			Long-term (in around 15 years)		
Scenario	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)
Financial risk	Low	Low	Low	Low	Low	High	Low	High	High

Potential effects

H&M Group relies on a few key seaports to export large volumes of products. Disruptions at different ports could lead to delays in these products reaching stores, which in turn could influence sales. Some ports are in regions expected to be increasingly exposed to physical climate events that create long-term (>4 weeks) delays and disruptions. Most notably these events include high winds and storms from cyclones, flash flooding from extreme rain, sea level rise, and storm surges associated with coastal flooding.

Extended port disruptions could delay restocking global stores, impacting revenue. Time-sensitive campaigns and promotions may also suffer.

Short-term impacts of climate change are unlikely to create significant disturbances across the climate scenarios. In the medium-term hot house scenario, changes in the severity and frequency of cyclones around key ports may result in a more substantial impact. In the long term, the severity of cyclones across both the delayed transition and hot house scenarios exposes H&M Group to the potential of increased delays, with the risk of impacting sales negatively, with a medium-high impact. This can be mitigated to some degree by using air freight, the higher shipping costs being offset by recouped sales.

Risk Mitigation

- H&M Group can temporarily switch to air freight or a combination of sea and air freight to mitigate some disruption, though this would temporarily increase transport GHG emissions.
- If disturbances are longer term, H&M Group's diversified supply chain has flexibility that allows for sourcing from alternative suppliers in other regions, bypassing disrupted transport routes.

PHYSICAL RISK 3 – MULTIPLE CLIMATE EVENTS INCREASING SOURCING COSTS

A range of acute and chronic climate-related events occurring simultaneously could lead to national or local societal disruption in key production markets. This could impact both suppliers' production and people in the supply chain.

	Short-term (in 1 year)			Medium-term (in 1–5 years)			Long-term (in around 15 years)		
Scenario	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)
Financial risk	Low	Low	Low	Low	Low	Low	High	High	High

Potential effects

Exposure to multiple climate events simultaneously can contribute to the destabilisation of regional, national or local economies and communities. A multitude of diverse physical climate events are anticipated to materialise across H&M Group's production regions, creating a potential risk in the ability of those regions to remain tenable for manufacturing temporarily, or permanently.

The security of H&M Group's production supply relies on a degree of stability in the regions where garments are manufactured. These regions are anticipated to experience exposure to multiple hazards which could disrupt production and affect worker welfare.

The flexibility in H&M Group's existing supply chain means the company should be able to absorb the effects of most of these events, meaning that the financial impact is expected to be low in the short and medium time horizons. In the longer term, the increasing impacts of a changing climate and lower resilience could lead to larger and more frequent disruptions, and thereby larger financial impacts.

There is a high degree of uncertainty how multiple events will cumulatively affect the business so this is a risk that the group will continue to analyse closely.

Risk Mitigation

- The flexibility of H&M Group's supply chain means many sites would have to face prolonged issues before relocation is needed. H&M Group has production facilities across a number of regions and markets, meaning that disruption in one area can likely be offset by moving production volume elsewhere.
- H&M Group is planning to expand the work on adoptive measures to mitigate the risk of increased heat stress to people in affected manufacturing markets and regions.

PHYSICAL RISK 4 – WATER SCARCITY INCREASING SOURCING COSTS

Water-scarcity in key sourcing regions could limit H&M Group's suppliers' access to water and increase cost of production.

	Short-term (in 1 year)			Medium-term (in 1–5 years)			Long-term (in around 15 years)		
Scenario	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)
Financial risk	Low	Low	Low	Low	Medium	Medium	Low	Medium	Medium

Potential effects

H&M Group's production facilities are concentrated in six key production markets, all of which are expected to face some degree of water stress across all timeframes.

Based on the expected levels of water stress, H&M Group's supply chain's ability to absorb a degree of disruption at water-stressed supplier sites means that significant relocation is not likely. Financial impact is primarily due to increased cost to access or recycle water, rather than relocating production.

In the short term, the impact from additional climate related water stress is expected to be low. Over the medium and long term, effects begin to materialise, and the financial impact is highest in the Hot House scenario, where there is a larger increase in water stress across supplier production sites.

Risk Mitigation

- The H&M group 2030 water strategy includes a goal of 30 percent absolute reduction in freshwater consumption by 2030, with milestone targets based on water basin vulnerability. This will mitigate the dependency on freshwater and limit risk exposure.
- Focusing on water efficiency measures at supplier production sites, implementing low water production processes and water recycling solutions help reduce the supply chain's vulnerability to water stress.
- The flexibility of H&M Group's supply chain means many sites would have to face prolonged issues before relocation is needed.

TRANSITION RISK 1 – CARBON TAXES OR TOLLS INCREASING SOURCING COSTS

Introduction of climate import tolls such as the EU CBAM regulation and various national carbon taxes in key sourcing markets could impact H&M Group's sourcing costs.

	Short-term (in 1 year)			Medium-term (in 1–5 years)			Long-term (in around 15 years)		
Scenario	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)
Financial risk	Low	Low	Low	Low	Low	Low	High	High	High

Potential effects

H&M Group is unlikely to be directly exposed to carbon pricing mechanisms across a majority of the product assortment in the short and medium term. Key production markets such as Mainland China and India have nascent emissions trading schemes with limited emissions coverage that do not currently extend to include H&M Group's main activities. The EU CBAM will almost certainly not cover textile emissions in the short and medium term.

In the long-term it is likely that H&M Group could be faced with increased sourcing costs due to pricing of production emissions, both in the EU and other markets who are adopting carbon pricing or import tolls. By 2040, many of H&M Group's major production markets may have developed their emission trading schemes further. In this time-horizon, carbon pricing materialises most significantly in a Net Zero scenario, with later and lower carbon prices in the delayed transition, and hot house scenarios. The scale and nature of the exposure to carbon pricing is unpredictable but is likely to be announced well in advance with lead-in times of at least 1–3 years.

Risk Mitigation

- H&M Group has set targets to reduce absolute GHG emissions by 56 percent by 2030, and a target to reach net zero by 2040, reducing absolute emissions by at least 90 percent – compared with 2019. It is very likely that H&M Group's exposure to carbon pricing will materialise prior to reaching the net zero 2040 target, but by reducing emissions the impact of any pricing schemes would be mitigated, and earlier decarbonisation leads to less exposure to any pricing scheme.
- H&M Group's sourcing strategy is flexible and the company is constantly evaluating the direct and indirect costs in each region to allocate its production in the most efficient way.
- H&M Group is closely monitoring the development of national-, and border- carbon pricing mechanisms.

TRANSITION RISK 2 – REPUTATIONAL RISKS IMPACTING SALES NEGATIVELY

Climate-related concerns from customers, affecting consumption patterns and brand preferences and impacting sales negatively.

	Short-term (in 1 year)			Medium-term (in 1–5 years)			Long-term (in around 15 years)		
Scenario	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)
Financial risk	Low	Low	Low	Medium	Medium	Medium	Medium	Medium	Medium

Potential effects

As society becomes more aware of climate change and its associated impacts, consumer attitudes are anticipated to trend towards an increased expectation of companies to operate in a sustainable way. The gap between consumers expectations on corporate responsibility and the perceptions of different brands may become an increasingly relevant factor in purchasing decisions. This risk could therefore result in a loss of revenue for H&M Group in the case where its perceived actions around sustainability fall short of consumer expectations.

The sentiment of H&M Group's customers in terms of its brand reputation indicates that H&M Group is currently (and historically) positively associated with characteristics relating to sustainability, when compared with industry-wide expectations. In the short-term the financial risk is low, with a slight increase over the medium- and long-term time horizon. Across scenarios, consumer expectations are set to increase, somewhat more significantly in the Hot House scenario, as the effects of climate change materialise. This means that H&M Group needs to improve its climate related perception to continue to attract increasingly aware and conscious consumers.

Risk Mitigation

- To mitigate the impact of reputational damage, H&M Group will need to continue to deliver on its sustainability goals and invest in circular business models, while navigating green claims legislation to deliver marketing to improve public perception.
- By continuing the shift towards a more sustainable business model, H&M Group can remain ahead of consumer expectations in terms of its brand perception.

OPPORTUNITY 1 – INCREASING REVENUE THROUGH CIRCULAR BUSINESS MODELS

Climate-related concerns from customers impacting consumption patterns and creating new possible revenue streams for H&M Group.

	Short-term (in 1 year)			Medium-term (in 1–5 years)			Long-term (in around 15 years)		
Scenario	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)	Net Zero (1.5°C)	Delayed Transition (<3°C)	Hot House (>3°C)
Financial opportunity	Low	Low	Low	Medium	Medium	Medium	High	High	High

Potential effects

With increasing signs of climate change, its associated financial impacts on consumers and potential disruption in traditional textile supply chains, consumer purchasing patterns are likely to change. Price sensitivity in combination with climate change awareness is likely leading to further growth of the second-hand segment – catering for consumer needs and expectations of value for money and a more local supply. This shift would decouple new revenue streams from production and global transport, reducing H&M Group's climate impact while complementing the traditional business model. This effect is predicted to be more significant in the hot house and delayed transition scenarios as consumers are increasingly faced with the impacts of a changing climate.

Actions to capture the opportunity

- Continue to scale Sellpy across markets, leveraging H&M Group presence for competitive reach in new markets.

Impact on our business strategy and financial planning

Climate-related risks and opportunities are affecting H&M Group's business strategy and financial planning, including:

- **Our business model.** Reducing H&M Group's climate impact in line with the science and reaching our approved science-based targets requires adaptation and development of our current business model and considerations related to how and where raw material is sourced, and production occurs. It also requires scaling of circular business models, such as resell, remake, care and repair solutions enabling customers to extend the use of products, helping to decouple the company's financial growth from resource use and climate impact.
- **Customer demand and sales.** Current and future expectations from potential customers impact both how H&M Group needs to produce our products (with lower climate impact) and how we should communicate the sustainability performance of the products to customers.
- **Sourcing of raw materials.** The choice of raw materials for H&M Group's garments is influenced by the materials' climate impact, and prices of raw materials are expected to rise as a result of climate change. Climate legislation and introduction of climate-related taxes or duties are expected to increase the importance of reducing emissions from all stages of H&M Group's production supply chain. The impacts of physical climate events on communities, production sites and ports in key production regions highlight the importance of having flexibility in the production and distribution supply chains.
- **New solutions and innovations.** Climate change increases the need for H&M Group to focus on innovation. This involves the exploration of alternative raw materials that are less susceptible to climate change. It includes regenerative agriculture and innovative processes that improve soil quality and biodiversity associated with the company's current raw materials basket. In the longer term, innovative production processes that use less energy and are fully electrified will reduce dependency on thermal energy. Furthermore, the company focuses on innovative solutions aimed at increasing use of recycled materials.
- **Financing sustainable investments.** Reducing climate impact requires financing. In 2023, H&M Group issued an eight-year EUR 500 million green bond. The net proceeds from the bond will be allocated to eligible projects in five categories: circular economy, green buildings, renewable energy, energy efficiency and sustainable water management & wastewater management. The first four categories have a direct connection to our climate risk mitigation. H&M Group also has a EUR 500 million sustainability-linked bond outstanding since 2021 focused on increasing recycled material in commercial goods and GHG emission reduction. Read more about how we support our suppliers in their transitions on pages 59–63.

The resilience of our business model and strategy

We are confident that our climate strategy and action framework will help us develop a resilient business model and strategy alongside these measures:

- **Reaching our climate targets**. We have set targets to reduce our absolute GHG emissions by 56 percent by 2030, and a target to reach net zero by 2040, with a minimum absolute GHG emission reduction of 90 percent. The group is making good progress towards these targets, having reduced scope 3 emissions by 24 percent in 2024, against a 2019 baseline. This means we will be well prepared for developments such as strengthened climate-related legislation and/or the introduction of carbon taxes or duties.
- **Reducing climate-related business risks.** Climate change may influence the availability and price of cotton and we are working towards limiting the associated risks to our business by reducing our dependence on cotton and other virgin raw materials. H&M Group is making good progress towards increasing the share of recycled materials, reaching a total share of 29.5 percent in 2024 for the full material basket, and 12 percent for cotton specifically.
- **Creating business contingency plans.** The group's efforts towards creating business contingency plans for all parts of its supply chain will help it mitigate risks and prevent potential negative business impacts resulting from extreme weather events or other disruptions. As H&M Group has a limited amount of company-owned assets (production is at external suppliers and warehouses and stores are normally leased), the expected financial impact on company-owned assets related to either scenario is minimal.
- **Realising business opportunities.** H&M Group is also growing its resell business, mainly through Sellpy, reducing its dependence on the production of new materials and products. As a result, the group reduces its exposure to climate-related business risks within the supply chain and enables to seise the business opportunities related to a growing resell market.

We believe our climate strategy will not only enable us to mitigate our negative climate impact and climate-related risks, but also improve our customer offerings and bring new revenue streams to our business. Read more about our climate strategy on page 59.

Social

We are committed to delivering products and collections that inspire and empower today's concious consumer. Our efforts are focused on supporting the people working in our own operations and value chain to design, manufacture and sell our products, as well as engaging with our customers and people living in the communities where we operate to ensure we meet their needs. We aim to be a part of a fashion industry that respects human rights and promotes the fair and equal treatment of everyone.

Human rights

As a global fashion company, we engage millions of people across our value chain, and we are committed to respecting the human rights of all the people we impact through our business activities.

Our approach to human rights
We believe all people deserves to be treated equally, with respect and dignity. By proactively working on addressing and minimising potential adverse human rights impacts, we avoid infringing on the rights of the people we engage through our operations and business activities. At H&M Group, respecting human rights is also about leading with our values and empowering people to be who they want to be, and we provide basic and specific human rights trainings, tailoring the content of these trainings to different functions, roles and business partners.

Our human rights due diligence process
In order to fulfill our commitment to respecting human rights across our value chain, we have established a human rights due diligence process to continuously identify, prevent, mitigate, track and account for actual and potential adverse impacts on human rights arising in our own operations, supply chain, and from other business relationships. Our RBC policy outlines our sustainability due diligence process.

We base our approach to human rights and due diligence on the internationally recognised guidance set out in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Our work is aligned with fundamental human rights as stated in the International Bill of Human Rights and International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, as well as various other UN Conventions such as the United Nations Convention on the Rights of the Child and the United Nations Convention on the Elimination of Discrimination against Women. Regardless of where we operate, we do it with respect for human rights and ensure compliance with national law and international labour standards.

Salient human rights issues
The UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct refer to the severity and likelihood of adverse human rights impacts on people that a company can cause, contribute to, or to which they are linked. In other words, it is an outward-facing approach focused on risk to people connected to a company's operations and value chain, as well as the products or services it sells.

Salient human rights risks are those human rights at risk of the most severe or likely actual or potential adverse impacts on people across the value chain. It is recognised that we may need to prioritise our due diligence efforts, based on our identified salient issues. This does not intend to disregard other issues that may occur, but it helps us focus on the most important issues first.

Process for identifying our salient human rights issues
Identifying the human rights risks associated with business activities is the first critical step in preventing and mitigating harm to people. We have identified and assessed actual and potential adverse human rights impacts arising from our global operations and value chain as part of our ongoing human rights due diligence process.

The identification process is based on qualitative and quantitative information such as independent reports and information gathered from internal procedures and documentation. We have carried out consultations with potentially affected groups including workers and other relevant stakeholders to gather information on actual or potential adverse human rights impacts.

To help us focus on the most important issues first, we have carried out a salience assessment to prioritise our human rights impacts. We have engaged internal and external stakeholders to identify our salient human rights issues, and we perform an annual review to assess their continued significance.

External dynamics and internal business development continuously change a company's risk exposure over time. For H&M Group, internal shifts include a transition towards a more digital and circular business model. In line with this transformation, we place increased focus on safeguarding the right to privacy through efforts in data privacy, personal data management and secure storage, robust data security practices, and ensuring the ethical use of Artificial Intelligence (AI) and data-driven digital technology.

From an external perspective, the trend of political instability could lead to challenges to uphold human rights, calling for special consideration in due diligence.

In addition to our annual review, different functions, markets and geographies carry out human rights risk and impact assessments, the outcomes of which inform the review of our salient human rights issues and due diligence process.

Ongoing human rights risk analyses and assessments

- **Risk assessment in production markets.** Selected production markets have established heat maps of human rights-related issues based on severity and likelihood, to indicate where extra attention is needed. This informs our market strategies and goal-setting process.
- **Risk assessment by business functions.** Business functions include Retail (Construction and Facility Management) and Logistics (Warehouses and Transport) which assess their sustainability risks, including risks to human rights, on a regular basis through assessments at their partner facilities to inform the existence and adequacy of prevention and mitigation plans.
- **Risk assessment of materials.** Risk analysis is done for new materials and on a regular basis for our highest volume materials. As the extraction and production of raw materials takes place several steps back in our supply chain, our main strategies to preventing and mitigating risks are focused on engagement in certification schemes, standards and various industry collaborations.

To make sure we focus our efforts on the most important issues first, we review our salient human rights issues on a yearly basis and whenever changes in our operations occur, to ensure the issues remain relevant and are aligned with our priorities. In the yearly review of our salient human rights issues in 2024, we have gained an increased granular view across geographies and different parts of our value chain through internal assessments, which has informed our impact materiality.

Based on this we will work towards enhanced integration of human rights management across our operations and business relationships through adequate steering and governance.

H&M Group's salient human rights issues

The following salient human rights issues have informed our impact materiality assessment. Read more about the actions we have taken or plan to take to address these human rights issues on pages 94–103.

Issue	Definition	Own operations and/or part of value chain	Vulnerable groups
Health, safety & wellbeing ILO Conventions 155, 183 187 and 190 ICCPR Article 6 ICESCR Article 1	Health, safety and wellbeing of employees, workers and customers across the value chain, such as safe and healthy working conditions, store safety and product safety. This includes protection from gender-based violence (GBV) and any other form of physical, sexual, psychological, or verbal harassment or violence occurring during, linked with, or arising from work.	Own operations, primarily in our warehouses and stores, related to our customers, investments and in various supply chains, such as manufacturing, international freight and transportation, construction and facility management, upstream material and fibre supply chains and downstream end-of-life value chain.	Vulnerable groups include young workers, children, female and pregnant workers, temporary workers, informal workers, homeworkers and migrant workers.
Freedom of association & collective bargaining ILO Conventions 87, 98, 135 and 154	A person's right to join, and/or form trade unions of his or her own choosing and to bargain collectively. An enabling right for other labour rights.	In various supply chains related to manufacturing of our goods.	Vulnerable groups include union members, worker representatives, migrant workers, outsourced staff and self-employed workers.
Child labour ILO Conventions 138 and 182 United Nations Convention on the Rights of the Child	Work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development – i.e., is mentally, physically, socially or morally harmful to children; interferes with their schooling by depriving them of the opportunity to attend school; obliges them to leave school prematurely; or requires them to attempt to combine school attendance with excessively long and heavy work.	Primarily within our production supply chain, with higher risk in our material supply chains, for example linked to farming and informal sectors. Also prevalent in our international freight and transport supply chain and in our construction and facility management supply chain. Children of working parents are also indirectly affected by the working conditions of parents.	Vulnerable groups include children, young workers, migrant workers, religious and ethnic minority groups.
Forced labour ILO Conventions 29, 97 and 105 ICCPR Article 8	All work or service that is exacted from any person under the threat of a penalty or for which the person has not offered himself or herself voluntarily. Indicators of forced labour include unreasonable fees leading to debt bondage, deception, restriction of movement, isolation, abuse of vulnerability, physical and sexual violence, intimidation and threats, abusive living and working conditions, wage withholding, excessive overtime, and retention of personal documents.	Own operations, investments and various supply chains, for example in manufacturing, warehouse operations, transportation, construction and facility management, material and fibre supply chains and downstream end-of-life value chain.	Vulnerable groups include migrant workers, agency workers, temporary workers, religious and ethnic minority groups.
Compensation & benefits ILO Conventions 95 and 131	Wage levels for a regular work week to be sufficient to meet basic needs for the worker and their families and provide some discretionary income. Minimum wage in some countries where we have operations might not be equivalent to a sufficient wage level. Workers could therefore be living off a salary not sufficient for a basic living standard. These circumstances could also increase the risk of excessive overtime work which connects to workers' rights to health, rest and family life.	Primarily within our production supply chain, facility management and transportation (last mile delivery) supply chains as the issue is largely market specific.	Vulnerable groups include women, migrant workers, temporary workers and self-employed workers.
Social security & protection ILO Conventions 121, 122, 158, 175 and 183	Access to healthcare, insurance and income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of income. A responsibility dependent to a large extent on legal frameworks and institutional capacity of a market. Recognised employment is often a precondition for access to work-related social security benefits and protection.	Own operations and various supply chains. The issue is largely market specific and present in some of our production markets where national frameworks offer less protection.	Vulnerable groups include migrant workers, agency workers, temporary workers and self-employed workers, as well as workers and communities in the informal economy.

Issue	Definition	Own operations and/or part of value chain	Vulnerable groups
Discrimination and equal treatment ILO Conventions 100, 111 and 159 ICCPR Article 2 ICESCR Article 2, CEDAW General Recommendation No.35.	Discrimination or unequal treatment on the grounds of gender, sexual orientation, race, colour, age, pregnancy, marital or social status, religion, political opinion, nationality, ethnic origin, disease or disability. This includes equal remuneration for equal work and other aspects of equal treatment at work including discrimination in the form of gender-based violence and harassment (GBVH) against women, directed towards a woman because she is a woman or that affects women disproportionately.	Own operations, related to our warehouse operations. Various supply chains, notably in our manufacturing supply chains, linked to a large share of female workers. Unintentionally entrenching discrimination against certain groups of consumers through marketing by exclusively focus on certain types of skin colours, body types, age or hair texture.	Vulnerable groups include women, indigenous women, migrant workers, temporary workers, the LGBTQIA+ community, minority groups, people with disabilities, trade union membership, teenagers and children, and varies by market.
Communities access to water ICESCR Articles 11 and 12	Industries can be a contributor to water pollution and water scarcity, which is why safeguarding wastewater treatment and reducing water use are essential to ensure access to clean water and sanitation in neighbouring communities.	Primarily within our production supply chain, and in our material supply chains and related to our investments. Also in our international freight and transport supply chains and in our construction and facility management supply chain.	Vulnerable groups include potential indigenous populations and children in neighbouring local communities.
Communities access to clean and healthy environment UN GA Resolution A/RES/76/300 (28 July 2022)	A safe environment will focus on the protection of the environment as a non-harming environment for human beings. Causing air pollution will impact both workers' and local communities' health. Air pollution reduces quality of health and lowers life expectancy.	Primarily within our production supply chain, in our international freight and transport supply chains and in our construction and facility management supply chain.	Vulnerable groups include potential indigenous populations and children in local communities.
Land rights & livelihoods ILO Conventions 107 and 169 ICESCR Articles 1 and 15 ICCPR Articles 1 and 27	Access to land, forest and water can be a source of livelihood and sometimes important for the enjoyment of social and cultural rights. Operations and the use of natural resources should not contribute to destruction and/or degradation of the resources and income base for communities, nor should there be any illegal taking of land, forests or water or illegal eviction of groups of people for reasons of development or use of these resources.	Primarily within our material supply chains, mostly connected to farming and forestry.	Vulnerable groups include potential indigenous groups and minority groups.
Privacy & Integrity UDHR Article 12 ICCPR Article 17	The right to privacy is the right to keep one's personal matters and information out of the public domain and government interference. The right to privacy is essential to human dignity and the protection of our autonomy, dignity and personal identity.	Own operations, related to employees' and customers' data handling, and connected to investments.	

Own workforce

Through our own operations we have an impact on people working with the design, marketing, sales, distribution and warehousing of our products. Our business activitites could potentially impact the health, safety and wellbeing and quality of life for all employees within our own operations. We believe all our employees are entitled to a safe and fair working environment where every individual is treated with respect.

Strategy and governance
At H&M Group we are guided by our shared values, and we believe that our employees are a vital driving force to deliver on our business idea. Inclusion and diversity are the cornerstones of our business strategy, fostering a workplace where every individual feels valued and included. Through our global policies and processes we aim to make the employee experience consistent across roles and geographies, while adapting to new technologies, anticipating shifting demands for skills, simplifying our organisational structure, and establishing efficient ways of working. To enable our employees to thrive, we actively work to create and maintain a respectful and welcoming workplace for all.

We believe in the power of growth, both professional and personal. That is why we offer diverse learning opportunities and set clear development goals to help our employees reach their full potential. We categorise our employees into three different groups: Store personnel (colleagues working in stores), Office personnel (colleagues primarily in offices), and Warehouse personnel (colleagues in logistics and warehouses). Non-employees include consultants and contract workers in our stores, offices and warehouses. Our ambition is to create an exceptional employee experience for all these groups across our brands and functions.

Identification and management of material matters
We apply a risk-based approach and conduct human rights due diligence across our organisation to identify and address potential negative impacts on our employees. We work diligently to prevent and mitigate any harm, ensuring there are grievance mechanisms for employees to raise concerns and access support. H&M Group encourages an open-door practice, where work-related issues, disagreements and misunderstandings should be solved through an informal, open and straightforward dialogue at an early stage. Recognising the associated business risk of not respecting the human rights of our own employees is a crucial step in avoiding and reducing potential harm. As part of our continuous due diligence process, we have identified and evaluated both actual and potential negative impact stemming from our global operations and ways of working.

These potential challenges highlight opportunities to better protect our employees, especially vulnerable groups such as temporary workers in stores and warehouses, as well as minority groups. By addressing these challenges proactively, we continuously create a safer and more inclusive working environment for everyone. Our employee engagement survey is the main tool for engaging with employees across the organisation. It covers our six pillars of engagement: wellbeing, clarity, connection, empowerment, growth and purpose. The insights gained from the employee engagement survey are used at different levels and help teams to better understand how H&M Group can continue to improve and develop as an employer and deliver on our commitment to respecting the rights of all our employees.

Policies and procedures
H&M Group's commitment to respect the rights of our own workforce is set out in our human rights policy, data privacy policy and social policies. These include our equality, inclusion, diversity and non-discrimination policy, our no harassment and no violence policy, our health and safety policy, our labour relations policy, our grievance policy, and our global compensation guidelines. These social policies and guidelines cover the areas of grievance, equality, inclusion, diversity, non-discrimination, no violence, no harassment, health and safety and labour relations, and applies to all entities within the H&M Group. H&M Group complies with national laws and respects internationally recognised human rights wherever we operate, and our human rights policy and social policies are aligned with internationally recognised instruments such as the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the Universal Declaration of Human Rights and ILO Declaration on Fundamentals Principles and Rights at Work. Our RBC policy outlines our sustainability due diligence process.

The salient human rights issues which have informed the impact materiality assessment connected to our own workforce are:

- Health, safety and wellbeing (including working hours and secure employment)
- Discrimination and equal treatments
- Data privacy and integrity
- Forced labour
- Compensation and benefits

Our policies and procedures are available at hmgroup.com and the supplier portal for all our business partners. Read more about H&M Group's policies and commitments on page 108.

Targets and actions
As we progress, it is essential to prevent and mitigate identified negative impacts on our employees. We address and achieve this through our methods of working and by focusing on several key areas and people processes. Our overarching target for own workforce is to maintain our high level of internal engagement and satisfaction, which we measure bi-annually through our employee engagement survey.

A safe and healthy working environment for all employees
In our approach, we conduct risk assessments to identify potential risk areas. We aim to proactively pinpoint work environment issues that could lead to ill-health or accidents, and to continuously improve providing an attractive workplace. By anticipating the possible outcomes of specific actions, we can foresee and address potential challenges early on, which is a fundamental aspect of our way of working.

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

Through training and activities, our employees are empowered and encouraged to take care of themselves and others while at work. We arrange a yearly global health and safety week with the aim to create awareness and promote safety, physical health and mental health in our workplaces around the world while mitigating hazards and accidents to our colleagues.

Secure employment and fair working conditions for our employees
We respect our employees' right to freedom of association and collective bargaining, and support this through our labour relations policy and Global Framework Agreement with Union Network International. Engagement with our employees is crucial, and we assess the level of engagement by inviting our employees to share their thoughts and feedback through our regular internal engagement surveys. Our overall employee satisfaction score slightly improved despite changes and challenges impacting people in our operations. In 2024 it was 76 out of 100, compared with 75 in 2023. To ensure we are a fair, consistent and competitive employer worldwide, we continue to implement and explore additional H&M Group minimum employment standard.

Talent and succession
We have a global talent approach and believe that everyone has a talent. We empower self-driven development where everyone contributes to both individual success and the success of their teams. With business-critical competencies and skills needed now and tomorrow as a foundation, we support global succession planning by providing processes and tools for talent planning, identification, development and retention.

Our standardised recruitment process launched this year, focuses on ensuring consistent candidate experiences and maintaining transparency.

The process includes supporting the hiring manager with identifying needs, sourcing and screening of candidates, conducting competency-based assessments, extending offers, and securing a smooth transition to pre-boarding. The standardised process will continue to be introduced throughout the organisation in 2025.

Inclusion and diversity
Our inclusion and diversity (I&D) work includes clear messaging across all channels, regular updates and mandatory training, global and regional I&D awareness initiatives, colleague resource groups, improved diversity data mechanisms, and applying a diversity lens to all colleague lifecycle processes. Accessibility, both physical and digital, remain a key priority, and we are looking into further ways of updating our guidelines and procedures in this area.

We boost our I&D awareness through ongoing learning initiatives and the expansion of our colleague resource groups (CRG). Additionally, establishing inclusion and diversity metrics, with the ambition of setting group-wide targets, will provide a structured approach to our objectives onwards. This year, we acknowledged and raised awareness around Pride and International Women's Day globally.

We continue to expand our work with colleague resource groups to support the creation of a culture of inclusion, inclusive business practices and an inclusive work environment. The groups are voluntary and employee-led and provide support and safe spaces where colleagues can connect, build community, encourage each other, and share learning. They also contribute to the workplace by enhancing career development, professional networking, and overall personal development.

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.

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

Characteristics of employees[1]

	2024[2]			
	Female	Male	N/A or other[3]	Total
Number of employees	101,139	31,923	5,504	138,566
Number of permanent employees	78,405	25,959	3,364	107,728
Number of temporary employees	22,676	5,928	2,140	30,744
Number of full-time employees	44,070	17,674	1,398	63,142
Number of part-time employees	57,069	14,249	4,106	75,424

1. 94 employees are reported as 'unknown' in terms of permanent/temporary contract type. 58 people out of these are female and 36 are male. These 94 people are included in the full-time/part-time figures but not in permanent/temporary.
2. Total employee headcount as of 30 November 2024.
3. The data is globally aggregated from our markets based on different legal requirements and systems. This category summarises colleagues for whom gender data is not available due to legal or technical reasons, as well as colleagues with a registered other gender in line with relevant local legislation in applicable markets. We continue our work to further improve our systems for global data aggregation and with that data quality and scope.

Diversity and inclusion[1]

	2024
Number of employees under 30 years old	69,065
Number of employees between 30 and 50 years old	58,286
Number of employees over 50 years old	11,209
Share of employees under 30 years old, %	50
Share of employees between 30 and 50 years old, %	42
Share of employees over 50 years old, %	8

1. 6 employees have been reported as unknown (blank) and do not show in above table.

Training and skill development[1]

	2024			
	Female	Male	Other	Total
Share of employees and (or) non-employees that participated in regular performance and career development reviews, %	40.90	36.90	5.00	38.32
Average number of training hours per employee and (or) non-employees[2]	3.35	4.01	9.74	3.79

1. Data on employees and non-employees working in Germany is not included.
2. The data is insufficient because our Learning system does not cover 'On the Job Training', which accounts for a significant number of hours in our organisation, and our Learning Experience Platform has so far only been launched for around 30 percent of employees.

Collective bargaining coverage and social dialogue

Indicator	2024	2023
Share of total employees covered by collective bargaining agreements/union representation, %	49.75	44.60

Characteristics of employees – Employee turnover[1]

	2024
Number of employee turnover	52,063
Share of employee turnover, %	38

1. Voluntary employee turnover includes all assignments terminated voluntary by the employees (including temporary contracts/assignments that have ended). Since a large portion of our total workforce are in stores where many contracts are temporary, the H&M Group total will reflect that.

Characteristics of employees – Number of employees by countries

Number of employees by countries (where we have more than 10% head count)	2024[1]
Germany	16,164
USA	14,847
Sweden	10,690
Other Countries	96,865

1. Total employee headcount as of 30 November 2024.

Complaints

	2024
Number of complaints filed through channels for people in own workforce to raise concerns[1]	2,264

1. 1,238 cases were logged through speak up, and 1,026 cases were reported through other channels (e.g. in person, emails).

Characteristics of non-employees

	2024
Total number of non-employee workers in own workforce	9,885

Workers in the value chain

We recognise that we have a responsibility to ensure that people working in our value chain are treated equally, with respect and dignity. As a global company, we have an impact on the lives and wellbeing of millions of workers in our upstream and downstream value chain. The unfair treatment of our value chain workers can become a risk to our business and our commitment to respecting their human rights is therefore deeply embedded in our culture, as well as our global policies and procedures.

Strategy and governance
Our business activities may affect workers in the value chain differently depending on what stage of our value chain they are involved in. The workers in our value chain include people employed via our direct suppliers engaged in the manufacturing of our products, and workers employed by indirect suppliers engaged in the production and processing of fabrics, the yarn production, and in the sourcing and processing of raw materials. Workers in our value chain also include people employed in the transportation industry, workers in third-party logistics and temporary workers in warehouse operations, workers in construction and facility management, and the landlords and workers involved in the production of our non-commercial goods. In addition, our downstream value chain include workers involved in the collection, sorting, recycling and disposal of clothes and textiles. Our ambition is to respect the human rights of all people across our value chain and ensure a safe workplace for all. To achieve this, we have established a robust human rights due diligence process and grievance mechanisms. Raising awareness about working conditions in our value chain, and ensuring that workers' human rights are respected, is embedded in our culture and values and forms a part of our business idea – to deliver fashion and quality at the best price, in a sustainable way.

Identification and management of material matters
H&M Group applies a risk-based approach to the management of the rights and wellbeing of workers in the value chain and regularly conducts human rights due diligence to identify potential negative impacts on people. Read more about our salience assessment and human rights due diligence process on pages 91–93.

We recognise our responsibility to remedy any potential negative impacts on people and workers in the value chain that are connected to H&M Group's business activities and therefore we have established a clearly outlined process for handling confirmed cases of violations and enabling remedy.

H&M Group continuously engages with affected stakeholders, including workers in the value chain, as part of our due diligence process. For most of our sourcing markets we have teams on the ground to evaluate human rights impact and engage with rightsholders or their representative. Through our Global Framework Agreement with IF Metall and IndustriALL Global Union, we consult with global trade unions and their local affiliates to identify and assess risks and collaborate on mitigation plans and, in some cases, 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 on a regular basis with relevant local and global stakeholders, such as civil society organisations, suppliers, researchers, peer groups and unions.

Policies and procedures
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 Multinational Enterprises, the Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work. In addition,

The salient human rights issues which have informed the impact materiality assessment connected to workers in the value chain are:

- Health, safety and wellbeing
- Forced labour
- Child labour
- Freedom of association and collective bargaining
- Compensation and benefits
- Social security and protection
- Discrimination and equal treatment

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.

Our policies are accompanied by topic-specific guidelines and requirements that clearly set out the basic principles, processes and tools to comply with our policies as well as reaching our targets. These include our case handling procedure, child labour case handling procedure, GBVH procedure, procedure on responsible recruitment of migrant workers, home worker procedure, prison labour procedure, remediation procedure, silicosis procedure, health and safety guideline, and our procedure on responsible raw material sourcing.

We also report in line with regulatory frameworks such as the UK Modern Slavery Act, Australian Modern Slavery Act, Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act, the German Supply Chain Act (LKSG), the California Transparency in Supply Chains Act and the Norwegian Transparency Act.

Our policies and procedures are available at hmgroup.com and the supplier portal for all our business partners. Read more about H&M Group's policies and commitments on page 108.

Grievance Mechanism
Everyone working at a business partner's entity, including subsidiaries, subcontractors or any other relevant stakeholder, is welcome to raise concerns anonymously through our whistleblowing platform speak up. Read more about our speak up channel on page 105. We do not tolerate retaliation for reporting suspected misconduct in good faith. This is explicitly written in our speak Up guideline which also includes how to conduct potential anti-retaliation checks.

In H&M Group's sustainability commitment, all business partners commit to providing a grievance mechanism for their employees which allows them to raise concerns without the risk of retaliation. We expect them to manage grievances related to human rights, labour rights and environmental impact and to engage in appropriate remediation of any harm to people or the environment that they have caused, contributed to or to which they are directly linked, in close dialogue with those affected. For direct suppliers in production, we track the existence of grievance mechanisms through facility social labour module (FSLM), factory performance data and Industrial Relations impact according to 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 into our platform called STEP (sustainable tracking & evaluation platform) to track issues raised and to monitor if they are resolved. These results are complemented by other sources, as we are also aware that workers may have been coached when responding to surveys.

We also have a detailed grievance mechanism guideline for mechanisms in tier 1 production supplier factories. In addition, there are specific grievance channels in some of the markets where we do business:

- Through our Global Framework Agreement with IndustriALL Global Union and IF Metall we have established National Monitoring Committees (NMC) 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 additional grievance mechanisms where workers can raise concerns directly with us and where conflicts that could not be solved at the factory level can be elevated.
- In Bangladesh, the RMG Sustainability Council (RSC) has established a hotline for workers to raise health and safety complaints.
- We expect supplier factories in Myanmar[1] to have a digital workers' voice tool or grievance mechanism in place where we can access the dashboard to see the grievances raised.
- We have initiated a pilot in China where selected supplier factories producing for COS have established a digital grievance mechanism where workers can raise complaints.

Remediation

H&M Group has a clearly outlined process for handling confirmed cases of violations and enabling remedy. 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 with peers, and local and international stakeholders. In general, we use our leverage, to the extent possible and reasonable, to influence others to take their responsibility. In addition, we are guided by a set of principles to remedy any negative impact:

- Safeguarding of people who are victims of rights violations should be the first consideration in any remediation process.
- Extra care should be taken for vulnerable groups such as children, youth, women or marginalised groups and when tackling sensitive topics such as GBVH, abuse or forced labour.
- We strive to have the most positive impact possible within the appropriate level of responsibility and should always make the best possible effort to do so.
- Trade unions and/or worker representatives' structures should have an official and well-understood role and responsibilities in the prevention and remediation of all issues.
- We must make decisions and take actions based on well-documented facts and evidence. We must remain unbiased when approaching a case.

Targets and actions

We set targets for each of our material impact areas, including freedom of association (FOA) and collective bargaining, health, safety and wellbeing, discrimination, child labour and forced labour, compensation and benefits. These targets are communicated to all functions in our organisation to be acted on.

A safe and healthy working environment for all value chain workers

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.

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.

Freedom of association and collective bargaining

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.

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 proactively to promote freedom of association and issues of joint concern.

Child labour

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.

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.

Forced labour

We do not accept any form of forced labour in our supply chain. This is clearly stated in our sustainability commitment. 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 mechanisms. 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.

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

Fair and equal wages

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 contracts 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' awareness 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.

Discrimination and equal treatment

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.

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.

WORKERS IN THE VALUE CHAIN

Progress towards targets in 2024

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.

Myanmar[1] saw a major rise of the average gross wage from 2023 to 2024, with a significant increase in the difference between average and minimum wages. Many suppliers in Myanmar[1] have raised wages by 20-30 percent to mitigate the current situation, in addition to two government-announced wage increases of MMK 1,000/day during the year.

In 2024 we continued working with women leadership programmes. Although factories have worked to develop succession pools and made efforts to increase women workers' skills to enable their advancement, we have seen that progress takes time as there needs to be vacancies which might be rare and that there are many reasons holding women back from wanting to become supervisors. Moving forward, we will focus more on the foundations that will enable an increase in female leadership.

Average monthly wages (excluding overtime) at tier 1 production supplier factories versus applicable minimum wages in key production markets[2,3]

Country	Currency	Minimum wages 2024	Gross average wages 2024	Difference between average and minimum wages 2024	Minimum wages 2023	Gross average wages 2023	Difference between average and minimum wages 2023
Bangladesh	USD	108	150	39%	81	124	53%
	BDT	12,201	16,960		8,276	12,624	
Cambodia	USD	204	294	44%	200	283	42%
	KHR	833,045	1,200,619		822,000	1,164,399	
Mainland China	USD	290	534	84%	290	542	87%
	CNY	2,090	3,848		1,962	3,667	
India	USD	124	159	28%	120	154	29%
	INR	10,339	13,259		9,786	12,598	
Indonesia	USD	173	202	17%	171	199	16%
	IDR	2,736,302	3,193,760		2,649,826	3,082,693	
Myanmar[1]	USD	42	87	107%	70	111	60%
	MMK	145,996	308,790		146,049	233,655	
Pakistan	USD	116	158	36%	118	156	33%
	PKR	32,458	44,031		26,764	35,626	
Türkiye	USD	624	736	18%	622	725	17%
	TRY	20,002	23,611		11,684	13,616	
Vietnam	USD	162	327	102%	167	324	94%
	VND	4,046,776	8,162,677		3,908,216	7,584,086	

See our website for detailed wage and worker data.

1. We are in the process of phasing out our operations in the country gradually and in a responsible way, setting detailed plans with our suppliers and following ACT Responsible Exit Policy and Checklist.
2. 2024 data includes active and approved manufacturing (tier 1) suppliers for all commercial product types, and covers the time period 1 January–30 September 2024. 2023 data covers the time period 1 January–31 December 2023. As our supplier base changes over time, average wage data is not presented as a like-for-like analysis. All average wage data reflects weighted averages, taking account of the size of each factory and the number of workers. Minimum wage data also reflects weighted averages, taking account of any differences in minimum wage changes during the year, and between regions or states.
3. Currency conversions at turn of the month from UN Treasury Operational Rates of Exchange, based on weighted average of monthly result for 2024.

Supply chain management data

	2024	2023	2022
Share of workers in our tier 1 production factories that are female, plus total number of workers who are female and male, %	61% (1,030,385)	63% (1,007,070)	62% (1,156,000)
Share of supervisors in our tier 1 production factories that are female, plus total number of supervisors who are female and male, %	25% (64,276)	27% (65,310)	27% (71,000)
Share of worker representatives in our tier 1 production factories that are female, plus total number of workers representatives who are female and male, %	65% (9,500)	65% (9,701)	63% (9,800)
Share of tier 1 production factories with Health & Safety Committees, %[1]	100	97	98
Share of tier 2 production factories with Health & Safety Committees, %[1]	100	94.75	–
Share of tier 1 production factories with trade union representation, %[1]	39	37	42
Share of tier 2 production factories with trade union representation, %[1]	35	41	–
Share of tier 1 production factories with collective bargaining agreements, %[1]	33	29	34
Share of tier 2 production factories with collective bargaining agreements, %[1]	23	25	–
Share of tier 1 production supply chain factories that have grievance mechanisms in place, %[1]	100	99.88	–
Share of tier 2 production supply chain factories that have grievance mechanisms in place, %[1]	99.61	99.30	–
Number of tier 1 production supply chain factories covered by workers' voice survey	627	524	–
Number of tier 1 production supply chain factories workers responding to workers' voice survey	164,818	141,453	–
Number of workers covered and markets impacted by our National Monitoring Committees (NMC)	1,027,936	823,656	984,000

1. Scope: factories participating to HIGG FSLM – read more on page 106.

Human rights issues raised with National Monitoring Committees (NMC)

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

Affected communities

As a global fashion company we have an impact on local communities throughout our value chain, where people and communities may be negatively affected by the sourcing and processing of materials and the production of finished goods as well as the disposal of products and materials. The use of land and natural resources during the production and disposal of clothes and textiles could potentially harm natural ecosystems and impact communities' access to a clean, healthy and toxic free environment.

Strategy and governance
At H&M Group, we believe we have a responsibility to conduct our business in a way that respects the rights of people living in communities that could be affected by our operations or business activities across our value chain. We aim to build a responsive and responsible value chain where all people in affected communities have a voice and the possibility to raise their concerns. Our ambition is for every rights holder, especially vulnerable groups such as children and indigenous people, to feel assured that they are heard and that their rights are respected. To achieve this ambition, we identify and drive initiatives that focus on preventing and mitigating potential negative impacts on people in affected communities and their surrounding environment.

Identification and management of material matters
In order to identify the salient human rights issues related to people in affected communities, we have carried out a human rights assessment throughout our entire value chain. Operations in certain parts of our value chain can have potential negative impacts on the quality of water and air as well as on land and the livelihoods of people.

Identifying potential human rights violations associated with business activities is the first critical step in preventing and mitigating any potential harm to people. Therefore, we have identified and assessed actual and potential adverse human rights impacts arising from our global operations and value chain as part of our ongoing human rights due diligence process. Read more about our approach to human rights and the results from our salience assessment on pages 91–93.

Policies and procedures
H&M Group's commitment to respect the human rights of people living in affected communities is set out in our human rights policy, which applies to all entities within the H&M Group and our business partners. 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 Multinational Enterprises, the Universal Declaration of Human Rights and ILO Declaration on Fundamental Principles and Rights at Work. Our RBC policy outlines our sustainability due diligence process.

In addition, H&M Group's sustainability commitment, which applies to all business partners, outlines that there should be no infringement on land rights or on the civil and political rights of marginalised populations. Operations and the use of natural resources shall not contribute to the destruction or degradation of the resources and income base for communities, including marginalised populations, such as in claiming large land areas, irresponsible use of water or other natural resources on which these communities depend.

Our policies and procedures are available at hmgroup.com and the supplier portal for all our business partners. Read more about H&M Group's policies and commitments on page 108.

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, read more on page 105. 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. Read more about how we engage with our key stakeholders on page 55.

The salient human rights issues which have informed the impact materiality assessment connected to affected communities are:

- Access to a clean and healthy environment
- Access to water
- Land rights and livelihoods

Targets and actions
H&M Group jointly develop feedback and communication tools to have the best possible overview of potential impacts as well as the needs and concerns of people living in affected communities. In addition, the group is currently looking into strengthening its current approach by setting quantitative targets for affected communities and is actively seeking contacts and partnerships with organisations or other proxies that can more directly and effectively represent affected communities to set such targets.

Access to a clean and healthy environment
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 environment. 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. Read more about our targets and actions related to climate, chemicals and water pollution, resource use and circularity on pages 61–63, 67, 69 and 73–75.

Access to water
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. Read more about our targets and actions related to chemicals and water pollution on page 67.

Land rights and livelihoods
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, see pages 73–78. 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.

Consumers and end-users

The continued success of our business depends on our ability to understand and meet our customers' needs and expectations. Our business activities could potentially impact our customers' or the users of our products negatively if our products are not designed with the health and safety of people in mind, or if our marketing practices do not consider the needs of the many. Every decision we make is therefore driven by our desire to create the best offering and experience for our customers and and with a fundamental respect for all people and their rights.

Strategy and governance
H&M Group has an established culture of innovation and entrepreneurship, and a tireless focus on our customers and our ability to scale great ideas to the benefit of millions of people. Our aim is to offer qualitative products and liberating fashion for the many. We are for everyone, but everyone is unique. Our brands offer a broad range of styles for different personalities, preferences, body types, ages, gender identities, occasions and cultures. Our customers include women, men, youth, and children of all ages, that are consumers and users of apparel and lifestyle products. With great size comes great responsibility and we believe protecting our customers' rights and safety is an important part of our sustainability work.

Identification and management of material matters
H&M Group is dedicated to addressing any material negative impacts on consumers and end-users promptly and effectively. To identify the salient human rights issues related to our customers and the users of our products, we have carried out a human rights assessment. Read more abour the results from our salience assessment on pages 91–93.

In addition, we regularily incorporate feedback from our customers to inform our decisions and activities. This engagement occurs through various channels, including customer service interactions. Insights gathered from these interactions help us tailor our privacy practices to better meet the needs and expectations of our customers and the users of our products. We welcome individuals to reach out with their concerns or feedback. We provide easily accessible contact information for our data protection officer (DPO) on our websites as well as to our dedicated customer service team responsible for managing data subject rights. Additionally, we have a speak up channel where customers and users of our products can raise concerns. Read more about our speak up channel on page 105.

All our processes involving our customers personal data are designed with the privacy perspective in mind. Our approach involves a continuous monitoring and assessment of our operations and procedures to identify potential negative impacts on our customers and the users of our products. When a significant issue arises, we act quickly to mitigate harm, implementing remediation plans that address root causes and prevent recurrence. Additionally, we regularly review and refine our policies to improve our ability to prevent and address any negative impacts effectively. When a material impact occurs, we take action to provide or enable remedy, such as informing affected customers promptly about the breach and implementing corrective measures to prevent future occurrences. Necessary actions are identified through our risk management processes performed by our legal compliance team, and the data protection officer.

Policies and procedures
Our work is guided by our product safety guidelines, data privacy policy and human rights policy, which applies to all entities within the H&M Group and our business partners, and our RBC policy, which outlines our sustainability due diligence process.

We have also established comprehensive procedures to guide colleagues in managing personal data responsibly. These procedures outline the key elements of our data privacy policy and provide step-by-step instructions that translate legal and regulatory requirements into actionable guidance for daily operations. To further support data privacy understanding across the organisation, we offer a variety of training sessions tailored to enhance colleagues' data protection knowledge. For instance, all office-based employees are required to complete an annual e-learning module on data privacy. This training equips participants with essential skills to recognise and properly handle personal data, helping to foster a culture of privacy awareness and ensuring adherence to our data protection standards at every level of the organisation.

Our policies and procedures are available at hmgroup.com and the supplier portal for all our business partners. Read more about H&M Group's policies and commitments on page 108.

The salient human rights issues which have informed the impact materiality assessment connected to consumers and end-users are:

- Discrimination and equal treatment
- Product safety
- Customer data privacy

Targets and actions
To deliver on our business idea and liberate fashion for the many, we have taken action related to the marketing and saftey of our products as well as the data privacy of our customers. We have not yet set targets for consumers and end-users.

Responsible marketing
We have a responsibility to market our products in a sustainable way and be accessible to all consumers and users of apparel and lifestyle products regardless of who they are. The brands within H&M group create campaigns and communication assets that inspire a wide and diverse target group across our markets. Marketing by our brands has a major impact on consumers, therefore we need to plan and produce our marketing assets consciously and responsibly. This responsibility entails securing a diverse representation of people in our casting and promoting a positive and healthy lifestyle.

Product safety
When making products for children, safety is paramount. It is a core focus for all roles working with children's products and vital in all stages of product development – from the initial idea creation to the production floor. Our child safety experts set guidelines to educate our employees on the latest safety requirements and trends. We base our child safety work on legal requirements and knowledge about how children behave, as well as the customer feedback we receive. All cases concerning product safety incidents are carefully investigated and contribute to continuous product development.

We perform thorough risk assessments to identify potential negative impacts including developing appropriate mitigation strategies. We continuously monitor key indicators linked to product safety, such as the number of orders stopped before sales or product recalls due to health and safety issues or child safety issues. Read more about our targets and actions related to safe products and chemical use on page 67.

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 custome 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.

Governance

At H&M Group, we consider the needs of present and future generations, and aim to conduct our business in a way that is economically, socially and environmentally sustainable. To be a successful business we believe we must act responsibly and this means sharing clear, accurate and relevant information about our products and operations. Everything we do forms part of the social and environmental story of our products.

Business conduct

H&M Group operates across multiple markets globally, each with their different laws and regulations. We recognise that how and where we operate has an impact on many stakeholders as well as our business long-term success. In many of the markets where we operate, unethical business practices and behaviours poses a risk to our business. Good procurement practices and close cooperation with our business partners are therefore essential to ensure we deliver on our business idea and mitigate any potential negative impacts on people or the planet.

Strategy and governance
It is of the utmost importance for H&M Group to always act ethically, transparently and responsibly across all parts of the business – from collaborating with our suppliers to engaging with our customers. This starts at board level and runs throughout our brands and operations. Our ambition is to establish a corporate culture that promotes ethical and responsible business conduct. H&M Group's risk management and internal control processes assure that we are compliant with relevant legislation and have control over our risk exposure. The executive management team, each brand, and every relevant group function reviews our business conduct risks on a quarterly basis. The board of directors and the audit committee receive regular feedback from the organisation concerning these processes. The responsibility for H&M Group's corporate culture and business conduct is stated in our corporate governance report, pages 38–51.

Identification and management of material matters
We undertake risk assessment as part of the due diligence process for new suppliers, based on the risk level by country, industry, type of business and delivery. We set short- and long-term goals to help mitigate identified risks, and the prioritisation is risk-based. H&M Group continues to explore the use of third-party risk management tools that could automate our business conduct risk identification process and due diligence process for business partners and other third parties. Read more about H&M Group's risk management process on pages 49–51.

Policies and procedures
Fundamental respect for the individual and human rights sits at the heart of our business and culture. This applies to everyone along our value chain and includes aspects such as fair wages and working hours, a safe workplace, freedom of association, and the opportunity to develop and grow. Minimum employment standards and social policies are applied across our operations and supply chain to support good working conditions in safe and healthy environments for all. As a global company, we represent a rich variety of different cultures and backgrounds. This is one of our key business strengths, as it brings a wealth of diverse knowledge, experience and perspectives that enable creativity and innovation. We actively work to cultivate an inclusive corporate culture where everyone is encouraged to be themselves and respect others for who they are.

'Our way' summarises our values, policies and guidelines and how they shape the way H&M Group operates to ensure business is carried out in an ethical, responsible, sustainable and transparent way. 'Our way' applies to all employees within all brands and functions of H&M Group, as well as external stakeholders. For further information about 'Our way', see hmgroup.com/about-us.

Code of ethics
At H&M Group, our commitment is to conduct business with a high standard of honesty, integrity, transparency and fair play. Our code of ethics details the company's expectations on employees and business partners. All business carried out with or on behalf of H&M Group should always be conducted in accordance with our code of ethics, applicable laws and regulations in the country of business. The code of ethics includes details about our zero-tolerance policy on bribery and corruption, which applies to all business dealings in all countries in which we operate. It is mandatory that all our business partners and employees comply with the code of ethics. We see education and building awareness as crucial tools to act ethically and in compliance with applicable policies, laws and regulations.

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 behaviour, or violation of laws. 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.

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. Read more about our whistleblowing policy and mechanism on page 108.

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. Read more about our sustainability commitment and RBC Policy on page 108.

Data privacy
H&M Group has implemented a robust data privacy policy to ensure compliance with applicable legislation and uphold the highest standards of data security. We have also established comprehensive procedures to guide colleagues in managing personal data responsibly. These procedures outline the key elements of our data privacy policy and provide step-by-step instructions that translate legal and regulatory requirements into actionable guidance for daily operations. Read more about our data privacy policy on page 108.

To further support the understanding of data privacy within the organisation, we offer a variety of training sessions tailored to enhance colleagues' data protection knowledge. For instance, all office-based employees are required to complete an annual e-learning module on data privacy. This training equips participants with essential skills to recognise and properly handle personal data, helping to foster a culture of privacy awareness and ensuring adherence to our data protection standards at every level of the organisation.

Animal welfare
Our commitment to act ethically, transparently and responsibly extends beyond people and the planet and includes animals. Our commitment towards animal welfare is stated as part of our environmental policy and in our animal welfare policy. We have a long-standing commitment to improve animal welfare across our global supply chain and we are working to source all animal-derived materials that we use from farms with good animal welfare practices in place. Read more about our animal welfare policy on page 108.

Targets and actions
To reach our ambition and establish a corporate culture that promotes ethical and responsible business conduct, we have set targets related to preventing corruption and bribery, and we take action to prevent unethical business behaviour across our value chain.

Corruption and bribery
We have zero tolerance for corruption and bribery. Our ethics and anti-corruption training programme is our main tool for mitigating the risk of corruption and bribery cases. We provide anti-corruption training during onboarding to our employees, who are required to sign our code of ethics. Employees can access the company's code of ethics and our speak up channel through the H&M group ethics portal. Awareness programmes for our speak up channel are held throughout the year. We make every effort to keep whistleblowers' identities 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. The H&M group is subject to legal requirements for whistleblowing.

We assess and investigate all reported code of ethics cases internally, tracking the number of violations annually and report these annually to the CEO, CFO, audit committee of the board of directors and via our annual and sustainability report. These investigations may lead to terminations of business relationships or employment. We also conduct internal audits to ensure compliance.

Supplier relationships and purchasing practices

We work continuously to develop responsible purchasing practices and strive to ensure that our purchasing practices support sustainable development in the textile and clothing industry. We do this by offering better capacity planning, respecting payment terms, making payroll a specified cost that is not negotiated, educating our teams on the importance of sourcing practices, and adhering to exit terms.

When evaluating a new business supplier, we communicate our social and environmental minimum requirements early in the process to create a common understanding and shared ambition. The onboarding process includes informing business partners about the importance of these compliance measures and H&M Group's commitment to transparency and accountability.

A new supplier or production unit is onboarded only when they meet our social and environmental minimum requirements. These are also included in our sustainability commitment. We take a risk-based approach to monitoring our business partners' compliance and apply different levels and methods of evaluation depending on the nature of the goods and services provided. For our suppliers of commercial and non-commercial goods, we use a system of risk-based audits and our sustainable impact partnership programme (SIPP) to monitor compliance and performance. Through SIPP we ensure all suppliers meet our minimum requirements. Read more about supplier relationships and how we deal with non-compliance at hmgroup.com/sustainability/sustainability-reporting/how-we-report.

Payment practices

Our supplier payment flow is highly automated, and execution of payments is based on purchase orders. Therefore no explicit payment approval is needed to make payments to suppliers, eliminating a potential source of late payments. Payment terms can have a big impact on suppliers' financial resilience and ability to invest. Therefore, H&M Group has negotiated a factoring agreement on behalf of all its suppliers that gives them faster access to invoice payments.

Supply chain management

	2024	2023	2022
Share of suppliers regarding H&M Group as a fair business partner, %	92	90	89
Number of colleagues in relevant roles assigned and completing training on our ACT commitments and responsibilities to improve supply chain working conditions (and % completion)[1]	524 (78%)	510 (73%)	498 (NA%)
Number of our own and outsourced warehouses audited[2].	48	55	34

1. Relevant roles include production and country management, controllers, buying office management, merchandising teams, capacity teams, business governance teams and sustainability teams. ACT (Action, Collaboration, Transformation) is a joint initiative between IndustriALL Global Union and 19 international brands and retailers to jointly develop purchasing practices, establish collective bargaining agreements, and strengthen Freedom of Association for a future-proof industry and pave the way for living wages for workers.
2. Out of the 48 warehouses audited, 14 were in own operations and 34 were in third-party logistics.

Supplier coverage of HIGG Indexes

FSLM (Higg Facility Social and Labor Module)	2024	2023	2022
Number of tier 1 production factories participating in FSLM (and % of total number of tier 1 production factories)	739 (71%)	876 (68%)	843 (66%)
Number of tier 2 production factories participating in FSLM (and % of total number of tier 2 production factories)	543 (56%)	442 (61%)	501 (52%)
Number of tier 1 production factories participating in FSLM with third-party verifications (and % of those participating)	690 (93%)	790 (90%)	843 (100%)
Number of tier 2 production factories participating in FSLM with third-party verifications (and % of those participating)	510 (94%)	415 (94%)	501 (100%)

Corruption and bribery training

	Target	2024	2023	2022
Code of ethics e-learning completion rate for H&M Group employees, %	90% annually	79	75	67

Incidents on corruption and bribery

	Target	2024	2023	2022
Total reported incidents of potential non-compliance with the code of ethics (including reported corruption cases) – employees and business partners	Monitor	35 incidents reported 6 cases remain open into 2025	34 incidents reported. 8 remain open into 2024	29 incidents reported. 6 remain open into 2023
Reported incidents of potential non-compliance with the code of ethics (including reported corruption cases) – by department	Monitor	Sales and retail: 15 Central offices: 4 Production: 11 Logistics: 5 Online: 0	Sales and retail: 12 Central offices: 11 Production: 10 Logistics: 1 Online: 0	Sales and retail: 12 Central offices: 8 Production: 8 Logistics: 1 Online: 0
Sanctions imposed following cases of potential non-compliance with code of ethics (written warning, termination)	Monitor	Employees: 4 terminations and 2 warnings Business partners: 3 warnings	Employees: 9 terminations and 8 warnings Business partners: 0	Employees: 2 terminations and 7 warnings Business partners: 1 warning
Number of substantiated code of ethics cases	Monitor	9	16	10

Payment practices and performance[1]

	2024	2023	2022
Average number of days to pay invoice from date when contractual or statutory term of payment starts to be calculated	32 days	29 days	30 days
Share of commercial supplier payments made on time, %	99	99	98

1. Due to excessive data, the averages of one month per each year are used as a proxy for the full year. No significant variations occur between each month of the year.

Letters of concern issued to tier 1 and 2 production suppliers for non-compliance with minimum requirements

	2024	2023	2022
Legal licences, emergency planning, fire safety	0	4	10
Child labour	0	0	0
Compensation, minimum wage, overtime compensation	0	24	8
Worker involvement & communication	0	0	0
Recruitment & hiring	4	4	7
Worker treatment & development	0	3	0
Water use, wastewater	17	14	7
Energy, chemicals	0	2	0
Use of undeclared units, transparency	15	45	25

Confirmed cases of non-compliance with minimum requirements[1]

	2024	2023	2022
Number of minimum requirement non-compliance cases across tier 1 and 2 production supplier factories			
Social	522	141	72
Environmental	280	21	12
Business Practice	15	50	25
Other	87	29	19
Number of Terminations of business relationships due to minimum requirement non-compliance issues for tier 1 and 2 production supplier factories	8	12	4

1. In 2024, we improved audit and validation methods to enhance visibility, ensure documentation, and secure access to remedy. We nearly doubled factory visits by third parties or H&M teams, with most findings remediated within two weeks. For serious non-compliance, such as human rights issues, we issued 36 Letters of Concern (LoC), down 63% from 96 in 2023. While overall findings increased, critical violations decreased, reflecting our continued commitment to compliance and reducing human rights violations in the supply chain.

Production supply chain data

	2024	2023	2022
Number of tier 1 production supplier factories (and % relevant production volume) disclosed in the H&M Group supplier list	1,163 (99%)	1,005 (95%)	1,183 (99%)
Number of tier 2 production supplier factories (and % relevant production volume) disclosed in the H&M Group supplier list	448 (77%)	344 (60%)	392 (73%)
Number of countries and workers in our tier 1 and tier 2 production supply chain factories	47 countries 1,447,903 workers	42 countries 1,409,820 workers	42 countries 1,400,000 workers

Our policies and commitments

Our policies are a critical part of our strategy to ensure we achieve our sustainability ambitions. Where applicable, we base our policies and commitments on international norms and recognised initiatives. This includes ILO Conventions and the UN Guiding Principles on Business and Human Rights.

Environmental policy
Our environmental policy describes how we act on our responsibility to protect the environment and stay within the planetary boundaries. H&M Group has an ambition to lead the change towards achieving a circular fashion industry with net zero climate impact, while being a fair and equal company. We aim to grow our business in a way that decouples our financial growth and profitability from the use of finite natural resources and from GHG emissions. Science is clear about climate change and resource depletion being two of the greatest challenges facing our planet today. Both are contributing to biodiversity loss and endanger the livelihoods and human rights of millions of people. To tackle these critical issues, it is crucial to move from a linear model of consumption and production – where we take, make and waste – to a circular model that maximises product and resource value through reuse, repair and recycling of products and materials.

Human rights policy
Our human rights policy outlines our commitment to respect the fundamental human rights of all people across our value chain – in our own operations, supply chain and in the communities where we operate. The board of directors has adopted our human rights policy. The responsibility for compliance is delegated to senior operational executives that report to our CEO, while the sustainability director and head of corporate governance oversee the overall compliance and report on progress and impact to the board of directors and the leadership team on a regular basis.

Social policies
In addition to our human rights policy we have implemented a set of social policies to ensure all our employees are treated with respect.

Non-discrimination policy
Our equality, inclusion, diversity and non-discrimination policy aims to ensure that everyone receives equal treatment at work. Everything we do is based on the equal value of all people, and we expect all colleagues to actively participate in building an inclusive work environment free from discrimination, prejudice and unconscious bias. In this policy, discrimination includes distinction, exclusion or preference based on, but not limited to: race, ethnicity, colour, sex, sexual orientation, pregnancy and marital status, family responsibilities, religion, political opinion, national extraction, social origin, gender identity and expression, age, disability, trade union membership and activities, health status or any form of medical discrimination, both mental and physical.

No violence policy
Our no harassment and violence policy aims to ensure a work environment free from harassment, violence or other improper conduct that could lead to physical or psychological harm. Harassment, violence or other improper conduct refer to a range of unacceptable behaviour and practices. This includes but is not limited to threatening or attacking someone physically, verbally or in writing, deliberately excluding or ignoring someone, withholding work related information, sabotaging someone's work, making sexual remarks, and initiating unwanted close contact.

Health and safety policy
Our health and safety policy aims to create and maintain healthy, safe and sustainable work environments that promote physical, mental and social wellbeing throughout our operations. We strive to build a strong health and safety culture by taking preventive measures and constantly working to secure and improve workplace conditions. All colleagues are encouraged to take responsibility in their daily work to protect themselves and others, and to report any incidents, accidents or unsafe working conditions.

Labour relations policy
Our labour relations policy aims to achieve a good relationship between employees, managers, employee representatives and relevant external stakeholders. We expect all parties to be fair, respectful and constructive when engaging in social dialogue, and to highly value everyone's contribution when it comes to finding ways to continuously improve our workplace.

Our aim is to make sure all employees in our own workforce are covered by social protection, through public programmes or through benefits offered, against loss of income due to sickness, unemployment, injury, parental leave or retirement.

Compensation and benefits
Our employees' contribution is key to our continuous growth, and we are committed to rewarding them accordingly. We outline our core compensation principles in our global compensation guidelines and always comply with local legislation and collective agreements. Employees working full-time or part-time, regardless of position, salary and country, benefit from the H&M Incentive Program (HIP), designed on the principles of profit sharing.

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.

Whistleblowing policy and mechanism
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, at speakup.hmgroup.com.

Data privacy policy
Our data privacy policy aims at prioritising and respecting privacy in a lawful and ethical manner. The policy is guided by five key data privacy principles: ensuring data is used only for clear, legally justified purposes; communicating our data handling practices transparently; maintaining data accuracy and relevance while limiting its use to necessary purposes; deleting or anonymising data once its purpose is fulfilled; and implementing robust measures to protect data according to our information security policy. All colleagues are expected to follow these principles, stay informed through awareness activities, and report any data breaches.

Responsible business conduct policy
Our responsible business conduct policy explains our approach to how we identify, prevent, mitigate and account for and address actual and potential impacts across our value chain, including in our own operations and through our upstream and downstream business relationships.

Our sustainability commitment
Through our sustainability commitment, we have set requirements on our business partners related to sustainability due diligence. It is valid for all our business partners, with whom we have contractual relations. It is guided by globally acknowledged standards and covers impact on people and on the environment. It also emphasises mutual trust and dialogue as an essential starting point in addressing sustainability challenges.

Animal welfare policy
Our Animal Welfare Policy aims to ensure that no animals should be harmed as a result of the manufacturing and production of our goods. In line with our ambition to reduce our dependency on virgin resources, we aim to increase our share of recycled animal fibres and we are also exploring alternative materials that can offer the same qualities. None of our beauty products are tested on animals and we have strict requirements in place for materials of animal origin, such as wool, leather or down. We say a big no to fur, and for many years we have banned the use of exotic skin, as well as any material deriving from endangered species. All our suppliers involved in the production and processing of animal derived materials or beauty products must comply with our animal welfare policy.

Read more about our policies and commitments on hmgroup.com/sustainability/standards-and-policies

Auditor's limited assurance report on selected sustainability information in H & M Hennes & Mauritz AB (publ)'s Sustainability Report 2024

To H & M Hennes & Mauritz AB (publ), corporate identity number 556042-7220

Introduction
We have been engaged by the Board of Directors and the Chief Executive Officer of H & M Hennes & Mauritz AB (publ) to perform a limited assurance engagement on selected sustainability information described below ("the selected sustainability information") as presented in H & M Hennes & Mauritz AB (publ)'s Sustainability Report 2024, outlined on pages 52–109 in this document.

General disclosures
Approach to stakeholder engagement (GRI Disclosure 2-29) as reported on pages 54–55. Process to determine material topics and list of material topics (GRI Disclosures 3-1, 3-2) as reported in on pages 56–57. Number of executive members and non-executive members, percentage of members of administrative, management and supervisory bodies by gender and other aspects of diversity, and percentage of independent board members (part of GRI Disclosure 2-9) as reported on page 54.

Greenhouse gas ("GHG") emissions
Gross scope 1 GHG emissions (GRI Disclosure 305-1) as reported on page 64 in the Sustainability Report. Gross market-based and location-based scope 2 GHG emissions (GRI Disclosure 305-2) as reported on page 64. Gross Scope 3 GHG emissions (GRI Disclosure 305-3), limited to category 1 including fabric production, raw materials, and garment manufacturing, non-garment goods, packaging and other expenditures, and category 4 regarding transportation (upstream), as reported on page 64. Percentage of scope 1 and 2 GHG emission reduction and intensity of scope 1 and 2 (GRI Disclosure 305-4 and 305-5) as reported on page 64.

Energy
Energy consumption within the organization and percentage of renewable energy (GRI Disclosure 302-1) as reported on page 66.

Materials and packaging
Share of recycled materials used in commercial products and packaging, and recycled and sustainably sourced materials used in commercial products and packaging (part of GRI Disclosure 301-2) as reported on page 77. Share of plastic packaging designed for recycling or reuse (defined criteria in 'How we report 2024') as reported on page 77.

Water pollution
Share of tier 1 and 2 production factories with functional Effluent Treatment Plants (ETP) assessments, share of tier 1 and 2 production factories achieving green grade ETP functionality assessment, and share of tier 1 and tier 2 production factories with ETP discharged water quality that is Zero Discharge of Hazardous Chemicals wastewater compliant (foundation) (defined criteria in 'How we report 2024') as reported on page 68.

Resell
Share and number of markets where H&M Group offer resell, share and number of stores that offers resell, and share of turnover coming from resell (defined criteria in 'How we report 2024') as reported on page 78.

Own workforce
Characteristics of employees and number of employees by countries (part of GRI Disclosure 2-7 and 401-1) as reported on page 96. Diversity and inclusion regarding age distribution amongst employees and number (part of GRI Disclosure 405-1) as reported on page 96.

Workers in the value chain
Share of tier 1 supplier factories with a Health & Safety Committee, share of tier 2 production factories with Health & Safety Committees, 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, share of tier 1 production supply chain factories that have grievance mechanisms in place, and share of tier 2 production supply chain factories that have grievance mechanisms in place (part of GRI Disclosure 3-3 and defined criteria in 'How we report 2024') as reported on page 101.

Number of tier 1 production factories participating in FSLM (Higg Facility Social and Labor Module), number of tier 2 production factories participating in FSLM, number of tier 1 production factories participating in FSLM with third party verifications, and number of tier 2 production factories participating in FSLM with third party verifications (part of GRI Disclosure 414-1) as reported on page 106.

Average monthly wages (excluding overtime) at H&M Group supplier factories versus applicable minimum wages in key production markets (defined criteria in 'How we report 2024') as reported on page 100.

Ethics, anti-corruption and privacy
Total reported incidents of potential non-compliance with the Code of Ethics (including reported corruption cases) employees and business partners, sanctions imposed following cases of potential non-compliance with Code of Ethics, and number of substantiated corruption and bribery cases (part of GRI Disclosure 205-3) as reported on page 106.

Code of Ethics e-learning completion rate for H&M Group employees (part of GRI Disclosure 205-2) as reported on page 106. Substantiated complaints concerning breaches of customer privacy and losses of customer data (GRI Disclosure 418-1) as reported on page 103.

Payment practices
Average number of days to pay invoice from date when contractual or statutory term of payment starts to be calculated and share of commercial supplier payments made on time (defined criteria in 'How we report 2024') as reported on page 107.

Responsibilities of the Board of Directors and the Chief Executive Officer
The Board of Directors and the Chief Executive Officer are responsible for the preparation of the selected sustainability information in accordance with the applicable criteria, as explained on page 54. The criteria include the parts of the Sustainability Reporting Standards published by GRI (Global Reporting Initiative) that are applicable to the selected sustainability information, as well as the accounting and calculation principles that H & M Hennes & Mauritz AB (publ) has developed as described in 'How we report 2024' ADD LINK. The responsibility also includes the internal control relevant to the preparation of a selected sustainability information that is free from material misstatements, whether due to fraud or error.

Auditor´s responsibility
Our responsibility is to express a conclusion on the selected sustainability information based on the limited assurance procedures we have performed. The selection of sustainability information to be reviewed has been made by the management of H & M Hennes & Mauritz AB (publ). Our engagement is limited to the above selected sustainability information, which does not include web-links, and is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 (revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the selected sustainability information, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of H & M Hennes & Mauritz AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Chief Executive Officer as described above. We consider these criteria suitable for the preparation of the above selected sustainability information presented in the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion
Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the selected sustainability information, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Chief Executive Officer.

Stockholm, March 20, 2025

Deloitte AB

Didrik Roos
Authorized Public Accountant

Lennart Nordqvist
Expert Member of FAR

The auditor's opinion regarding the statutory sustainability report

The board of directors is responsible for the statutory sustainability report on pages 53–109, and that it is prepared in accordance with the older version of the Annual Accounts Act which was applicable before July 1, 2024.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Stockholm, March 20, 2025

Deloitte AB

Didrik Roos
Authorized Public Accountant

Administration report	113
Group income statement	120
Consolidated statement of comprehensive income	121
Group balance sheet	122
Group changes in equity	124
Group cash flow statement	126
Parent company income statement	127
Parent company statement of comprehensive income	127
Parent company balance sheet	128
Parent company changes in equity	130
Parent company cash flow statement	131
Notes to the financial statements	132
Signing of the annual report	155
Auditor's report	156

Financial information

Administration report

The board of directors and the chief executive officer of H & M Hennes & Mauritz AB (publ), 556042-7220, domiciled in Stockholm, Sweden, hereby submit their annual report and consolidated accounts for the financial year 1 December 2023 to 30 November 2024, hereinafter referred to as the 2024 financial year. Any references made to 'H&M', 'H&M Group', 'the H&M group' and 'the company' in this administration report refer hereinafter to H & M Hennes & Mauritz AB (publ).

Business

H&M Group is a customer-focused, creative, value-driven, responsible fashion and design company. The business consists mainly of sales of clothing, accessories, footwear, beauty products, home textiles and homeware to customers. Sales take place through omni-channel via digital and physical stores as well as in digital marketplaces and social media. In some markets, the brands' products are sold via franchise partners.

Each of the group's brands has its own unique identity. Together they complement each other and offer a variety of trends and styles at various price points for fashion, beauty, accessories and homeware. H&M's business idea is to offer fashion and quality at the best price in a sustainable way. H&M also includes the interior brand H&M HOME, the sports brand H&M Move and H&M Beauty. Portfolio brands include COS, Cheap Monday, Weekday, Monki, & Other Stories, ARKET and Singular Society.

The group also consists of new growth & ventures, which contributes to H&M Group's long-term growth by exploring new opportunities in the industry. This includes investments in joint-ventures, potential acquisitions and H&M Group's own startups. The aim is to engage with customers in new ways, create additional growth, contribute to sustainable development and generate new learning. Examples of ventures are Sellpy, Syre, A Retro Tale, Rondo, Looper Textile Co. and Creator Studio.

H&M Group makes fashion and design accessible to everyone in a way that is good for the business, while minimising its negative impact on people and the planet. The brands are working to shift to more circular business models for their products and services and are increasing the percentage of recycled and sustainably sourced materials in their collections.

Each brand has its own design and buying function consisting of people with diverse backgrounds, experiences and skills, which is key to producing relevant and inspiring collections for their particular customer group. H&M's central design and buying function creates its collections mainly in Stockholm, while COS – for example – has its design and buying function in London. For more information see pages 26–32.

Comment on results

Net sales for the full-year increased by 1 percent in local currencies in relation to the previous year. The sales development was strengthened during the fourth quarter compared with the three first quarters. The strengthened trend was driven by a well-received customer offering within womenswear, where the H&M group has increased trend responsiveness and overall assortment relevance, in combination with an enhanced digital experience. The improvement work in the supply chain and continued normalisation of the external factors that influence purchasing costs resulted in a strengthened gross margin for the full year. As a result of the fully implemented cost and efficiency programme along with good operational cost control, selling and administrative expenses had the same growth rate as sales in local currencies. This despite inflationary pressures in the cost base, increased investments in marketing and winding-down costs.

Direction and targets

In 2024, H&M Group increased the pace of improvements in its product offering and experience. The focus was primarily on developing a strong assortment that provides customers with the best value for money while upgrading both physical and digital store experiences. By strengthening the experience, the group continued to build long-term customer relationships across all brands through an omni-channel model. Meanwhile, initiatives that did not reinforce brand strength or contribute to sales and profitability were deprioritised. As a result, Afound was discontinued in 2024, and in 2025, Monki is set to be integrated into Weekday, both in stores and online. The H&M group accelerated the pace of improvements in an efficient and demand-driven supply chain, increasing flexibility and product availability across all channels.

In line with H&M Group's goal of a strong capital structure with good liquidity and financial flexibility, the objectives are designed to support sound finances, while enabling continued freedom of action for growth and investment. The company is focused on unlocking the growth potential of the group's brands, with a particular focus on strengthening H&M. This means that non-organic growth and growth through new business models are being given lower priority in the short to medium term.

The H&M group has three long-term targets: long-term sales growth of at least 10 percent per year, an operating margin that exceeds 10 percent and a 56 percent reduction in greenhouse gas emissions[1] no later than 2030, with 2019 as a baseline.

Expansion through integrated channels

H&M Group's expansion is taking place with a focus on increased omni-channel sales. Customers want to be able to shop and be inspired where, when and how they choose – in the stores, on the brands' own websites, on digital marketplaces and on social media. H&M Group increased the pace of investment in physical and digital stores during 2024 to provide an even more inspiring experience while also optimising the store portfolio for continued profitability and growth.

In the 2024 financial year H&M opened its first store in the Dominican Republic via franchise. H&M also expanded its digital presence on Douyin and Pinduoduo, two of China's biggest e-commerce platforms, as well as on Ajio.com in India and Trendyol.com in Türkiye and in Saudi Arabia. ARKET opened its first stores in Latvia, Spain, Poland and Italy. Weekday and Monki launched on Boozt.com, while ARKET launched on ASOS.com in the second half of 2024. & Other Stories opened on About You marketplace, which serves around 25 markets in Europe.

In the 2024 financial year, H&M Group opened 88 (101) stores and closed 204 (197) stores, making a net decrease of 116 (96) stores. The group had a total of 4,253 (4,369) stores as at 30 November 2024, of which 258 (282) were operated by franchise partners.

The breakdown of the stores is as follows: 3,777 (3,872) H&M, 238 (245) COS, 48 (64) Monki, 70 (72) & Other Stories, 46 (53) Weekday, 40 (30) ARKET, and 34 (33) H&M HOME.[2]

1. Refers to science-based targets for own operations (scope 1 and 2) and for the company's entire value chain (scope 3) and excludes the use of sold products.
2. Concept store H&M HOME is also available through shop-in-shop in 471 H&M stores.

Investment in physical and digital stores continues in 2025 at the same rate as in 2024 to provide an even more inspiring experience while also optimising the store portfolio for continued profitability and growth.

The first H&M store in Brazil will open in São Paulo towards the end of 2025. The store will open in Iguatemi, one of the most iconic and unique shopping centres in Brazil. ARKET will open its first store in Norway, Austria, Greece and Ireland during 2025.

H&M Group continuously renegotiates a large number of leases, which also involves rebuilds as well as adjustment of the number of stores and of store space to ensure it has the best store portfolio in each market. The H&M group's contracts allow around a third of leases to be renegotiated or exited each year. After reviewing priorities as regards things that do not strengthen the H&M brand or contribute to each brand's long-term sales and profitability, additional stores have been identified for consolidation. For 2025 the plan is to open around 80 new stores. Most of the openings will be in growth markets. Around 190 stores are scheduled for closure, mainly in established markets. The closures include a large number of Monki stores. At the end of November 2024 Monki had 48 stores. A few of these will be converted into Weekday stores and the remaining stores are planned to be closed.

The store portfolio is the area where the largest investments are being made and upgrades will continue at a fast pace in 2025 through openings, rebuilds, layout improvements and tech installations.

Employees

H&M Group's business is characterised by a fundamental respect for the individual. The company is committed to treating all employees equally, with respect and dignity, and to empowering them to be who they want to be. Everyone working at H&M Group should expect fair compensation and benefits, to work in healthy, safe and inclusive workplaces free from discrimination, and the right to freedom of association.

H&M Group's values have guided employees since the day the company was founded and continue to support the business today. The group's culture, values and purpose-driven leadership are consistently and consciously integrated throughout the entire organisation. This inspires the mindsets and behaviours needed to offer the best products and experience to customers and helps attract and develop passionate and talented colleagues who want to grow with the company.

H&M Group creates customer value by having a clear purpose and direction, adapting quickly to a constantly changing world. The company's continuous development includes securing the right competences, simplifying the organisational structure, leveraging relevant technologies and adopting efficient ways of working.

The average number of employees in the group as at 30 November 2024, converted into full-time positions, was 97,710 (101,103), of which 9,525 (10,281) were employed in Sweden. Of this average number of employees, around 26 percent were men. Of those in leadership positions within the company, such as store managers and regional managers, 67 percent were women.

Events after the closing date

No significant events have occurred since the end of the reporting period.

Articles of association, annual and general meeting

Detailed information on H&M Group's articles of association, the constitution of the board of H & M Hennes & Mauritz AB and its annual general meeting (AGM) can be found on pages 41–48.

Number of shares and main shareholders

At the end of the 2024 financial year, H&M had 213,223 shareholders. The total number of shares in H&M is 1,610,542,225, of which 194,400,000 are class A shares with 10 votes per share and 1,416,142,225 are class B shares with one vote per share.

Following implementation of the resolution passed by the annual general meeting on 3 May 2024 the 19,144,612 class B treasury shares repurchased during 2023 as part of the H&M group's buyback programme were cancelled.

The board of directors decided to utilise the authorisation granted by the 2024 annual general meeting and in September 2024 began a SEK 1 billion share buyback programme. As at 30 November 2024 a total of 6,050,850 B shares in H&M had been repurchased for a sum of SEK 1 billion and the programme was completed on 26 November 2024. It is intended that the shares repurchased will be cancelled through a resolution at the 2025 annual general meeting. Per 30 November the number of shares outstanding, excluding treasury shares, is 1,604,491,375. In the 2024 financial year a dividend of SEK 10,456 m was distributed.

H&M's largest shareholder is Stefan Persson and family, who via Ramsbury Invest AB hold all the class A shares, which represent 57.9 percent of the votes, as well as 764,799,715 (708,744,122) class B shares, representing 22.8 (21.0) percent of the votes. In addition, the family privately own 36,400,289 class B shares. This means that as of 30 November 2024, Stefan Persson and family privately and via Ramsbury Invest AB represent 81.9 (79.7) percent of the votes excluding treasury shares and 61.8 (57.7) percent of the total number of shares. Ramsbury Invest is thus formally the parent company of H & M Hennes & Mauritz AB. Ramsbury Invest AB is owned by Stefan Persson and family, and primarily by Stefan Persson. Karl-Johan Persson is also a shareholder in Ramsbury Invest AB.

Corporate governance report

H&M has elected to present its corporate governance report as a separate document to the annual and sustainability report in accordance with chapter 6 § 8 of the Swedish Annual Accounts Act. The corporate governance report is available at hmgroup.com/investors/reports/ and on pages 38–51 of the annual and sustainability report.

Sustainability report

H&M has elected to present its sustainability report as a separate document in accordance with chapter 6 § 11 of the Swedish Annual Accounts Act in accordance with the older wording that applied before 1 July 2024. The sustainability report is available on pages 52–109 in this annual and sustainability report 2024.

Risk and risk management

For information on the Group's operational and financial risks, see note 2 and pages 49–51 in the corporate governance report.

Guidelines for remuneration of senior executives

The annual general meeting held on 6 May 2021 adopted the following guidelines for remuneration of the senior executives.

The guidelines cover remuneration to the CEO, remuneration to board members (aside from board fees) and remuneration to other senior executives. Senior executives means members of the executive management team apart from the CEO. The executive management team comprises the individuals who report directly to the CEO.

The long-term variable remuneration, which applies only to the executive management team including the CEO, will be measured over a five-year period in order to reward long-term value creation for H&M.

How the guidelines contribute to the company's business strategy, long-term interests and sustainability

The H&M group's business plan aims to deliver long-term, sustainable and profitable growth. The business plan builds on the company's ongoing transformation work and is illustrated by a number of objectives to which the company's sustainability efforts and digital transformation contribute. These objectives are to continue improving the customer offering for all the brands, to build long-term and value-creating customer relationships, to offer an inspiring experience with integrated digital and physical channels, to adapt the supply chain so that it is faster and more flexible based on demand, and to add more revenue streams based on new emerging business models and innovations. Moving successfully towards these objectives is expected to result in finances remaining sound and sustainable, in accordance with the H&M group's target of a strong capital structure with good liquidity and financial flexibility, allowing continued freedom of action for growth and investments.

The board considers it important that senior executives are paid competitive remuneration at a market level, as regards both fixed and variable compensation, based on responsibilities and performance. To work successfully according to the company's business plan and safeguard the company's long-term interests the company needs to be able to recruit, motivate and retain talented, committed employees. Senior executives shall be compensated at what are considered by the company to be competitive market rates, based partly on industry comparisons. Levels of compensation shall be based partly on the significance of the duties performed, i.e. the ability to affect the overall development of the group, and partly on the employee's competencies, experience and performance. Together these decide the level of remuneration for the individual concerned. Over time, the largest portion of the remuneration shall consist of the fixed basic salary. The forms of compensation shall motivate senior executives to do their utmost to ensure the good financial and sustainable development of the H&M group.

Types of remuneration

The total remuneration may consist of the following components:

- fixed basic cash salary
- short-term variable remuneration
- long-term variable remuneration
- pension benefits
- other benefits

Fixed basic cash salary

Senior executives shall have a fixed basic cash salary that is at a market level based on each position's significance for the company as a whole. The fixed basic cash salary shall reflect the individual's area of responsibility, competencies and experience and requires the individual to work in a committed manner at a high professional level.

Variable remuneration

The variable remuneration may consist of a short-term and a long-term portion.

There shall be a clear link between the level of performance-based variable remuneration paid and the H&M group's financial and sustainable development. Senior executives' variable remuneration shall therefore depend on the fulfilment of targets.

The targets shall aim to promote the H&M group's development in both the short and the long term.

Short-term variable remuneration

Fulfilment of targets shall be measured over a period of one year. The short-term variable remuneration shall be based on fulfilment of targets in the following areas:

- The H&M group's total sales;
- The H&M group's total operating profit;
- fulfilment of the objectives in the various areas of the business plan, which include sustainability; and
- assessment of leadership and compliance with values.

For the last two performance parameters it is the individual's performance within their own area of responsibility that is assessed. For the financial targets, the assessment is to be based on the most recent financial year. The board of directors is responsible for this assessment in the case of short-term variable remuneration to the CEO. In the case of short-term variable remuneration to other senior executives, the CEO is responsible for the assessment.

Each of these four predetermined performance parameters has equal weighting, i.e. each represents a quarter of the total target fulfilment. However, there is a threshold value for the second parameter, i.e. operating profit, which means that if this value is not reached then no short-term variable remuneration will be paid regardless of target fulfilment for the other three parameters. The short-term variable remuneration, which at individual level is based on the extent to which the person's duties and position influence the overall development of the group, may amount to 0–3 months' salary, 0–6 months' salary or 0–12 months' salary. Monthly salary refers to fixed basic cash salary. If the target levels set by the board are fulfilled, half of the maximum remuneration in each range shall be paid. To receive a payment in the higher part of the range within the set framework, therefore, the predetermined target levels are required to be exceeded.

Half of the remuneration payment shall be invested in H&M shares that must be held for at least three years. Each year the board will set target levels for each of the four performance parameters for the coming year.

Long-term variable remuneration

The long-term variable remuneration shall be based on target fulfilment measured over five financial years starting from the current 2021 financial year and ending at the close of the 2025 financial year. This period, i.e. 1 December 2020–30 November 2025, is known as the measurement period. The long-term variable remuneration – which shall apply only to the executive management team including the CEO, totalling 15 individuals – shall be based on fulfilment of targets within the following areas:

- The H&M group's total sales;
- The H&M group's total operating profit;
- fulfilment of the objectives in the various areas of the business plan in total, which include sustainability; and
- assessment of leadership and compliance with values.

Each of these four predetermined performance parameters shall have equal weighting, i.e. each represents a quarter of the total target fulfilment. For the long-term variable remuneration the assessment of the financial targets shall be based on a summing up of the past five financial years, with fulfilment of the annual target levels in the short-term arrangement – i.e. within sales and profit – forming the basis for target fulfilment in the long-term arrangement. For the other two performance parameters – i.e. fulfilment of the business plan, and leadership and compliance with values – an overall assessment is to be made of the total for the H&M group for the entire measurement period. After the measurement period has ended the board is responsible for an overall assessment based on the four performance parameters and for deciding the long-term variable remuneration that will be paid to the CEO. The long-term variable remuneration to be paid to other senior executives will be established by the board in consultation with the CEO.

A precondition for receiving the long-term portion shall be that the participants make an initial investment of their own in H&M shares, amounting to around 10 percent of their fixed basic annual cash salary after tax, close to the 2021 annual general meeting. These shares shall then be held for the entire measurement period. After three years, provided they remain employed by the group, the initial investment will be matched by the receipt of a cash amount after tax equal to two times their own initial outlay. This sum is to be invested in H&M shares as soon as possible. These shares are also to be held for the entire measurement period.

The aim of the initial investment of their own in H&M shares as well as the investment of the matching sum in H&M shares is to build up their own shareholding in H&M in order thereby to further align the interests of the executive management team with the interests of the shareholders in the good, long-term development of the company.

The maximum total remuneration within the framework of the long-term variable remuneration arrangement for the entire measurement period, which includes both the matching amount in year 3 and the remuneration in year 5 after the measurement period has ended, may vary between SEK 1.75 million net after tax and SEK 7 million net after tax depending on the individual's duties and the extent to which their position affects the overall development of the group.

The H&M group's total cost, including social security costs, for the long-term variable remuneration is expected to amount to a maximum of around SEK 150 million. A provision of SEK 30 million per year is expected to be made for a total of five years.

Pension benefits

In the case of the CEO, pension benefits – including sickness insurance – are to be on a defined contribution basis. Variable cash remuneration shall not be pensionable. The pension premiums for the year must not exceed 30 percent of the CEO's annual fixed basic salary.

In the case of other senior executives, pension benefits – including sickness insurance – are to be on a defined contribution basis unless the executive is covered by a defined benefit pension plan under the mandatory provisions of collective bargaining agreements. The pension premiums for the year must not exceed 40 percent of the senior executive's annual fixed basic salary.

The cost of the present commitments is partly covered by separate insurance policies.

The retirement age for the CEO is 65.

The retirement age for other senior executives varies between 62 and 65 years.

Other benefits
Senior executives may receive other benefits such as wellness subsidies, car allowances and medical insurance. The total annual costs associated with other benefits must not exceed 20 percent of the individual's annual fixed basic salary.

Termination of employment
The period of notice for senior executives may vary between three and 12 months. Variable remuneration is not to be paid if the individual has given notice to terminate their employment.

The CEO is entitled to 12 months' notice. In the event that the company terminates the CEO's employment contract, a year's fixed basic cash salary may also be paid to the CEO as severance pay. No other severance pay is payable.

Salary and employment terms for other employees of the company
When preparing the board's proposed guidelines for remuneration to senior executives consideration was given to the salary and employment terms of the company's other employees by using information concerning the employees' total remuneration, the components of the remuneration and the increase in and rate of increase in the remuneration over time as part of the basis on which the board assessed whether the guidelines, and the resulting limitations, are reasonable.

Consultancy fees
Where a board member performs work for the company (including through a wholly owned company) in addition to their board work, a separate fee may be paid for this (consultancy fee). Such fee shall not exceed the board fee paid to the member concerned. The fee is to be based on the current market rate and be proportionate to the benefit for the company and the extent to which such work contributes to the good financial and sustainable development of the H&M group.

Decision process for establishment, review and implementation of the guidelines
The company has no remuneration committee, since the board of directors deems it more appropriate for the entire board to carry out the tasks of a remuneration committee. The board prepares proposed guidelines for remuneration to senior executives and these proposals are presented at the annual general meetings. The board is to prepare a proposal for new guidelines at least every four years and submit the proposal for decision by the annual general meeting. The guidelines shall apply until new guidelines have been adopted by the annual general meeting. The board shall also monitor and evaluate programmes for variable remuneration to the company's management and the application of the guidelines for remuneration to senior executives, as well as current remuneration structures and levels in the company. The board shall further decide on the CEO's salary in accordance with the guidelines in effect and shall continually evaluate the work of the CEO. Once a year this matter is to be discussed separately in conjunction with the setting of the CEO's remuneration for the coming year. To avoid conflicts of interest, no member of the company's management is to be present when the board discusses remuneration matters.

Other
Senior executives are also entitled to the benefits accruing under the profit-sharing programme known as the H&M Incentive Program, which is for all employees of the H&M group. The programme was adopted by a previous annual general meeting and is not covered by these guidelines.

Regarding employment terms falling under rules other than Swedish rules, in the case of pension benefits and other benefits the guidelines are to be adapted as appropriate to comply with any such mandatory rules or established local practice, while fulfilling the general aim of the guidelines as far as possible.

The board may decide to temporarily deviate from the guidelines in full or in part if there is particular reason to do so in an individual case and this is necessary in order to provide for the company's long-term interests and sustainability or to ensure the financial viability of the company.

The board of directors' proposal to the annual general meeting 2025 for guidelines for remuneration of senior executives
These guidelines cover remuneration to the CEO and other senior executives (the group management) as well as remuneration to board members aside from board fees.

The guidelines shall apply to agreed remuneration, and to changes made to already agreed remuneration, after the guidelines have been adopted by the annual general meeting 2025.

How the guidelines contribute to the company's business plan, long-term interests and sustainability
The H&M group's business plan aims to deliver long-term, sustainable and profitable growth. The business plan is illustrated by a number of objectives to which the company's sustainability efforts and digital transformation contribute. For more information about the company's business plan, business idea and objectives, refer to hmgroup.com.

To work successfully according to the company's business plan and safeguard the company's long-term interests the company needs to be able to recruit, motivate and retain talented, committed employees. The board of directors considers it important that senior executives are paid competitive remuneration at a market level, as regards both fixed and variable compensation, based on responsibilities and performance. These guidelines enable the company to offer this to its senior executives.

Types of remuneration etc.
Senior executives shall be compensated at what are considered by the company to be competitive market rates, including in relation to industry comparisons. Levels of compensation shall also reflect the individual's competence, experience and performance. The total remuneration may consist of fixed basic cash salary, short-term variable remuneration, pension benefits and other benefits.

The general meeting may also decide upon, for example, long-term variable remuneration in the form of share and share price related programmes. Remuneration decided by the general meeting is not covered by these guidelines.

Fixed basic cash salary
Senior executives shall have a fixed basic cash salary that is at a market level based on each position's significance for the company as a whole. The fixed basic cash salary shall reflect the individual's area of responsibility, competencies and experience and requires the individual to work in a committed manner at a high professional level.

Short-term variable remuneration
Short-term variable remuneration shall be determined annually by the board of directors and shall aim to promote the H&M group's development in both the short and the long term.

Fulfilment of short-term variable remuneration targets shall be measured over a period of one year. The targets shall be based mainly on financial results, such as total sales and total operating profit. Financial performance may be the performance of the group or the business area for which the executive is responsible. Objectives may also be linked to non-financial measures, such as strategic, operational or individual targets to meet the various areas of the business plan, including sustainability, leadership and adherence to values. Each year the board of directors will set target levels for each of the performance parameters for the coming year. There shall always be a threshold for the achievement of financial performance targets, with the implication that if this threshold is not reached, no short-term variable remuneration will be paid regardless of the achievement of other targets.

The board of directors is responsible for this assessment in the case of short-term variable remuneration to the CEO. Regarding the assessment of short-term variable remuneration to other senior executives, the chair of the board is responsible in consultation with the CEO.

The short-term variable remuneration, which at individual level shall be based on the importance of the person's duties and position in terms of influencing the overall performance of the group, may vary but shall not exceed 80 percent of the fixed basic cash salary.

Extraordinary arrangements
In specific cases, the company may offer one-time compensation, provided that such compensation is only given on an individual basis for the purpose of recruiting or retaining senior executives and does not exceed an amount equivalent to 100 percent of the individual's annual fixed basic cash salary, and is not paid more than once per year per individual. Decisions on such remuneration shall be taken by the board of directors.

Pension benefits
In the case of the CEO, pension benefits, including sickness insurance, are to be on a defined contribution basis. Variable cash remuneration shall not be pensionable, unless otherwise provided by law or mandatory provisions of collective bargaining agreements. The pension premiums for the year may not exceed 30 percent of the CEO's annual fixed basic cash salary.

In the case of other senior executives, pension benefits, including sickness insurance, are to be on a defined contribution basis unless the executive is covered by a defined benefit pension plan under the mandatory provisions of collective bargaining agreements. The pension premiums for the year may not exceed 40 percent of the senior executive's annual fixed basic cash salary.

The retirement age for the CEO shall be 65. The retirement age for other senior executives may vary between 62 and 65 years.

Other benefits
Senior executives may receive other benefits such as wellness subsidies, car allowances and medical insurance. The total annual costs associated with other benefits may not exceed 20 percent of the individual's annual fixed basic cash salary.

For members of the group management stationed in a country other than their home country, additional remuneration and other benefits may be paid considering the specific circumstances of such expatriation in accordance with local practice and the group's International Assignments Policy.

Termination of employment
Upon termination of employment, the notice period may not exceed 12 months for the CEO and 6 months for other senior executives.

If the company terminate a senior executive's employment, a maximum of one year's fixed basic cash salary may also be paid as severance pay. Severance pay shall not constitute a basis for vacation pay, pension or other benefits unless otherwise provided by law or mandatory collective bargaining agreements.

Salary and employment terms for other employees of the company
When preparing the board of directors' proposed guidelines for remuneration to senior executives consideration was given to the salary and employment terms of the company's other employees by using information concerning the employees' total remuneration, the components of the remuneration and the increase in and rate of increase in the remuneration over time as part of the basis on which the board of directors assessed whether the guidelines, and the resulting limitations, are reasonable.

Consultancy fees
If a board member performs work for the company (including through a wholly owned company) in addition to their board work, a separate fee may be paid for this (consultancy fee). Such fee shall not exceed the board fee paid to the member concerned. The fee is to be based on the current market rate and be proportionate to the benefit for the company and the extent to which such work contributes to the good financial and sustainable development of the H&M group.

Decision process for establishment, review and implementation of the guidelines
The company has no remuneration committee, since the board of directors deems it more appropriate for the entire board of directors to carry out the tasks of a remuneration committee. The board of directors prepares proposed guidelines for remuneration to senior executives and these proposals are presented at the annual general meetings. The board of directors is to prepare a proposal for new guidelines at least every four years and submit the proposal for decision by the annual general meeting. The guidelines shall apply until new guidelines have been adopted by the annual general meeting. The board of directors shall also monitor and evaluate programmes for variable remuneration to the company's management and the application of the guidelines for remuneration to senior executives, as well as current remuneration structures and levels in the company. The board of directors shall further decide on the CEO's salary in accordance with the guidelines in effect and shall continually evaluate the work of the CEO. Once a year this matter is to be discussed separately in conjunction with the setting of the CEO's remuneration for the coming year. For other senior executives, the CEO is responsible for proposing remuneration, which is then approved by the chairman of the board. To avoid conflicts of interest, no member of the company's management is to be present when the board of directors discusses remuneration matters, with the exception of the presence of the CEO when discussing the remuneration of other senior executives, which should be done in accordance with these guidelines.

Deviations from the guidelines
The board of directors may decide to temporarily deviate from the guidelines adopted by the annual general meeting, in full or in part, if there is particular reason to do so in an individual case and this is necessary in order to provide for the company's long-term interests, including its sustainability, or to ensure the financial viability of the company. As stated above, the board of directors' duties include preparing decisions on remuneration issues, including decisions on deviations from the guidelines.

Other
There are currently two outstanding incentive programmes in which certain senior executives participate. One of the outstanding incentive programmes is the so-called LTI programme, which was implemented in 2021 and expires 30 November 2025. Under this programme, long-term variable cash remuneration may be paid out upon the achievement of predetermined long-term targets. Senior executives who wish to participate in the new LTI 2025 programme proposed by the board of directors to the annual general meeting 2025 are required to accept that their participation in the LTI 2021 programme will be shortened so that it ends already 30 November 2024, with reduced costs for the company as a result. The other ongoing incentive programme is the profit-sharing programme known as the H&M Incentive Program, which is for all employees of the H&M group. The programme was adopted by a previous annual general meeting and is not covered by these guidelines.

Regarding employment terms falling under rules other than Swedish rules, in the case of pension benefits and other benefits the guidelines are to be adapted as appropriate to comply with any such rules or established local practice, while fulfilling the general aim of the guidelines as far as possible.

Description of significant changes to the guidelines and how the shareholders' views have been taken into account
The proposed guidelines represent an update and streamlining compared with the guidelines previously in force and are adapted to H&M's long-term interests. The provisions on long-term variable remuneration have been deleted as the board of directors intends to propose this as a separate resolution to the general meeting instead. The provisions on short-term variable remuneration have been shortened and streamlined, with fewer provisions and detailed restrictions. Some additions have been made to provide some flexibility for extraordinary arrangements and to allow for adjustments for expatriate executives. The provision on termination of employment has been updated. The changes mainly coincide with the views expressed by shareholders. Some shareholders have also expressed a desire for greater transparency regarding the performance requirements for variable remuneration. These views have been considered in the drafting of the board of directors' proposal, but also in the board of directors' considerations regarding the format of the disclosures in future remuneration reports.

Cash flow and liquidity
Cash flow from operating activities before changes in working capital increased by 26 percent to SEK 36,745 m (29,106). Cash flow for the period amounted to SEK –9,023 m (5,715) and was negatively impacted by increased stock-in-trade, increased investments and repayment of short-term debt.

The H&M group's liquidity remains very good. As at 30 November 2024 cash and cash equivalents amounted to SEK 17,340 m (26,398). In addition, the group has undrawn credit facilities of SEK 18,416 m (18,172). The total liquidity buffer, i.e. cash and cash equivalents plus undrawn credit facilities, amounted to SEK 35,756 m (44,570).

Working capital
Working capital amounted to SEK 21,562 m (19,632). The fact that Black Friday occurred later than in the previous year is the main reason for the year-on-year increase in accounts receivable. Moreover, the stock-in-trade continues to be affected by extended transport times associated with the situation in the Red Sea. The increase in accounts payable was primarily driven by investments in store fittings and marketing. Changes in working capital during the full year amounted to SEK 1,930 m (–4,787).

Financing
Net debt including lease liabilities in relation to EBITDA amounted to 1.5 (1.4) with a net cash position of SEK 3,223 m (9,316). Debt levels are well within the target range of 1.0 – 2.0 for the capital structure target Net debt/EBITDA.

Interest-bearing liabilities in the form of commercial papers, bonds and loans from credit institutions amounted to SEK 14,117 m (17,082) as at 30 November 2024. The average maturity of interest-bearing liabilities amounted to 5.3 (5.1) years.

A maturity analysis of outstanding interest-bearing liabilities and undrawn credit facilities as at 30 November 2024 is given in note 2. During the full year, net interest-bearing liabilities of around SEK 3 billion were repaid.

Share buybacks
During the period 27 September 2023 – 1 March 2024, the group repurchased shares as authorised by the 2023 annual general meeting. A total of 19,144,612 B shares were repurchased for a total sum of SEK 3 billion, of which shares to a value of around SEK 2 billion were repurchased in 2024. The shares repurchased were cancelled through a resolution at the annual general meeting in May 2024.
During the period September–November 2024 the group repurchased shares as authorised by the 2024 annual general meeting. A total of 6,050,850 B shares in H&M were repurchased for a total sum of around SEK 1 billion. The board of directors proposes that the 2025 annual general meeting resolve to cancel the repurchased shares.

In 2024 shares were repurchased for a total value of around SEK 3 billion.

Capital structure
H&M Group advocates a conservative leverage ratio, aiming for a strong capital structure with strong liquidity and financial flexibility. It is essential that, as in the past, expansion and investments can proceed with continued freedom of action. The capital structure is defined as Net debt in relation to EBITDA. Including IFRS 16 effects it should be within the range 1.0–2.0 x EBITDA over time. As at 30 November 2024, Net debt/EBITDA including IFRS 16 effects was 1.5 (1.4) with a financial net cash of SEK 3,223 m (9,316).

Proposed authorisation to allow share buybacks
The board of directors will ask the 2025 annual general meeting for a general authorisation allowing the board to buy back the group's own B shares in the period up to the 2026 annual general meeting. This general authorisation is, among other things, one of the tools for the board to use if surplus liquidity is identified.

Dividend policy
The board of directors' intention is for the H&M group to continue to provide shareholders with a good return while ensuring that growth and investments in the business can proceed with a continued strong financial position and freedom of action. Based on this, the board of directors has proposed a dividend policy stating that the ordinary dividend over time is to exceed 50 percent of profit after tax and additionally that identified surplus liquidity – taking into consideration the capital structure target and investment requirements – can be distributed to shareholders through an extra dividend or a buyback programme.

Proposed distribution of earnings
The funds at the disposal of the parent company are SEK 13,469 m. The board of directors is proposing to the 2025 annual general meeting that a dividend of SEK 6.80 per share is paid, totalling SEK 10,910 m and that the remaining earnings of H & M Hennes & Mauritz AB of SEK 2,558 m are carried forward. The dividend will be paid in cash, split into two instalments. The first payment of SEK 3.40 will be made in May and the second payment of SEK 3.40 will be made in November. The board's proposed record dates are 9 May 2025 and 7 November 2025. If the annual general meeting approves the board's proposal, the dividend is expected to be paid out on 14 May 2025 and 12 November 2025.

The board's assessment is that the proposed distribution of earnings is justifiable taking into consideration the good cash flow, continued strong financial position and ability to make future investments (capex). The proposal takes into consideration the financial position and continued freedom of action of the group and the parent company, the capital structure target and the requirements that the nature and extent of the business and its risks, expansion and development plans impose on the equity and liquidity of the group and the parent company.

The following funds are at the disposal of the annual general meeting	13,469,240,556
The board proposes a dividend to the shareholders of SEK 6.80 per share[1]	10,910,541,350
To be carried forward as retained earnings	2,558,699,206
Total	**13,469,240,556**

1. Based on outstanding shares, excluding own shares, as per 30 November 2024.

Five-year summary

	2024	2023	2022	2021	2020
Net sales, SEK m	234,478	236,035	223,553	198,967	187,031
Operating profit, SEK m	17,306	14,537	7,169	15,255	3,099
Operating margin, %	7.4	6.2	3.2	7.7	1.7
Profit after financial items, SEK m	15,443	13,010	6,216	14,300	2,052
Earnings per share, SEK[1,2]	7.21	5.37	2.16	6.65	0.75
Cash flow from operating activities per share, SEK[1]	19.70	20.84	15.00	26.96	15.65
Return on equity, %[2]	24.7	17.8	6.4	19.2	2.2
Equity/assets ratio, %[2]	25.6	26.2	27.9	33.4	31.3
Average number of employees[3]	97,710	101,103	106,522	107,375	110,325

1. Before and after dilution, excluding own shares.
2. Regarding restated figures for financial year 2023 see information on restated figures attributable to amendments to IAS 12 in financial note 12.
3. The total average number of employees for 2024 and 2020 were incorrect in the full-year report 2024 and the correct figures are stated in the table above.

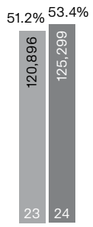
Group income statement

SEK m	Note	1 Dec 2023–30 Nov 2024	1 Dec 2022–30 Nov 2023
Net sales	3, 5	234,478	236,035
Cost of goods sold	7, 8, 10	–109,179	–115,139
Gross profit		**125,299**	**120,896**
Selling expenses	7, 8, 10	–97,153	–96,435
Administrative expenses	7, 8, 10, 11	–10,762	–10,895
Result from investments in associated companies and joint ventures[1]	16	–78	971
Operating profit		**17,306**	**14,537**
Interest income and similar items		890	616
Interest expense and similar items		–2,753	–2,143
Profit after financial items		**15,443**	**13,010**
Tax[2]	12	–3,859	–4,294
Profit for the year[2]		**11,584**	**8,716**
Attributable to:			
The shareholders of H & M Hennes & Mauritz AB[2]		11,621	8,745
Non-controlling interest		–37	–29
Earnings per share, SEK[2,3]		7.21	5.37
Average number of shares outstanding, thousands[3]		1,611,695	1,629,097

1. Result from investments in associated companies and joint ventures for financial year 2023 include a one-time item of SEK 999 m for revaluation of associated companies of which mainly the former associated company Sellpy.
2. Regarding restated figures for financial year 2023 see information on restated figures attributable to amendments to IAS 12 in note 12.
3. Before and after dilution, excluding own shares.

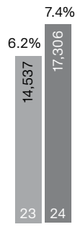
Net sales, SEK m –1%

Gross profit and gross margin, SEK m



Selling and administrative expenses, SEK m +1%

Operating profit and operating margin, SEK m



Consolidated statement of comprehensive income

SEK m	Note	1 Dec 2023–30 Nov 2024	1 Dec 2022–30 Nov 2023
PROFIT FOR THE YEAR[1]		**11,584**	**8,716**
Other comprehensive income			
Items that are or may be reclassified to profit or loss			
Translation differences		717	12
Change in hedging reserves	23	–589	413
Tax attributable to change in hedging reserves		121	–85
Share of OCI related to associated companies and joint ventures		0	–
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit pension plans	22	–73	–41
Tax related to the above remeasurement		18	10
Remeasurement of financial assets	24	299	–599
Other comprehensive income		**493**	**–290**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR[1]		**12,077**	**8,426**
Attributable to:			
The shareholders of H & M Hennes & Mauritz AB[1]		12,114	8,455
Non-controlling interest		–37	–29

1. Regarding restated figures for financial year 2023 see information on restated figures attributable to amendments to IAS 12 in note 12.

Comments on the group income statement

Net sales for financial year 2024 decreased by 1 percent to SEK 234,478 m (236,035). In local currencies, sales increased by 1 percent. The sales development was strengthened during the fourth quarter compared with the three first quarters. The strengthened trend was driven by a well-received customer offering within womenswear, where the H&M group has increased trend responsiveness and overall assortment relevance, in combination with an enhanced digital experience. During the year Afound was wound down and preparations began for integrating Monki into Weekday's stores and on weekday.com in 2025. A few of the Monki stores are planned to be converted into Weekday stores, while the intention is to close the remaining stores. Excluding Monki and Afound, sales by portfolio brands in local currencies increased by 5 percent for full-year 2024.

The improvement work in the supply chain and continued normalisation of the external factors that influence purchasing costs resulted in a stronger gross margin for the full year. Gross profit increased by 4 percent to SEK 125,299 m (120,896). This corresponds to a gross margin of 53.4 percent (51.2). The gross profit and gross margin are a result of many different factors, internal as well as external, and are mostly affected by the decisions that the H&M group takes in line with its strategy to always have the best customer offering in each individual market – based on the combination of fashion, quality, price and sustainability.

Selling and administrative expenses increased by 1 percent to SEK 107,915 m (107,330). In local currencies the selling and administrative expenses increased by 1 percent compared with the same period the previous year. As a result of the fully implemented cost and efficiency programme along with good operational cost control, selling and administrative expenses had the same growth rate as sales in local currencies. This despite inflationary pressures in the cost base, increased investments in marketing and winding-down costs.

Operating profit was SEK 17,306 m (14,537), corresponding to an operating margin of 7.4 percent (6.2). Operating profit excluding result from investments in associated companies and joint ventures increased by 28 percent compared with the previous year, as operating profit previous year was strengthened by, among other things, the revaluation of Sellpy. Result from investments in associated companies and joint ventures for the full year amounted to SEK –78 m (971).

The H&M group's tax rate for financial year 2024 was 24.9 percent (35.7[1]). The final tax rate depends on, among other things, the results of the group's various companies, the corporate tax rates in each country, non-deductible costs and tax expense relating to previous years.

For the full year, the earnings per share increased by 34 percent to SEK 7.21.

1. Regarding restated figures for financial year 2023 see information on restated figures attributable to amendments to IAS 12 in note 12.

Group balance sheet

SEK m	Note	30 Nov 2024	30 Nov 2023
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets			
Brands	14	400	450
Leasehold and similar rights	14	223	296
Capitalised development expenditure	14	7,094	7,966
Goodwill	14	1,013	1,013
		8,730	**9,725**
Property, plant and equipment			
Buildings and land	15	665	689
Equipment, tools, fixture and fittings	15	28,493	24,553
Right-of-use assets	17	57,062	56,294
		86,220	**81,536**
Non-current financial assets			
Interests in associates and joint ventures	16	259	209
Other shares and interests	24	3,029	2,363
		3,288	**2,572**
Other non-current assets			
Long-term receivables		859	1,204
Deferred tax assets	12	5,390	5,707
		6,249	**6,911**
TOTAL NON-CURRENT ASSETS		**104,487**	**100,744**
CURRENT ASSETS			
Stock-in-trade	18	40,348	37,358
Current receivables			
Accounts receivable	24	5,631	3,301
Tax assets	12	2,831	3,830
Other receivables		5,654	5,111
Prepaid expenses	19	3,923	4,531
		18,039	**16,773**
Cash and cash equivalents	20	**17,340**	**26,398**
TOTAL CURRENT ASSETS		**75,727**	**80,529**
TOTAL ASSETS		**180,214**	**181,273**

SEK m	Note	30 Nov 2024	30 Nov 2023
EQUITY AND LIABILITES			
EQUITY			
Share capital	21	207	207
Reserves		6,445	6,196
Retained earnings[1]		39,490	41,025
Equity attributable to the shareholders of H & M Hennes & Mauritz AB[1]		**46,142**	**47,428**
Non-controlling interest	13	69	82
TOTAL EQUITY[1]		**46,211**	**47,510**
LIABILITIES			
Long-term liabilites			
Provisions for pensions	22	471	379
Other provisions	23	–	5
Deferred tax liabilities[1]	12	2,242	2,507
Liabilities to credit institutions	27	14,117	14,084
Other long-term liabilities		162	132
Long-term leasing liabilities	17, 27	50,361	48,729
		67,353	**65,836**
Current liabilities			
Account payable		24,417	21,027
Tax liabilities	12	2,257	1,377
Liabilities to credit institutions	27	–	2,998
Other provisions	23	540	304
Current leasing liabilities	17, 27	12,476	12,159
Other liabilites		6,809	7,329
Accrued expenses and deferred income	5, 25	20,151	22,733
		66,650	**67,927**
TOTAL LIABILITIES[1]		**134,003**	**133,763**
TOTAL EQUITY AND LIABILITES		**180,214**	**181,273**

1. Regarding restated figures for financial year 2023 see information on restated figures attributable to amendments to IAS 12 in note 12.

Comments on the group balance sheet

The H&M group is in a strong financial position. The group's equity/assets ratio was 25.6 percent (26.2[1]). The share of risk-bearing capital was 26.9 percent (27.6[1]). Equity apportioned on the outstanding 1,604,491 (1,622,548) thousand shares as of 30 November 2024 was SEK 28.80 (29.28[1]) per share. See definitions of key financial performance measures on page 162.

Stock-in-trade
The stock-in-trade at the end of the financial year amounted to SEK 40,348 m (37,358) and increased by 8 percent in both SEK and local currencies compared with the previous year. The book value of stock-in-trade in SEK represented 17.2 percent (15.8) of sales. Extended transport times associated with the situation in the Red Sea and Black Friday that occurred later than in the previous year had a significant impact on inventory.

Financing
As of 30 November 2024 the group had interest-bearing liabilities, excluding lease liabilities and provisions for pensions, of SEK 14,117 m (17,082) in the form of commercial papers, bonds and loans from credit institutions. In addition, the group had undrawn credit facilities of SEK 18,416 m (18,172). The average maturity of interest-bearing liabilities was 5.3 (5.1) years. During the full year, net interest-bearing liabilities of around SEK 3 billion were repaid. A maturity analysis of outstanding interest-bearing liabilities and undrawn credit facilities is given in the table in note 2.

The H&M group's liquidity is very good. As of 30 November 2024, cash and cash equivalents amounted to SEK 17,340 m (26,398). Together, cash and cash equivalents and undrawn credit facilities totalled SEK 35,756 m (44,570).

Financial net cash amounted to SEK 3,223 m (9,316). Net debt including provisions for pensions and lease liabilities amounted to SEK 60,085 m (51,951).

Working capital from operating activities amounted to SEK 21,562 m (19,632). Black Friday occurred later than in the previous year is the main reason for the year-on-year increase in accounts receivable. Moreover, the stock-in-trade continues to be affected by extended transport times associated with the situation in the Red Sea. The increase in accounts payable was primarily driven by investments in store fittings and marketing.

The H&M group advocates a conservative leverage ratio, aiming for a strong capital structure with strong liquidity and financial flexibility. It is essential that, as in the past, expansion and investments can proceed with continued freedom of action. The capital structure is defined as Net debt in relation to EBITDA. Including IFRS 16 effects it should be within the range 1.0–2.0 x EBITDA over time. As at 30 November 2024 Net debt/EBITDA including IFRS 16 effects was 1.5 (1.4).

1. Regarding restated figures for financial year 2023 see information on restated figures attributable to amendments to IAS 12 in note 12.

Stock-in-trade, SEK m
+8%

Group changes in equity

SEK m	Attributable to the shareholders of the parent company, H & M Hennes & Mauritz AB					Non-controlling interest	Total equity
	Share capital	Translation reserves	Hedging reserves	Retained earnings	Total		
SHAREHOLDERS' EQUITY 1 DECEMBER 2023	**207**	**6,069**	**127**	**41,025**	**47,428**	**82**	**47,510**
Profit for the year	–	–	–	11,621	11,621	–37	11,584
Other comprehensive income							
Translation differences	–	717	–	–	717	0	717
Change in hedging reserves	–	–	–589	–	–589	–	–589
Tax attributable to hedging reserves	–	–	121	–	121	–	121
Share of other comprehensive income related to joint ventures and associated companies	–	0	–	–	0	–	0
Remeasurement of defined benefit pension plans	–	–	–	–73	–73	–	–73
Tax related to the above remeasurement	–	–	–	18	18	–	18
Remeasurement of financial assets	–	–	–	299	299	–	299
Other comprehensive income	**–**	**717**	**–468**	**244**	**493**	**0**	**493**
Total comprehensive income	**–**	**717**	**–468**	**11,865**	**12,114**	**–37**	**12,077**
Dividend	–	–	–	–10,456	–10,456	–	–10,456
Repurchase of shares	–	–	–	–2,880	–2,880	–	–2,880
Redemption of shares	–2	–	–	2	–	–	–
Bonus issue	2	–	–	–2	–	–	–
Transactions with non-controlling interests	–	–	–	–64	–64	24	–40
SHAREHOLDERS' EQUITY 30 NOVEMBER 2024	**207**	**6,786**	**–341**	**39,490**	**46,142**	**69**	**46,211**

SEK m	Attributable to the shareholders of the parent company, H & M Hennes & Mauritz AB					Non-controlling interest	Total equity
	Share capital	Translation reserves	Hedging reserves	Retained earnings	Total		
SHAREHOLDERS' EQUITY 1 DECEMBER 2022	**207**	**6,057**	**–201**	**44,694**	**50,757**	**–**	**50,757**
Adjustment of opening balance[1]	–	–	–	–84	–84	–	–84
ADJUSTED SHAREHOLDERS' EQUITY 1 DECEMBER 2022	**207**	**6,057**	**–201**	**44,610**	**50,673**	**–**	**50,673**
Profit for the year[1]	–	–	–	8,745	8,745	–29	8,716
Other comprehensive income							
Translation differences	–	12	–	–	12	–	12
Change in hedging reserves	–	–	413	–	413	–	413
Tax attributable to hedging reserves	–	–	–85	–	–85	–	–85
Remeasurement of defined benefit pension plans	–	–	–	–41	–41	–	–41
Tax related to the above remeasurement	–	–	–	10	10	–	10
Remeasurement of financial assets	–	–	–	–599	–599	–	–599
Other comprehensive income	**–**	**12**	**328**	**–630**	**–290**	**–**	**–290**
Total comprehensive income[1]	**–**	**12**	**328**	**8,115**	**8,455**	**–29**	**8,426**
Dividend	–	–	–	–10,577	–10,577	–	–10,577
Repurchase of shares	–	–	–	–1,123	–1,123	–	–1,123
Redemption of shares	–3	–	–	3	–	–	–
Bonus issue	3	–	–	–3	–	–	–
Non-controlling interest that has arisen from acquisitions	–	–	–	–	–	111	111
SHAREHOLDERS' EQUITY 30 NOVEMBER 2023[1]	**207**	**6,069**	**127**	**41,025**	**47,428**	**82**	**47,510**

1. Regarding restated figures for financial year 2023 see information on restated figures attributable to amendments to IAS 12 in note 12.

Group cash flow statement

SEK m	Note	1 Dec 2023–30 Nov 2024	1 Dec 2022–30 Nov 2023
Operating activities			
Profit after financial items[1]		15,443	13,010
Adjustment for non-cash items			
– Provisions for pensions	22	13	5
– Other provisions	23	676	–328
– Depreciation, amortisation and write-downs	10	22,252	22,955
– Other non-cash items		78	–971
Taxes paid	12	–1,717	–5,565
Cash flow from operating activities before changes in working capital		**36,745**	**29,106**
Changes in working capital			
Operating receivables		–2,299	–594
Stock-in-trade	18	–3,036	5,248
Operating liabilities		346	189
Cash flow from operating activities		**31,756**	**33,949**
Investing activities			
Investments in leasehold and similar rights	14	–19	–11
Investments in other intangible assets	14	–1,369	–967
Investments in equipment	15	–10,060	–7,986
Other investments	24	–126	–655
Cash flow from investing activities		**–11,574**	**–9,619**
Financing activities			
Short-term loans		–2,966	–408
New long-term borrowing	27	–	6,312
Repayment of long-term loans	27	–248	0
Amortisation leases	17	–12,631	–12,867
Capital contribution non-controlling interests	13	24	–
Dividend		–10,456	–10,577
Repurchase of shares	21	–2,928	–1,075
Cash flow from financing activities	27	**–29,205**	**–18,615**
CASH FLOW FOR THE YEAR		**–9,023**	**5,715**
Cash and cash equivalents at the beginning of the financial year		**26,398**	**21,707**
Cash flow for the year		–9,023	5,715
Exchange rate effect		–35	–1,024
Cash and cash equivalents at year-end	20	**17,340**	**26,398**

1. Interest paid for the group amounts to SEK 760 m (399). Interest expense related to leases amounts to SEK 1,993 m (1,744) for the group. Received interest for the group amounts to SEK 890 m (616).

Parent company income statement

SEK m	Note	1 Dec 2023–30 Nov 2024	1 Dec 2022–30 Nov 2023
Net sales	6	2,364	2,264
Gross profit		**2,364**	**2,264**
Administrative expenses	7, 8, 10, 11	–170	–108
Operating profit		**2,194**	**2,156**
Revenue from interests in group companies		10,053	11,212
Interest income and similar items	32	491	280
Interest expense and similar items	32	–484	–268
Profit after financial items		**12,254**	**13,380**
Year-end appropriations	28	–1,287	–1,496
Tax	12	–217	–117
PROFIT FOR THE YEAR		**10,750**	**11,767**

Parent company statement of comprehensive income

SEK m	Note	1 Dec 2023–30 Nov 2024	1 Dec 2022–30 Nov 2023
PROFIT FOR THE YEAR		**10,750**	**11,767**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit pension plans	22	–14	–14
Tax related to the above remeasurement		3	3
Other comprehensive income		**–11**	**–11**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**10,739**	**11,756**

Parent company balance sheet

SEK m	Note	30 Nov 2024	30 Nov 2023
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Buildings and land	15	111	116
Equipment, tools, fixture and fittings	15	19	24
		130	**140**
Non-current financial assets			
Shares and interests	29	1,244	1,119
Receivables from subsidiaries		78	78
Other non-current receivables		76	328
Deferred tax assets	12	65	70
		1,463	**1,595**
TOTAL NON-CURRENT ASSETS		**1,593**	**1,735**
CURRENT ASSETS			
Current receivables			
Accounts receivable		–	17
Receivables from subsidiaries		26,757	29,694
Tax assets		12	899
Other receivables		62	63
Prepaid expenses	19	111	139
		26,942	**30,812**
Cash and bank balances	20	–	**2**
TOTAL CURRENT ASSETS		**26,942**	**30,814**
TOTAL ASSETS		**28,535**	**32,549**

SEK m	Note	30 Nov 2024	30 Nov 2023
EQUITY AND LIABILITES			
EQUITY			
Restricted equity			
Share capital	21	207	207
Restricted reserves		88	88
		295	**295**
Non-restricted equity			
Retained earnings		2,729	4,309
Profit for the year		10,739	11,756
		13,468	**16,065**
TOTAL EQUITY		**13,763**	**16,360**
Untaxed reserves	30	**17**	**17**
LIABILITIES			
Long-term liabilites			
Provisions for pensions	22	128	123
Liabilities to credit institutions	27	13,048	13,072
		13,176	**13,195**
Current liabilities			
Account payable		6	8
Liabilities to subsidiaries		1,288	–
Liabilities to credit institutions	27	–	2,693
Other liabilites		95	141
Accrued expenses and deferred income	25	190	135
		1,579	**2,977**
TOTAL LIABILITIES		**14,772**	**16,172**
TOTAL EQUITY AND LIABILITES		**28,535**	**32,549**

Parent company changes in equity

SEK m	Share capital	Restricted reserves	Retained earnings	Total equity
SHAREHOLDERS' EQUITY 1 DECEMBER 2023	**207**	**88**	**16,065**	**16,360**
Profit for the year	–	–	10,750	10,750
Other comprehensive income				
Remeasurement of defined benefit pension plans	–	–	–14	–14
Tax related to the above remeasurement	–	–	3	3
Other comprehensive income	–	–	**–11**	**–11**
Comprehensive income	–	–	**10,739**	**10,739**
Dividend	–	–	–10,456	–10,456
Repurchase of shares	–	–	–2,880	–2,880
Redemption of shares	–2	–	2	–
Bonus issue	2	–	–2	–
SHAREHOLDERS' EQUITY 30 NOVEMBER 2024	**207**	**88**	**13,468**	**13,763**

SEK m	Share capital	Restricted reserves	Retained earnings	Total equity
SHAREHOLDERS' EQUITY 1 DECEMBER 2022	**207**	**88**	**16,009**	**16,304**
Profit for the year	–	–	11,767	11,767
Other comprehensive income				
Remeasurement of defined benefit pension plans	–	–	–14	–14
Tax related to the above remeasurement	–	–	3	3
Other comprehensive income	–	–	**–11**	**–11**
Comprehensive income	–	–	**11,756**	**11,756**
Dividend	–	–	–10 577	–10 577
Repurchase of shares	–	–	–1,123	–1,123
Redemption of shares	–3	–	3	–
Bonus issue	3	–	–3	–
SHAREHOLDERS' EQUITY 30 NOVEMBER 2023	**207**	**88**	**16,065**	**16,360**

Parent company cash flow statement

SEK m	Note	1 Dec 2023–30 Nov 2024	1 Dec 2022–30 Nov 2023
Operating activities			
Profit after financial items[1]		12,254	13,380
Adjustment for non-cash items			
– Provisions for pensions	22	–9	–7
– Depreciation, amortisation and write-downs	10	10	17
– Other non-cash items		381	–126
Taxes paid	12	–678	–1,357
Cash flow from operating activities before changes in working capital		**13,314**	**11,907**
Changes in working capital			
Operating receivables		–2,893	–3,819
Operating liabilities		56	–1,620
Cash flow from operating activities		**16,353**	**6,468**
Investing activities			
Investments in equipment		0	0
Investments in group companies		–125	–300
Other investments		21	7
Cash flow from investing activities		**–104**	**–293**
Financing activities			
Short-term loans	27	–2,867	–325
New long-term borrowing	27	–	5,802
Dividend		–10,456	–10,577
Repurchase of shares	21	–2,928	–1,075
Cash flow from financing activities		**–16,251**	**–6,175**
CASH FLOW FOR THE YEAR		**–2**	**0**
Cash and cash equivalents at the beginning of the financial year		**2**	**2**
Cash flow for the year		–2	0
Cash and cash equivalents at year-end	20	**0**	**2**

1. Interest paid for the parent company amounts to SEK 484 m (268). Received interest for the parent company amounts to SEK 479 m (280), note 32.

Notes to the financial statements

NOTE 1 Accounting principles 133
NOTE 2 Financial risks 134
NOTE 3 Segment reporting 136
NOTE 4 Business combinations 137
NOTE 5 Net sales 137
NOTE 6 Revenue from group companies 138
NOTE 7 Costs by type 138
NOTE 8 Salaries, other remuneration and social security costs 138
NOTE 9 Average number of employees 139
NOTE 10 Depreciation, amortisation and write-downs 140
NOTE 11 Audit fees 140
NOTE 12 Tax 141
NOTE 13 Non-controlling interests 142
NOTE 14 Intangible assets 142
NOTE 15 Buildings, land and equipment 143
NOTE 16 Interests in associates and joint ventures 143
NOTE 17 Leases 144
NOTE 18 Stock-in-trade 145
NOTE 19 Prepaid expenses 145
NOTE 20 Cash and cash equivalents 145
NOTE 21 Share capital 146
NOTE 22 Provisions for pensions 146
NOTE 23 Other provisions 147
NOTE 24 Financial assets and liabilities by category 148
NOTE 25 Accrued expenses and deferred income 150
NOTE 26 Related party disclosures 150
NOTE 27 Interest-bearing liabilities 151
NOTE 28 Appropriations 152
NOTE 29 Interests in group companies 152
NOTE 30 Untaxed reserves 154
NOTE 31 Contingent liabilities 154
NOTE 32 Interest income, interest expense and similar items 154
NOTE 33 Events after the closing date 154
NOTE 34 Distribution of earnings 154

Corporate information
The parent company H & M Hennes & Mauritz AB (publ) is a limited company domiciled in Stockholm, Sweden. The parent company's corporate identity number is 556042-7220. The company's shares are listed on the Stockholm stock exchange, Nasdaq Stockholm. The group's business consists mainly of sales of clothing, accessories, footwear, cosmetics, home textiles and homeware to consumers. The company's financial year runs from 1 December to 30 November. The annual report was approved for publication by the board of directors on 20 March 2025 and will be submitted to the annual general meeting for approval on 7 May 2025.

Ramsbury Invest AB's holding of shares in H & M Hennes & Mauritz AB represents 59.56 percent of all shares and 80.76 percent of the total voting power. Ramsbury Invest AB (556423-5769) is thus formally the parent company of H & M Hennes & Mauritz AB.

1 Accounting principles

Basis for preparation of the accounts
The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations provided by the IFRS Interpretations Committee. Since the parent company is a company within the EU, only IFRS approved by the EU are applied. The consolidated accounts also contain disclosures in accordance with the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.

The parent company's functional currency is Swedish kronor, which is also the reporting currency for the parent company and for the group. Unless otherwise indicated, all amounts are reported in millions of Swedish kronor (SEK m).

Applicable accounting principles are described in connection with each note.

Parent company
The parent company applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities, which essentially means that IFRS is applied. In accordance with RFR 2, the parent company does not apply IFRS 9 with the exception of the principles in IFRS 9 regarding the time of recognition and removal of financial instruments in the balance sheet and the principles for impairment testing and recognition of expected credit losses. The parent company applies the exception in RFR 2 in respect of IFRS 16, which means that the principles of IFRS 16 are not applied in the legal entity. Due to the link between reporting and taxation, year-end appropriations and untaxed reserves are reported in the parent company's financial statements.

Group contributions that the parent company receives from subsidiaries and provides to subsidiaries are reported under appropriations.

Changes in accounting principles and disclosure requirements
As of 2024, the H&M group applies the amendments in accounting standard IAS 12 Income Taxes regarding Deferred Tax related to Assets and Liabilities arising from a Single Transaction. The amendment will entail that deferred tax will be calculated on right-of-use assets and liabilities attributable to leases.

Future accounting principles and disclosure requirements
As from January 1, 2024, IAS 7 and IFRS 7 is amended by adding disclosure requirements, both qualitative and quantitative, regarding supplier finance arrangements, affecting the H&M group's financial statements from 2025. The amendments are not expected to have any material impact on the financial statements. IFRS 18 Presentation and Disclosure in Financial Statements will apply from 1 January 2027, affecting the H&M group's financial statements from 2028.

No new or amended accounting standards that are not yet mandatory have been early adopted by the H&M group.

According to OECD's Pillar Two model rules, H&M group is required to pay a minimum taxation of 15 percent in each of the jurisdictions where the H&M group operates. The jurisdictions where the group operates are expected to meet the safe harbour thresholds, thereby mitigating potential exposure to top-up taxes under Pillar 2 rules.

As part of the H&M group's approach to the Pillar 2 model rules, certain positions reported in local statutory results for transfer pricing purposes have been adjusted in the calculations, aligning with the group's qualified financial statements prepared under relevant accounting standards. The methodology is expected to support compliance with Pillar 2 requirements without materially impacting the financial report.

Climate change
The potential impact of climate change has been considered in preparing the financial statements, particularly in the context of the risks in the Task Force on Climate-related Financial Disclosures (TCFD) climate risk analysis (pages 85–89).

The following areas have been considered:

Changes in customer attitudes and purchasing patterns
Climate-related matters could have an impact on customer behaviour and changes in consumption patterns, thus affecting the revenue of the group. The changes in customer attitudes and purchasing patterns could also impact the value of stock, as inventory could become obsolete as a result of a decline in selling prices or demand.

Introduction of global or regional climate legislation
The introduction of climate-related legislation, such as carbon taxes, could cause higher production costs, thus affecting the cost of goods sold for the H&M group. Especially suppliers dependent of fossil fuels could be affected by an increase in climate-related legislation.

H&M Group has made efforts to help phase out onsite coal and fossil fuels in the supply chain. In 2024, H&M Group spent SEK 1.7 billion on decarbonisation activities across the value chain, for example phasing out fossil fuels, supporting energy efficiency initiatives and replacing conventional materials with recycled and sustainably sourced materials. This has been categorised under inventory, cost of goods sold, equipment, tools, fixtures and fittings, long-term loans to suppliers, prepaid expenses, selling expenses, and administrative expenses.

Increase in raw material, energy, and water costs
Climate-related matters could impact the availability and price of raw materials as well as increase energy and water costs and may impact the production and logistic costs of suppliers causing an increase of the group's cost of goods sold. Climate change may also cause production and distribution disruptions, also affecting the group's purchasing costs.

Natural disasters
The recoverable amount and useful life of assets could be impacted by climate-related matters, such as natural disasters, and could cause costs for impairment and changes in amounts of depreciation.

In estimating future cash flows, such as for impairment testing purposes, estimates and assumptions are made that are not linked to the scenarios described in the TCFD analysis, as the data that these scenarios are built on are connected with a high degree of uncertainty.

Funding is provided to supplier factories to enable investments to reduce energy demand and replace fossil fuels. For 2024, the funding consists of loans to suppliers that are accounted for as long-term receivables, other receivables and prepaid expenses.

The H&M group has entered into offtake agreements, contracts to buy permanent carbon removals, after joining Frontier, an advanced market commitment for permanent carbon removal. The contracts include making payments in advance, which are accounted for as prepaid expenses. Once permanent carbon removals are delivered, the cost is reflected in the income statement. Prepaid expenses or costs related to carbon removals do not amount to significant amounts for 2024. Commitments for additional payments to the companies the group has binding agreements with do not amount to significant amounts for each individual year up until 2030.

For 2024, climate change has not been assessed to have a significant impact on the financial statements nor on the estimates and assumptions made when preparing the annual report and consolidated accounts.

1 cont.

Government assistance
The H&M group accounts for government assistance in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. The grants are reported as a reduction in the cost of the items to which the grants relate. The grants are reported in the income statement and balance sheet when it is reasonably certain that the grants will be received and potential conditions for receiving the grants are fulfilled. No significant amounts of government assistance have been received during 2024.

Estimates and assessments
In preparing the annual and consolidated financial statements in accordance with IFRS, management has made estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience, other relevant factors and expectations of the future, and are reviewed regularly. The actual outcome may therefore deviate from the estimates and assumptions made.

The sources of estimation uncertainty, assessments and assumptions that have been identified by the H&M group refers to the measurement of stock-in-trade, capitalisation of development expenditures, impairment testing of non-current assets, establishing the term of the lease and an interest rate for borrowing included in the calculations of the right-of-use assets and interest-bearing liabilities attributable to leases, recognition of provisions, and the measurement of current and deferred tax; see notes 10, 12, 17, 18 and 23.

Consolidated accounts
Basis of consolidation
The consolidated financial statements cover the parent company and its subsidiaries. Subsidiaries are defined as all companies in which the group owns or controls more than 50 percent of the votes, or in which the group alone has a controlling interest through an agreement or such. Subsidiaries are included in the consolidated accounts from the date of acquisition, which is the date on which the parent company gains a controlling interest and are included in the consolidated accounts until such date as the controlling interest ends. Intra-group income, expenses, receivables, and liabilities, as well as unrealised gains and losses, are eliminated entirely in the preparation of the consolidated accounts.

The financial reports for the parent company and the subsidiaries included in the consolidated accounts cover the same period and have been prepared in accordance with the accounting principles that apply to the group. Associates and joint ventures are accounted for using the equity method when the group has significant influence or joint control.

Associates and joint ventures
All companies in which the group has a significant interest (associates) or joint control (joint ventures) are accounted for according to the equity method, see note 16.

Translation of foreign subsidiaries
The companies making up the group present their financial statements in the currency used in the economic environment in which the company concerned mainly operates, known as the functional currency. These statements form the basis of the consolidated accounts. The consolidated accounts are presented in Swedish kronor, which is the parent company's functional currency and reporting currency. Assets and liabilities in foreign subsidiaries are translated at the exchange rate on the closing date, while the income statement is translated at the average exchange rate for the financial year. The translation difference arising from this, and also as a result of the fact that the net investment is translated at a different exchange rate at the end of the financial year than at the beginning of the financial year, is posted directly to equity as a translation reserve via the statement of comprehensive income. On disposal of a foreign business the accumulated translation differences in the income statement are posted together with the profit or loss on disposal.

Foreign currency
Monetary assets and liabilities in foreign currencies are translated at the exchange rate on the closing date. Exchange rate differences arising on translation are reported in the income statement except for exchange rate differences in respect of loans, which are to be regarded as net investment in a foreign operation. Exchange rate differences of this type are posted to equity as translation differences via the statement of comprehensive income. Exchange rate differences relating to loans in foreign currency taken out to hedge net investments in foreign operations are also recognised in other comprehensive income.

Interest income
Interest income is recognised as it is earned.

Cash flow statement
The cash flow statement is prepared according to the indirect method. The reported cash flow covers only transactions involving payments in or out.

2 Financial risks

The H&M group's financing and management of financial risk is carried out centrally within the group's finance department in accordance with a financial policy established by the board of directors. The financial policy establishes the framework, guidelines, mandate, and responsibilities for monitoring, reporting, and managing financial matters. The group treasurer shall report the group's liquidity, funding need, and financial risks to the CFO and board of directors on a monthly basis. The H&M group's accounting principles for financial instruments, including derivatives, are described in note 24.

In the course of doing business the H&M group is exposed to risk associated with financial instruments such as cash and cash equivalents, short-term investments, accounts receivable, accounts payable and loans. The H&M group also executes transactions involving currency derivatives for the purpose of managing currency risk that arises in the course of the group's business.

The risks relating to these instruments are primarily the following:

- interest rate risk associated with liabilities to credit institutions, cash and cash equivalents and short-term investments;
- currency risk associated with flows and with financial assets and financial liabilities in foreign currencies;
- credit risk and counterparty risk associated with financial assets and derivative positions;
- liquidity risk and financing risk relating to liquidity and cash flow as well as financing and refinancing of the group's capital requirements.

Interest rate risk
Interest rate risk is the risk that earnings or the fair value of assets and liabilities will be adversely affected by changes in interest rates. The H&M group's exposure to risk from changes in interest rates relates to cash and cash equivalents, short-term investments and liabilities to credit institutions and for finance leases. The original term of the investments is up to three months as of the closing date. The group's cash and cash equivalents and short-term investments as of the closing date amounted to SEK 17,340 m (26,398). As of the closing date, loans and leases amounted to SEK 76,954 m (77,970). An interest rate increase of 1 percentage point on these amounts would increase interest income from cash and cash equivalents and short-term investments by SEK 173 m (264) and would increase interest expense for external borrowing and leases by SEK 701 m (685). A corresponding decrease in the interest rate would reduce interest income by the same amount and would decrease interest expense related to liabilities to credit institutions and for leases. Changes in interest rates are expected to have limited effects on the book value of the group's interest-bearing liabilities. The background is that liabilities to credit institutions are valued at amortised cost.

The group's exposure to the reform of interbank offered rates (IBOR) is limited. As of 30 November 2024 there are no drawn credit facilities that refer to IBOR.

Currency risk
There is a risk that fluctuations in exchange rates will have an adverse effect on the company's financial position, profitability and cash flow. The H&M group is affected by fluctuations in exchange rates via transaction exposure and translation exposure. Transaction exposure arises when sales and purchases are made in currencies that differ from each company's functional currency. The functional currency is in most cases the currency of the country where the company is located. Translation exposure arises when subsidiaries' results, assets, liabilities, and equity are translated into SEK, the group's reporting currency.

2 cont.

Currency exposure associated with financial instruments
The H&M group's currency risk associated with financial instruments is mainly related to financial investments, accounts payable and derivatives. The group's accounts payable in foreign currencies are mainly handled in Sweden and are largely hedged through forward contracts. Based on this, a 10 percent change in the value of the Swedish krona in relation to other currencies would have an insignificant momentary effect on profit related to financial instrument holdings as of the closing date. A 10 percent strengthening of the Swedish krona would have an effect on the hedging reserve in equity of around SEK –22 m (–80) before taking into account the tax effect, of which SEK 907 m (812) relates to EUR and SEK –2,028 m (–1,800) to USD. The group's exposure to outstanding derivative instruments is reported in note 24.

The group's operating result for the year was affected by net exchange rate differences relating to flows of goods in the amount of SEK –136 m (–168).

Transaction exposure associated with commercial flows
Payment flows in the form of payments in foreign currencies for accounts receivable and payable expose the group to currency risk. To manage currency risk relating to changes in exchange rates, the group hedges its currency rate within the framework of the financial policy. Currency risk exposure is managed at a central level. The group's most significant purchase currencies are the USD and EUR. Fluctuation in the USD/EUR exchange rate is the single largest transaction exposure within the group. The estimated operational transaction exposure for the group's main currencies is shown in the table below. As an example, the net transaction exposure for incoming and outgoing payments in USD is a deficit. A strengthening of the USD exchange rate against all other currencies by 10 percent would have a negative effect on cash flow and operating profit of SEK 6,329 m (5,402) and a weakening would have a positive effect of SEK 6,329 m (5,402). The analysis is based on the assumption that no currency flows have been hedged and is made before offsetting price adjustments and other similar measures. The group also has transaction exposure to a large number of smaller currencies which together add up to the line "Other". Besides that, there are no material exposures from transaction type financial instruments.

Currency	2024	2023
EUR	38,671	26,752
GBP	8,636	6,848
USD	–63,291	–54,015
Other	33,284	34,952

To hedge the flows of goods in foreign currencies and thereby reduce the effects of future exchange rate fluctuations, the group's purchases of goods and the bulk of related forecast inflows from the sales companies are fully hedged under forward contracts on an ongoing basis. The average term of outstanding forward contracts is around three months. All derivatives have an original maturity of less than one year.

Translation exposure on consolidation of entities outside Sweden
In addition to the effects of transaction exposure, profits are also affected by translation effects as a result of changes in exchange rates for the local currencies of the various foreign subsidiaries against the Swedish krona, compared to the same period the previous year. The underlying result in a market may be unchanged in the local currency, but when converted into SEK may increase if the Swedish krona has weakened or decrease if the Swedish krona has strengthened. Translation effects also affect the group's net assets on consolidation of the foreign subsidiaries' balance sheets (translation exposure in the balance sheet). Where the remeasurement of balance sheet items affects the group's income statement, such as in the case of intragroup liabilities and short-term intragroup receivables, these are to be fully hedged. Net investment in foreign currency may be hedged in full or in part through a liability in the same currency, known as an equity hedge. As of 30 November 2024 certain portions of net investments are hedged in this way. The purpose of the hedging is to protect – in the group's consolidated accounts – the majority of the value of net investments in EUR from EUR/SEK exchange rate fluctuations.

Credit risk and counterparty risk
Credit risk is the risk that the H&M group's counterparties will be unable to meet their commitments and thus cause losses for the H&M group. Financial credit risk arises primarily as counterparty risk in the form of investments or cash and cash equivalents in the bank accounts, and also as receivables from banks attributable to surplus value in derivative instruments. The financial policy states maximum amounts and terms for investments and for cash and cash equivalents in bank accounts with different ratings. Credit exposure as of 30 November 2024 equals the book value for cash and cash equivalents of SEK 17,340 m (26,398), accounts receivable of SEK 5,631 m (3,301), derivative instruments of SEK 1,224 m (1,089), and other long-term receivables of SEK 858 m (1,204), totalling SEK 25,050 m (31,992). The group's own credit operations are phased out and are managed through collaboration with an external party.

The group aims to have master netting agreements (ISDA) with all counterparties for transactions involving derivative instruments. Assets and liabilities related to derivative instruments are not netted in the balance sheet.

2024	Derivative assets	Derivative liabilities
Gross amount	1,224	665
Effect of netting agreements	–628	–628
Net position	596	37

2023	Derivative assets	Derivative liabilities
Gross amount	1,089	1,205
Effect of netting agreements	–864	–864
Net position	225	341

Liquidity risk and financing risk
Liquidity risk refers to the risk that the H&M group will be unable to meet its payment commitments due to a lack of liquidity. Financing risk refers to the risk that the financing of the group's capital requirements and the refinancing of outstanding loans becomes more difficult or more expensive.

The strategy for the H&M group's liquidity planning and financing is to maintain good payment capacity and to identify and cover liquidity needs arising in the group through continuous forecasting of business needs. Liquidity and financing risks are regulated in the H&M group's financial policy, which states that loans are to have an evenly distributed maturity structure and that cash and undrawn credit facilities are to cover the company's forecast short-term liquidity needs. Cash and cash equivalents and short-term investments were SEK 17,340 m (26,398) as of 30 November 2024. Cash and cash equivalents, short-term investments and undrawn credit facilities totalled SEK 35,756 m (44,570). The group's current assets, such as inventories and short-term receivables, closely match its current liabilities in terms of maturity structure, and are assessed to cover the group's overall needs according to the following maturity analysis.

Maturity analysis of financial liabilities

Financial liabilities	<1 year	1–5 years	>5 years	Total
Liabilities to credit institutions	0	8,000	6,117	14,117
Lease liability	12,476	29,386	20,975	62,837
Accounts payable	24,417	–	–	24,417
Other financial liabilities	1	–	–	1
Total	**36,894**	**37,386**	**27,092**	**101,372**

As of 30 November 2024 the group had interest-bearing liabilities of SEK 14,117 m (17,082) in the form of commercial papers, bonds, and loans from credit institutions. In addition, the group has undrawn credit facilities of SEK 18,416 m (18,172). The average maturity of interest-bearing liabilities and undrawn credit facilities was 5.3 (5.1) years. A maturity analysis for outstanding interest-bearing liabilities and undrawn credit facilities is given below.

2 cont.

Year	Bonds (EMTN)	Loans from credit institutions	Undrawn credit facilities
2024	–	–	–
2025	–	–	–
2026	–	2,000	–
2027	–	–	3,453
2028	–	245	–
2029	5,755	–	14,963
2030	–	–	–
2031	6,117	–	–
Total SEK m	**11,872**	**2,245**	**18,416**

Supplier payment process
The H&M group payment terms to commercial goods suppliers are in line with industry standard. Some suppliers choose to sell their receivables, and if requested, the H&M group can introduce banks to purchase these receivables. This arrangement has together with the underlying trade agreements been analysed from a number of indicators of which all fulfil the requirements for these transactions to be recognised as trade payables.

3 Segment reporting

When reporting operating segments for the group, IFRS 8 Operating Segments is applied.

The group's business consists mainly of sales of clothing, accessories, footwear, cosmetics, home textiles and homeware to consumers. Internal follow-up of the group's business is carried out on a country-by-country basis by the CEO, who is the group's chief operating decision maker. Each country is thus an operating segment. However, the various countries sell similar products via similar sales channels to similar customers. Goods purchasing is carried out collectively for the group. Some countries have similar economic characteristics, such as comparable long-term economic results as well as comparable operational and financial risks. In view of this, countries which have these similar economic characteristics are combined in the segment reporting. The H&M group has combined countries to form the segments Asia and Oceania, Europe and Africa, and North and South America. The parent company and subsidiaries with no external sales are reported separately under Group Functions. The same accounting principles are applied to segment reporting as in the consolidated accounts. Transactions between segments take place on normal commercial terms.

	2024	2023
Asia and Oceania		
External net sales	28,619	29,941
Operating profit	697	890
Operating margin, %	2.4	3.0
Assets excluding tax assets and internal receivables	11,006	10,973
Liabilities excluding tax liabilities and internal liabilities	3,620	3,488
Investments	677	486
Depreciation, amortisation and write-downs	850	1,092
Europe and Africa[1]		
External net sales	154,060	152,308
Operating profit	5,897	4,283
Operating margin, %	3.8	2.8
Assets excluding tax assets and internal receivables	28,959	24,863
Liabilities excluding tax liabilities and internal liabilities	20,005	18,654
Investments	4,134	2,708
Depreciation, amortisation and write-downs	2,949	3,332

1. South Africa

3 cont.

	2024	2023
North and South America		
External net sales	51,799	53,786
Operating profit	2,045	2,224
Operating margin, %	3.9	4.1
Assets excluding tax assets and internal receivables	18,750	19,255
Liabilities excluding tax liabilities and internal liabilities	8,056	8,574
Investments	2,186	1,740
Depreciation, amortisation and write-downs	2,048	2,429
Group Functions		
Net sales to other segments	79,071	79,667
Operating profit	8,667	7,140
Operating margin, %	11.0	9.0
Assets excluding tax assets and internal receivables	113,279	116,645
Liabilities excluding tax liabilities and internal liabilities	97,821	99,163
Investments	4,540	4,030
Depreciation, amortisation and write-downs	16,405	16,102
Eliminations		
Net sales to other segments	–79,071	–79,667
Total		
External net sales	**234,478**	**236,035**
Operating profit	**17,306**	**14,537**
Operating margin, %	**7.4**	**6.2**
Net financial items	**–1,863**	**–1,527**
Profit after financial items	**15,443**	**13,010**
Assets excluding tax assets and internal receivables	**171,994**	**171,736**
Liabilities excluding tax liabilities and internal liabilities	**129,504**	**129,879**
Investments	**11,537**	**8,964**
Depreciation, amortisation and write-downs	**22,252**	**22,955**

Operating profit for each segment is based on how the H&M group tracks results internally within the group and may deviate from the fiscal result in each market. Group Functions includes results that have been realised in multiple different geographical areas of the world and reflects the value creation within the group. All effects of IFRS 16 are included under Group Functions, with the exception of impairment of non-current assets as a result of impairment testing for financial year 2023. Impairment of non-current assets totalling SEK 307 m (298), as a result of impairment testing, is allocated to segments as follows: Asia and Oceania SEK 29 m (39), Europe and Africa SEK 3 m (150), and North and South America SEK 10 m (110), and Group Functions 265 (0). For further information see note 10.

The group's property, plant and equipment amounted to SEK 86,220 m (81,536) as of 30 November 2024. The property, plant and equipment are largely distributed between the countries in accordance with each country's level of sales. Property, plant and equipment amounted to SEK 5,023 (4,014) in Sweden, to SEK 6,891 m (6,961) in the UK, to SEK 8,154 m (7,167) in Germany and to SEK 16,574 m (15,561) in the US as of 30 November 2024.

4 Business combinations

When reporting acquisitions for the group, IFRS 3 Business Combinations is applied.

All business combinations are reported according to the acquisition method, which means that acquired assets and assumed liabilities are recognised and measured at fair value at the acquisition date. If the transferred consideration exceeds the estimated value of identifiable net assets in the acquired company at the time of acquisition, the difference is recognised as goodwill. If the transferred consideration is less than the finally determined value of identifiable net assets, the difference is recognised directly in the income statement. Non-controlling interests are determined for each transaction either as a proportionate share of the fair value of identifiable net assets or at fair value. Transaction costs related to acquisitions are not included in the cost of the acquisition but are expensed. In a business combination achieved in stages, the group's previously held equity interest in the acquired entity is remeasured at its fair value on the acquisition date, with any resulting gain or loss recognised in the income statement.

Acquisitions in 2024
No acquisitions have been made during 2024.

Acquisitions in 2023
Sellhelp AB
As a result of contractual changes, without paying any additional purchase consideration, the H&M group obtained a controlling interest in its former associate Sellhelp AB as of 9 December 2022. As of the contract date the H&M group owned 79.84 percent of the shares in the company. Non-controlling interests amounted to SEK 108 m as of the contract date and have been measured at the proportionate share of the recognised value of acquired net assets. Sellhelp AB has developed a platform – Sellpy – for second-hand products. The investment contributes to the group's initiatives for sustainability and circular business models. Prior to the date of the contractual changes the book value of the group's interest in Sellhelp AB amounted to SEK 269 m. Obtaining a controlling interest has resulted in a reported gain of SEK 1,107 m based on a fair value for the group's interest of SEK 1,376 m. The gain was reported on the line "Result from investments in associated companies and joint ventures" in the consolidated income statement and had no effect on cash flow. The interest in Sellhelp AB has been valued using a combined estimate from two valuation methods: one in which relevant multiples from similar companies have been applied to the company's key ratios and one based on historical majority transactions in the same industry.

Sellhelp AB's operations are consolidated into the H&M group's accounts with effect from the first quarter of 2023. Obtaining a controlling interest gave rise to intangible assets in the form of brands amounting to SEK 500 m, technical platform amounting to SEK 136 m and goodwill amounting to SEK 949 m. No other acquired assets or assumed liabilities amount to a material sum. Reported goodwill primarily refers to assets that cannot be recognised in the balance sheet, including but not limited to a circular business model and future growth, and is not expected to be tax-deductible. Sellhelp AB's operations contributed SEK 1,148 m and SEK –80 m respectively to the group's net sales and operating profit for financial year 2023. The operations are included in the "Europe and Africa" segment. During financial year 2023 the group had incurred no transaction costs related to obtaining the controlling interest in Sellhelp AB.

5 Net sales

When reporting revenue for the group, IFRS 15 Revenue from Contracts with Customers is applied.

The group's income is generated mainly by the sale of clothing, accessories, footwear, cosmetics, home textiles and homeware to consumers. The customers are primarily private individuals, with the same prices applying to all customers. Any price reductions are general and not directed to any specific individual. Sales revenues are reported as net sales in the income statement,

5 cont.

i.e. sales revenue less value-added tax, returns and discounts. Revenue from both store and online sales is reported in conjunction with sale to the customer and is based on the country in which the store is located, or the online customer lives. In the case of store sales, therefore, the transaction price is due for payment immediately when the customer makes the purchase and receives the product in the store. In the case of online sales this principle means that revenue is reported when control of the goods is considered as transferred from the H&M group.

In addition to the main sale of new goods, a smaller share of the total turnover also consists of the sale of services such as repair and rental, commission-based sales, second-hand online sales, a membership-based business model and B2B sales of print-on-demand.

The right to return goods is, as a minimum, in accordance with the local rules in the country concerned. Based on historical data and best estimates, a returns reserve and a right of return asset are calculated which are reported gross under Other current liabilities and Stock-in-trade.

The payment terms are the same for all customers paying in cash or by card and the amount of remuneration is not variable. In certain markets (mainly online) the group collaborates with an external partner to offer payment terms that allow later payment against invoice, usually after 30 days.

Gift cards are offered in many countries and generally give rise to a liability in the country concerned with effect from the date of purchase. Revenue is then recognised when the card is used or expires.

Franchise sales have two components: sales of goods to franchisees, which are reported on delivery of the goods, and franchise fees, which are reported when the franchisee sells goods to the consumer.

The points that members of the H&M loyalty programme can earn and in the future use in the form of discounts represent a right that they would not have without entering into this agreement. Points earned that have not been used are reported as a current liability as well as a reduction in revenue in order to correspond to the future reduction in revenue that arises when the points issued are used to obtain discounts. Revenue is recognised when the points are used or when they expire maximum 12 months after being earned. The group applies the practical expedient not to disclose information about remaining performance obligations since these are thus part of contracts with an original expected duration of one year or less. The liability is based on fair value calculated per outstanding point.

SEK m	30 Nov 2024	30 Nov 2023
Contract liabilities	944	1,031

The entire opening balance has been accounted for as income during the year.

The group's income exhibits seasonal variations. The first quarter of the financial year is normally the weakest and the last quarter the strongest.

	Net sales 2024	Number of stores 30 Nov 2024	Net sales 2023	Number of stores 30 Nov 2023
Germany	35,716	407	35,255	420
US	30,730	509	33,068	508
UK	17,242	228	17,511	238
France	11,085	188	11,274	197
Sweden	8,701	133	8,854	136
Poland	8,370	181	7,254	182
Netherlands	7,634	100	7,360	107
Italy	7,390	157	7,475	160
Switzerland	6,879	90	6,831	91
Canada	6,590	96	6,724	94
Other	94,141	2,164	94,429	2,236
Total	**234,478**	**4,253**	**236,035**	**4,369**

6 Revenue from group companies

The parent company's internal sales consist of royalties of SEK 2,335 m (2,184) and other income of SEK 23 m (35) from group companies.

7 Costs by type

Costs for the group are allocated to three functions: cost of goods sold, selling expenses and administrative expenses. The cost of goods sold includes all costs of designing, procuring and transporting goods. Examples of costs included in this, other than the pure sourcing cost of the products, are shipping, customs duties, environmental levies, payroll and the cost of premises for the buying department, IT costs related to buying and logistics as well as handling costs in the distribution centres and shipping costs from warehouses to stores. Selling expenses include store expenses such as salaries and rents, marketing costs, handling costs in replenishment warehouses for stores, shipping costs to online customers, IT costs related to stores and sales, as well as central support functions related to sales. The item administrative expenses includes the costs of other central support functions, such as salaries, rents and IT costs for administrative systems.

For information on payroll see note 8, and for depreciation, amortisation and write-downs see note 10.

8 Salaries, other remuneration and social security costs

When reporting benefits to employees for the group, IAS 19 Employee Benefits is applied.

2024	Salary, Board, CEO, Executive management	Salary, other employees	Social security costs, total	Of which pension, total	Of which Board, CEO, Executive management
Sweden, parent company	22	–	30	23	5
Subsidaries	27	35,865	7,407	682	7
Group total	**49**	**35,865**	**7,437**	**705**	**12**

2023	Salary, Board, CEO, Executive management	Salary, other employees	Social security costs, total	Of which pension, total	Of which Board, CEO, Executive management
Sweden, parent company	22	–	30	23	4
Subsidaries	10	34,976	7,574	760	13
Group total	**62**	**34,976**	**7,605**	**784**	**17**

Board fees

In accordance with the resolution passed at the 2023 AGM, board fees for the year amounted to SEK 7,950,000 (7,905,000) and were paid after the 2024 AGM. The fees were distributed as follows: SEK 1,850,000 (1,800,000) to the chair of the board, SEK 800,000 (775,000) to board members elected by the AGM, an additional SEK 200,000 (200,000) to members of the audit committee and an additional SEK 300,000 (280,000) to the chair of the audit committee. The AGM passes a resolution on board fees for a one-year period until the next AGM. This means that fees for the period 3 May 2024 to 7 May 2025 will be paid after the 2025 AGM, based on the resolution concerning board fees passed at the 2024 AGM. In the period since 3 May 2024, the board of directors has comprised eight ordinary members elected by the AGM. There are also three employee representatives and three deputies for these members. The board is made up of eight women and six men. Six of the fourteen members are employees of the company.

8 cont.

Board member Lena Patriksson Keller is the majority shareholder in Patriksson Group AB, which had business dealings with H&M Group during the year. The transactions took place on market terms and remuneration for 2024 amounted to SEK 27.0 m (6.9). Outstanding balances as of 30 November 2024 totalled SEK 3.4 m (0.6). The increase compared to the previous year is mainly due to an increased amount of marketing activities related to the H&M brand in the fall of 2024. Approximately half of the increase has been invoiced to partners.

Remuneration of senior executives

Remuneration of senior executives is based on guidelines adopted annually by the AGM; see the administration report on pages 113–117.

Remuneration of the chief executive officer

Remuneration paid to the CEO during financial year 2024 in the form of salary and benefits amounted to SEK 15.1 m (15.1). In addition, the CEO received variable remuneration of SEK 5.0 m (3.8) in respect of financial year 2024 that was paid and expensed in the first quarter of 2025. Pension benefits for the CEO are covered by a defined contribution plan and by the ITP plan. The combined pension expenses shall amount in total to 30 percent of the CEO's fixed salary. Pension expenses amounted to SEK 4.5 m (4.4). The retirement age for the CEO is 65.

During the year Daniel Ervér (salary SEK 12.6 m, pension SEK 3.8 m) took over from Helena Helmersson (salary SEK 2.5 m, pension SEK 0.7 m).

The CEO is entitled to a 12-month period of notice. In the event that the company cancels the CEO's employment contract, the CEO will also receive severance pay of a year's salary. The CEO's terms of employment are determined by the board of directors.

Pension for a former CEO

A former CEO retired on 1 September 2009. The total pension commitments recognised as liabilities, based on the fact that for the first three years of retirement the person received a pension equivalent to 65 percent of fixed salary and thereafter receives a lifelong pension equivalent to 50 percent of the same salary, amount to SEK 112.9 m (105.5). The change in the year's pension commitments recognised as liabilities includes actuarial gains of SEK 13.0 m (13.0). Pension costs for the former CEO are included under "of which pensions to board, CEO, executive management".

Remuneration of the executive management team

Including the CEO, as of 30 November 2024 the executive management in the group comprised of 3 (4) men and 4 (4) women, of which 1 (0) man and 0 (1) women in the parent company. In addition to the CEO, the executive management team consists of the CFO, the person with responsibility for portfolio brands, the person with responsibility for new growth & ventures, and the heads of the following group functions: communications, sustainability, and people & organisational development/human resources.

Remuneration paid to members of the executive management team, other than the CEO, during financial year 2024 in the form of salary and benefits amounted to SEK 27.1 m (39.6). In addition, members of the executive management team, other than the CEO, received variable remuneration of SEK 6.5 m (9.7) in respect of financial year 2024 that was paid and expensed in the first quarter of 2025. Pension expenses relating to the executive management team, other than the CEO, during the year amounted to SEK 7.4 m (13.3). There are rules in place for members of the executive management team with respect to supplements to retirement pension beyond the ITP plan. The retirement age varies between 62 and 65. The cost of this commitment is partially covered by separate insurance policies.

H&M Incentive Program (HIP)

An extraordinary general meeting held on 20 October 2010 resolved to introduce an incentive programme for all employees of the H&M group.

The programme was initiated by Stefan Persson and family through the donation of 4,040,404 H&M shares worth around SEK 1 billion to a Swedish foundation, Stiftelsen H&M Incentive Program.

8 cont.

All employees of the H&M group, regardless of their position and salary level, are included in the programme according to the same basic principle – based on length of employment, either full-time or part-time. The number of years that the employee has worked for the company previously is taken into account in the qualification period, which is five years unless local rules require otherwise. As a general rule, funds will begin to be paid out no earlier than the age of 62. However, it will also be possible for payments to be made after ten years of employment but no earlier than 2021.

The 2013 annual general meeting resolved to change the basis of future contributions to HIP. The contribution is no longer linked to the increase in dividend; instead, contributions to HIP are based on 10 percent of the increase in the company's profit after tax between two consecutive financial years. The increase in profit is calculated on profit after tax before any contribution to HIP. Thus, when calculating the contribution to HIP for year 2, the year's profit after tax is compared with year 1's profit after tax before any contribution to HIP. This ensures that the two years are compared on a like-for-like basis; in other words, profit after tax before any contribution to HIP. The first contribution to HIP based on an increase in profit was made for the financial year which ended on 30 November 2013.

The contribution to HIP for a financial year is expensed in the year to which it relates. For example, if profit after tax in year 1 is 100 and profit after tax in year 2 is 130, then the contribution is 3 and will be expensed in year 2.

There is a ceiling that limits the size of the contribution when the increase in profit between two years may be deemed disproportionately large. The ceiling has been set at 2 percent of profit for the year after tax before any contribution to HIP.

The contributions to the foundation are to be invested in H&M Group shares. The H&M group has no other commitments beyond this.

In the consolidated accounts the costs of the incentive programme are recognised in accordance with the rules on short-term profit-sharing and bonus schemes set out in IAS 19. The expense is recognised when the amount has been established and an obligation exists. The amount is transferred to the foundation during the next financial year.

For 2024 a contribution of SEK 236 m (177) was made to the incentive programme, based on the principle for contributions to HIP adopted at the 2013 AGM and described above.

9 Average number of employees

	2024		2023	
	Total	% male	Total	% male
Sweden	9,525	28	10,281	27
Norway	1,441	8	1,499	7
Denmark	1,303	9	1,374	9
UK	6,188	26	6,814	25
Switzerland	1,617	17	1,645	16
Germany	10,219	16	10,568	17
Netherlands	2,083	17	2,192	17
Belgium	1,831	30	1,973	29
Austria	1,714	12	1,756	12
Luxembourg	195	15	198	12
Finland	677	5	705	5
France	4,276	21	4,442	22
US	9,979	32	10,245	32
Spain	3,304	20	3,591	20
Poland	6,453	19	5,852	20
Czech Republic	1,093	13	969	13

9 cont.

	2024		2023	
	Total	% male	Total	% male
Portugal	519	14	529	15
Italy	3,114	25	3,267	26
Canada	2,128	14	2,026	31
Slovenia	169	5	168	5
Ireland	369	19	361	18
Hungary	864	15	876	15
Slovakia	335	12	319	13
Greece	948	16	959	16
Mainland China	4,782	20	5,232	21
Hong Kong SAR	376	33	461	35
Japan	1,521	18	1,849	26
Russia[1]	5	20	249	39
South Korea	1,232	25	1,127	24
Türkiye	1,521	38	1,435	37
Romania	936	8	1,043	18
Croatia	276	6	274	6
Singapore	403	34	389	34
Bulgaria	315	12	335	15
Latvia	107	13	121	20
Malaysia	763	49	857	49
Mexico	2 309	45	2,100	47
Chile	1 932	40	1,851	41
Lithuania	208	9	216	9
Serbia	232	14	239	17
Estonia	207	5	197	6
Australia	979	27	1,036	27
Philippines	666	29	743	47
Taiwan Region	306	36	280	29
Peru	664	43	713	45
India	2 828	61	2,466	61
South Africa	969	35	1,043	36
Puerto Rico	60	30	58	34
Cyprus	54	28	54	33
New Zealand	228	25	251	28
Kazakhstan	312	44	359	30
Colombia	1 089	42	1,214	47
Iceland	100	16	77	17
Vietnam	260	42	362	43
Georgia	92	10	91	11
Ukraine	371	23	336	23
Uruguay	231	27	250	30
Bosnia-Herzegovina	40	8	41	10
Belarus[1]	0	–	21	24
North Macedonia	38	18	28	18
Ecuador	462	58	508	42
Kosovo	43	16	44	25
Albania	26	4	32	9
Other countries	423	76	512	74
Total[2]	**97,710**	**26**	**101,103**	**26**

1. The business in Russia and Belarus were wound down during financial year 2022.
2. The total average number of employees for 2024 was incorrect in the full-year report 2024 and the correct figure is stated in the table above.

10 Depreciation, amortisation and write-downs

When reporting impairment of assets for the group, IAS 36 Impairment of Assets is applied.

Depreciation and amortisation have been calculated at 12.5 percent of cost for equipment and leasehold rights, and 20 percent for computer equipment and vehicles. Capitalised development expenditure is amortised at 10–20 percent of cost. Buildings are depreciated at 3 percent of cost. No depreciation is applied to land values. The group applies component depreciation, which means that depreciation is based upon the estimated useful lives of the components. Depreciation and amortisation for the year are reported in the income statement in accordance with the table below.

	Group		Parent company	
	2024	2023	2024	2023
Cost of goods sold	2,307	2,111	–	–
Selling expenses	19,112	19,974	–	–
Administrative expenses	833	870	10	14
Total[1]	**22,252**	**22,955**	**10**	**14**

1. Of which write-downs and losses at disposals for the group of SEK 654 m (770) and SEK 0 m (0) for the parent company.

Depreciation relating to right-of-use assets is included above in the amount of SEK 13,014 m (13,117) for the group, which breaks down as follows: cost of goods sold SEK 1,262 m (1,107), selling expenses SEK 11,322 m (11,599) and administrative expenses SEK 430 m (411).

The carrying amount of property, plant and equipment including right-of-use assets is tested for impairment if there is an indicated need of impairment. If the carrying amount of an asset or a cash-generating unit, for which there is an indication of possible impairment, exceeds the recoverable amount (the higher of fair value less cost of disposal and the value in use) the carrying amount is reduced to the recoverable amount of the asset or cash-generating unit. Any impairment is recognised in profit/loss, mainly as selling expenses. The estimation of the recoverable amount is associated with assumptions about future cash flows and therefore certain uncertainty.

The general approach is that a grouping of stores, based on a significant degree of revenue substitution including an allocation of online sales, constitute a cash-generating unit and is assessed for impairment indicators. The approach to determining a cash-generating unit is based on the increasing omni presence and experience offering to the same customer base and resulting significant revenue substitution between the store and online sales channels as well as within certain groupings of stores.

Impairment of non-current assets as a result of impairment testing due to earnings performance amount to SEK 41 m (82) for equipment, tools, fixture and fittings and SEK 256 m (236) for right of use assets for 2024, excluding stores where a decision to close was taken prior to year-end, and is recognised mainly as selling expenses. The reversal of previous years impairment losses amounted during the period to SEK 4 m (11) and was classified as selling expenses. The primary factor affecting the outcome of the impairment test is the underlying individual result of separate cash generating units. A sensitivity analysis considering a 20 percent reduction in earnings performance has been performed on both the assets that were impaired based on the impairment test as well as on the result of the impairment indicator test. The sensitivity analysis shows that no additional significant asset impairment is required.

An annual impairment test is made of the capitalised development expenditures regarding IT-related investments projects that are not yet ready for use and no impairment has been identified. Systems that are no longer in use with an original cost of SEK 290 m (281) have been written off entirely.

Intangible assets with an indefinite useful life, goodwill, are tested for impairment annually or more often if there is an indication of a decline in value to determine possible impairment. Goodwill is allocated to a cash-generating unit consisting of the operations conducted within the brands that were part of the acquisition where the goodwill arose. The goodwill of the group is allocated to two cash-generating units. These consist of the operations conducted within the brands that were part of the acquisitions of Fabric Scandinavien AB and Sellhelp AB respectively. The value in use for goodwill has been calculated based on discounted cash flows. The value in use has been calculated based on discounted cash flows according to forecasts for the next five years with an annual growth rate of 2 percent (2) in subsequent years. A discount rate of 12 percent (11.5) before tax was used. The cash flows are based on the H&M group's business plan. The growth rate is based on the H&M group's assessment of the opportunities and risks associated with the businesses. The discount rate is based on a weighted average cost of capital that is estimated to be on a par with the external requirements that the market imposes for similar companies. In 2023, the recoverable amount for goodwill attributable to Sellhelp AB was calculated to fair value where the price from the latest funding round per 29 September 2023 was used as the valuation method, with a transactional price corresponding to SEK 9,078 per share.

Goodwill attributable to the operations conducted within the brands that were part of the acquisition of Fabric Scandinavien AB amounts to 64 and that were part of the acquisition of Sellhelp AB amounts to 949. No need for impairment of goodwill has been identified for financial year 2024.

11 Audit fees

	Group		Parent company	
	2024	2023	2024	2023
Deloitte				
Statutory audit	63.1	59.6	14.4	11.9
Auditing other than statutory audit	8.1	7.9	–	–
Tax consultancy	1.3	3.8	–	–
Other consultancy	3.9	0.8	0.7	–
Other auditors				
Statutory audit	1.0	0.3	–	–
Total	**77.4**	**72.4**	**15.1**	**11.9**

12 Tax

When reporting taxes for the group, IAS 12 Income Taxes is applied.

Income taxes in the income statement represent current and deferred tax payable by Swedish and foreign subsidiaries. Current tax is tax that will be paid or received in respect of the current year as well as adjustments to current tax attributable to previous periods. The income tax rate in force in each country is applied.

Deferred tax is calculated according to the balance sheet method based on temporary differences arising between reported and fiscal values of assets and liabilities. Deferred tax is calculated using the tax rates that are expected to apply in the period when the receivables or liabilities are settled, based on the tax rates (and the tax legislation) in force on the closing date. A deferred tax liability is recognised for all temporary differences unless it relates to goodwill or to an asset or a liability in a transaction that is not a business combination and that, at the time of acquisition, affects neither the reported nor taxable profit or loss for the period. Also, temporary differences relating to investments in subsidiaries and associates are taken into account only to the extent it is likely that the temporary difference will be reversed in the foreseeable future. Deferred tax assets for temporary differences and loss carryforwards are recognised only to the extent it is likely that these will be able to be utilised.

The carrying amounts of deferred tax assets are tested as of each closing date and reduced where it is no longer deemed likely that they will be able to be utilised.

Global companies such as the H&M group are sometimes involved in tax proceedings of varying extent and at different stages. The H&M group continually evaluates tax proceedings in progress. Where it is likely that additional tax will have to be paid and the outcome can be reasonably estimated, the necessary reserve is made. As of the closing date, tax proceedings relating to internal pricing are in progress in some countries. The H&M group has made an assessment of the likely outcome and reserved the tax expense concerned. As of the closing date, this reserve totalled SEK 250 m (322). In this assessment, account has been taken, among other things, of whether agreements on double taxation exist and whether there are differences between the tax rates in different countries. The actual outcome may differ from the expected outcome and affect future financial statements.

	Group		Parent company	
	2024	2023	2024	2023
Tax expense (–) / tax income (+):				
Current tax				
Tax expense for the period	–3,809	–3,706	–186	–112
Adjusted tax expense for previous years	130	–799	–22	–
Subtotal	**–3,679**	**–4,505**	**–208**	**–112**
Deferred tax receivable (+) / tax expense (–) in respect of:				
Stock-in-trade	–19	186	–	–
Loss carryforwards in subsidiaries	–34	197	–	–
Pension provisions	8	5	–9	–5
Intangible non-current assets	179	219	–	–
Property, plant and equipment	15	405	–	–
Rent-related provisions[1]	–7	–330	–	–
Other temporary differences	–79	–558	–	–
Remeasurements of deferred tax assets/liabilities	–243	87	–	–
Subtotal	**–180**	**211**	**–9**	**–5**
Total	**–3,859**	**–4,294**	**–217**	**–117**
Deferred tax recognised in other comprehensive income in respect of:				
Hedging reserves	121	–85	–	–
Defined benefit pension plans	18	10	–	–
Total	**139**	**–75**	–	–
Reconciliation between current tax rate and effective tax rate:				
Expected tax expense according to the Swedish tax rate of 20.6%	–3,181	–2,680	–2,259	–2,448
Difference in foreign tax rates	–323	–658	–	–
Non-deductible/non-taxable	–182	–191	–7	21
Other	–60	–46	–	–
Tax for previous years	130	–799	–22	–
Tax-free dividend subsidiaries	–	–	2,071	2,310
Remeasurements of deferred tax assets/liabilities	–243	80	–	–
Total	**–3,859**	**–4,294**	**–217**	**–117**

	Group		Parent company	
	2024	2023	2024	2023
Recognised deferred tax assets relate to:				
Stock-in-trade	293	434	–	–
Loss carryforwards in subsidiaries	230	271	–	–
Pension provisions	115	95	65	70
Intangible non-current assets	162	176	–	–
Property, plant and equipment	1,683	1,485	–	–
Lease liabilities	15,645	15,222	–	–
Rent-related provisions	1,232	1,493	–	–
Hedging reserves	122	48	–	–
Other temporary differences	1,461	1,705	–	–
Total	**20,943**	**20,929**	**65**	**70**
Amounts offset against deferred tax liabilities pursuant to offsetting rules	–15,553	–15,222		
Net deferred tax assets	**5,390**	**5,707**		
Recognised deferred tax liabilities relate to:				
Stock-in-trade	179	183		
Pension provisions	0	0		
Intangible non-current assets	566	888		
Property, plant and equipment	969	850		
Right-of-use assets	15,553	15,313		
Rent-related provisions	18	16		
Hedging reserves	218	270		
Other temporary differences	292	209		
Total	**17,795**	**17,729**		
Amounts offset against deferred tax assets pursuant to offsetting rules	–15,553	–15,222		
Net deferred tax liabilities	**2,242**	**2,507**		

1. Regarding restated figures for financial year 2023 see information below.

As of the closing date, the group has no loss carryforwards that are not represented by recognised deferred tax assets. The portion of loss carryforwards with a limited utilisation period is not material.

12 cont.

The amendment in IAS 12 concerning deferred tax related to assets and liabilities arising from a single transaction entail that deferred tax is calculated on right-of-use assets and lease liabilities. As a consequence of the amendment, deferred tax on right-of-use assets and lease liabilities has retrospectively been restated for financial year 2023, with the following adjustments:

	New restated value 2023 SEK m	Reported value 2023 SEK m	Change SEK m
Group income statement and balance sheet			
Tax	–4,294	–4,287	–7
Profit after tax/profit for the period	8,716	8,723	–7
Total comprehensive income	8,426	8,433	–7
Profit for the period attributable to the shareholders of H & M Hennes & Mauritz AB	8,745	8,752	–7
Retained earnings	41,107	41,198	–91
Deferred tax liabilities	2,507	2,416	91
Total equity	47,510	47,601	–91
Earnings per share, SEK	5.37	5.35	0.02

13 Non-controlling interests

When reporting non-controlling interests for the group, IFRS 10 Consolidated Financial Statements is applied.

Non-controlling interests consist of holdings representing a limited percentage of the shares and votes in a subsidiary, and the right to equity in the group's subsidiaries is consequently also limited. The portion of equity attributable to such shareholders is reported separately from equity attributable to the shareholders of H & M Hennes & Mauritz AB. Non-controlling interests are determined for each transaction either as a proportionate share of the fair value of identifiable net assets or at fair value.

The H&M group has two non-wholly owned subsidiaries, with Sellhelp AB being the largest; see note 29. In 2024 the profit attributable to non-controlling interests amounts to SEK –37 m (–29) and the accumulated amount attributable to non-controlling interests within equity is SEK 69 m (82).

14 Intangible assets

When reporting intangible assets for the group, IAS 38 Intangible Assets is applied.

Intangible assets with a finite useful life are reported at cost less accumulated amortisation and any accumulated impairment. Amortisation is distributed on a straight-line basis over the assets' expected useful life.

Development expenditure is capitalised to the extent that it is judged that the company will derive future financial benefits and if the cost can be reliably calculated. The carrying amount includes direct costs for acquired services, costs for payroll and materials as well as indirect costs attributable to the asset. Other development costs, as well as maintenance and training initiatives, are recognised as expenses in the income statement as they arise.

Capitalised development expenditure refers mainly to IT-related investments. Amortisation has commenced for those parts that were taken into use during 2015–2024, corresponding to around 85 percent (98) of the capitalised development expenditure.

Goodwill is the amount by which the cost of the subsidiary's shares exceeds the estimated value of the subsidiary's net identifiable assets upon acquisition. Goodwill on acquisition of subsidiaries is reported as an intangible asset. Any impairment is recognised in the income statement.

For information about impairment, see note 10.

14 cont.

	Group 2024	Group 2023
Brands		
Opening acquisition cost	500	–
Business combinations	–	500
Closing acquisition cost	**500**	**500**
Opening amortisation and write-downs	–50	–
Amortisation for the year	–50	–50
Closing accumulated amortisation and write-downs	**–100**	**–50**
Closing book value	**400**	**450**
Leasehold and similar rights		
Opening cost	1,057	1,040
Acquisitions during the year	71	90
Sales/disposals	–15	–35
Translation effects	3	30
Closing cost	**1,116**	**1,125**
Opening amortisation and write-downs	–837	–753
Sales/disposals	14	32
Amortisation and write-downs for the year	–83	–95
Translation effects	–4	–21
Closing accumulated amortisation and write-downs	**–910**	**–837**
Closing book value	**206**	**288**
Opening value, projects in progress	8	18
Change for the year	9	–11
Translation effects	0	1
Closing value, projects in progress	**17**	**8**
Closing book value incl. projects	**223**	**296**
Capitalised development expenditure		
Opening cost	15,856	15,004
Business combinations	–	166
Acquisitions during the year	1,370	967
Write-downs	–556	–281
Closing cost	**16,670**	**15,856**
Opening amortisation and write-downs	–7,890	–6,073
Business combinations	–	–6
Amortisation for the year	–2,094	–1,962
Write-downs	408	151
Closing accumulated amortisation and write-downs	–9,576	–7,890
Closing book value	**7,094**	**7,966**
Goodwill[1]		
Opening book value	1,013	64
Business combinations	–	949
Closing book value	**1,013**	**1,013**

1. Goodwill arose partly through the acquisition of the company FaBric Scandinavien AB during the period 2008–2010 and partly as a result of contractual changes of a shareholders' agreement in Sellhelp AB during 2023. For more information regarding cash-generating units pertaining to goodwill, see note 10.

15 Buildings, land and equipment

When reporting tangible assets for the group, IAS 16 Property, Plant and Equipment is applied.

Expenditure relating to property, plant and equipment are reported in the balance sheet if it is likely that the company will derive future financial benefits associated with the asset and if the asset's cost can be reliably calculated. Other expenditure as well as expenditure relating to ongoing maintenance and repair are reported as an expense in the period in which they arise. Property, plant and equipment are reported at cost less accumulated depreciation and any accumulated impairment. Depreciation is distributed on a straight-line basis over the assets' expected useful life. No depreciation is applied to land.

For further information on impairment, see note 10.

For right-of-use assets relating to leases, see note 17.

	Group 2024	Group 2023	Parent company 2024	Parent company 2023
Buildings				
Opening cost	1,241	1,238	185	235
Acquisitions during the year	–	–	–	–
Sales/disposals	–	–50	–	–50
Translation effects	27	53	–	–
Closing cost	1,268	1,241	185	185
Opening depreciation and write-downs	–683	–666	–76	–121
Sales/disposals	0	50	–	50
Depreciation for the year	–36	–36	–5	–5
Translation effects	–18	–31	–	–
Closing accumulated depreciation and write-downs	–737	–683	–81	–76
Closing book value	**531**	**558**	**104**	**109**
Land				
Opening cost	131	125	7	7
Acquisitions during the year	–	–	–	–
Sales/disposals	–	–	–	–
Translation effects	3	6	–	–
Closing cost	**134**	**131**	**7**	**7**
Equipment				
Opening cost	69,610	65,219	181	178
Business combinations	–	29	–	–
Acquisitions during the year	7,203	5,521	0	3
Sales/disposals	–2,436	–1,997	–	–
Translation effects	1,656	837	–	–
Closing cost	**76,033**	**69,610**	**181**	**181**
Opening depreciation and write-downs	–49,035	–43,048	–157	–145
Business combinations	–	–10	–157	–
Sales/disposals	–2,228	1,509	–	–
Write-downs for the year	–40	–23	–	–
Depreciation for the year	–6,296	–7,039	–5	–12
Translation effects	–1,260	–423	–	–
Closing accumulated depreciation and write-downs	–54,403	–49,035	–162	–157
Closing book value	**–21,630**	**20,575**	**–19**	**24**
Opening value, projects in progress	3,978	1,564	–	3
Business combinations	–	0	–	–
Change for the year	2,952	2,380	–	–3
Translation effects	–67	33	–	–
Closing value, projects in progress	6,863	3,978	–	–
Total closing book value	**28.493**	**24,553**	**19**	**24**

16 Interests in associates and joint ventures

When reporting shares in associated companies and joint ventures for the group, IAS 28 Investments in Associates and Joint Ventures is applied.

Companies where the group has significant interest, generally companies where the group holds between 20 and 50 percent of the votes, are considered associated companies. Companies in which the group has joint controlling interest together with one or more external parties are classified as joint ventures. Shares in associated companies and joint ventures are reported in accordance with the equity method, which means that the H&M group's share of the companies' profit/loss is reported as Result from investments in associated companies and joint ventures in the group income statement.

	Group 2024	Group 2023
Joint ventures		
Opening balance	50	–
New investments	0	59
Reclassification	–39	–
Share of result	2	–9
Closing balance	**13**	**50**

	Group 2024	Group 2023
Associated companies		
Opening balance	159	503
New investments	127	53
Reclassification	39	–269
Sales/disposals	–	0
Write-downs	–	–106
Share of result	–79	–21
Closing balance	**246**	**159**

2024	Corporate id number	Domicile	Share %	Share of Result, SEK m
Joint ventures				
Looper Textile Co. Global AB	559417-7841	Stockholm	50.0	13
Associated companies				
Syre Impact AB[1]	559421-7969	Stockholm	42.8	–54
TreeToTextile AB	556989-2648	Stockholm	29.2	–25

2023	Corporate id number	Domicile	Share %	Share of Result, SEK m
Joint ventures				
Looper Textile Co. Global AB	559417-7841	Stockholm	50.0	2
Syre Impact AB	559421-7969	Stockholm	49.7	–11
Associated companies				
TreeToTextile AB	556989-2648	Stockholm	29.2	–19
CALA Inc		USA	0.0	–2

1. Reclassification to associated company as of 31 May 2024.

17 Leases

When reporting leasing contracts for the group, IFRS 16 Leases is applied.

The leases are recognised as a right-of-use asset and a lease liability based on the present value of all future lease payments until the lease expires. The majority of the contracts that the H&M group classifies as leases relate to the leasing of retail premises where the H&M group conducts its own operations. Offices and warehouses for the Group's own use are also classified as leases. The lease liability is initially measured at the present value of the future lease payments discounted by the implied interest rate and the subsequent period by increasing the lease liability to reflect the effect of interest and reducing it to reflect the effect of lease payments paid. The right-of-use asset is initially recognised at the value of the lease liability and in the subsequent period at cost less depreciation over the lease period and any impairment losses. In accordance with the standard the calculation of lease liabilities is based on fixed lease payments. Variable lease payments that are not due to an index or an interest rate, such as revenue-based rent and property tax, are not included in the lease liability. The H&M group has chosen to apply the possibility to exclude low-value leases and leases with a lease term of less than 12 months. This means that these will not be included in the lease liability but will continue to be recognised as rental expenses with straight-line expensing over the lease term. The company has no sale and leaseback transaction. Some contracts contain conditions for the restoration of premises, this does not give any significant outcome for the group.

The H&M group has around 4,250 stores as well as multiple offices and warehouses worldwide. The application of the standard has required assessments and assumptions, such as the determination of the lease term and interest rate. The assumption that has the greatest effect on the valuation of lease liabilities and right-of-use assets is the assessment of the lease term. The lease term includes the non-cancellable period. When a lease period expires, a contract can be entirely terminated, renegotiated, or extended depending on the form of lease. The right to terminate contract early reduces the lease term used in the calculation under certain conditions. The possibility of extension is taken into account if the lessee is reasonably certain to make use of that option. It is rare for contracts to be terminated before the end of lease period. In order to facilitate the assessment of the lease period used to calculate the lease obligation, assumptions based on contract type have been made. The assumptions for determining the lease term for each contract type are based on the best possible assessment and are based on historical data and the prevailing market situation. The lease term for stores is based on store class and location. Flagship stores in strategic locations have a lease term set on the end date of the lease contract regardless of breakage clauses. For all other store classes, the H&M group uses the first break right regardless of the contract length. Non-flagship stores have an average lease term of 3.5 years. The calculation for the lease period of warehouses and offices is based on the contract length. The assumptions for the group are evaluated on an ongoing basis considering changes in the industry. The discount rate used in the calculation corresponds to H&M group's marginal borrowing rate, considering aspects such as currency and length of respective lease. The interest rate is updated annually and monitored continuously throughout the year. The marginal borrowing rate reflect H&M group's credit risk.

For further information on impairment, see note 10 and 14.

The group is reporting a cash outflow for leases of SEK 12,631 m (12,867) for financial year 2024.

The amounts attributable to leasing activities that were recognised in the income statement during the year are presented below.

	Group	
SEK m	2024	2023
Depreciation of right-of-use assets	13,014	12,877
Write-down of right-of-use assets	288	276
Interest expense for lease liabilities	1,993	1,744
Expense for variable lease payments	7,107	7,158
Other miscellaneous lease related charges	1,032	1,218
Total expense attributable to leasing activities	**23,434**	**23,273**

The group divides its leases into three classes of right-of-use assets: Stores, Warehouses and Offices. The following table presents the closing balances for right-of-use assets and lease liabilities along with changes during the year.

	Right-of-use assets				
SEK m	Stores	Warehouses	Offices	Total	Lease liability
Opening balance 1 Dec 2023	**49,120**	**4,826**	**2,762**	**56,708**	**60,888**
Gross increase during the period	10,593	838	767	12,198	13,569
Depreciation of right-of use-assets	–11,322	–1,262	–430	–13,014	
Write-down of right-of-use assets	–288	–	–	–288	
Translation differences	1,302	95	61	1,458	1,589
Interest expense for lease liability					1,993
Lease payments					–15,202
Closing balance 30 Nov 2024	**49,405**	**4,497**	**3,160**	**57,062**	**62,837**

	Right-of-use assets				
SEK m	Stores	Warehouses	Offices	Total	Lease liability
Opening balance 1 Dec 2022	**51,065**	**4,532**	**2,708**	**58,305**	**61,857**
Gross increase during the period	8,725	1,179	897	10,801	11,947
Depreciation of right-of use-assets	–11,030	–984	–863	–12,877	
Write-down of right-of-use assets	–276	–	–	–276	
Translation differences	636	100	20	755	797
Interest expense for lease liability					1,744
Lease payments					–15,458
Closing balance 30 Nov 2023	**49,120**	**4,826**	**2,762**	**56,708**	**60,888**

A maturity analysis of the group's lease liabilities included in IFRS 16 as of 30 November 2024 is presented below.

	Group	
SEK m	2024	2023
Rental commitments		
In next 12 months	12,476	12,159
In next one to three years	19,038	18,361
In next three to five years	10,348	10,222
More than five years ahead	20,975	20,146
Total	**62,837**	**60,888**

18 Stock-in-trade

When reporting stock in trade for the group, IAS 2 Inventories is applied.

The stock-in-trade, which consists of merchandise, is valued at the lower of cost and net realisable value. Cost refers to the company's expenses for acquiring the goods including customs duties and shipping. The net realisable value is the estimated market value less calculated selling expenses. From the moment the goods are transferred from the supplier to the transport service provider appointed by the H&M group, the goods are owned according to civil law by the H&M group and become part of H&M Group's reported stock-in-trade. Goods that have not yet arrived at a store are valued at their actual purchase cost including the estimated cost of customs duties and shipping.

For the majority of the group's goods, cost is calculated as weighted average prices. For the remaining stock accounting, the carrying amount is calculated as the selling price less the estimated gross margin (the retail method) or to cost for time spent and other cost for handling goods that are or will be available for sale. The H&M group is continuing to gradually move across to calculating cost as weighted average prices, but this change has no material impact on the consolidated financial statements.

Stock-in-trade amounted to SEK 40,348 m (37,358), an 8 percent increase in SEK compared with the same point in time last year. In local currencies there was an 8 percent increase.

Estimations are made to valuate the stock-in-trade to net realisable value, to assess potential need of write-down. Significant write-downs are rare and there were no material write-downs in the current financial year or the previous financial year. Only an insignificant part of the stock-in-trade is valued at net realisable value. There is deemed to be no material obsolescence in the stock-in-trade. Estimations and assumptions are made based on historical data to determine future value of returns. The group's asset for rights of return does not increase stock-in-trade by a material amount.

The stock-in-trade amounted to 22.4 percent (20.6) of total assets and 17.2 percent (15.8) of net sales.

19 Prepaid expenses

	Group		Parent company	
SEK m	2024	2023	2024	2023
Prepaid rent	2,635	2,952	–	–
Other items	1,288	1,579	111	139
Total	**3,923**	**4,531**	**111**	**139**

20 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances as well as short-term investments with a maximum term of three months from the date of acquisition. These investments carry no significant risk of changes in value.

The H&M group has made the assessment that the loss allowance for expected credit losses as of the closing day does not amount to a significant value and has therefore not been recognised.

	Group		Parent company	
	2024	2023	2024	2023
Cash and bank balances	16,352	25,632	–	2
Short-term investments, 0–3 months	988	766	–	–
Total	**17,340**	**26,398**	–	**2**

Investments are made on market terms and the interest rates are between 0 and 47 percent. The difference in interest rate depends mainly on the currency in which the funds are invested.

21 Share capital

The share capital is per 30 November 2024 divided between 194,400,000 class A shares (10 votes per share) and 1,416,142,225 class B shares (one vote per share). There are no other differences between the rights associated with the shares. The total number of shares is 1,610,542,225.

Following implementation of the resolution passed by the annual general meeting on 3 May 2024 the 19,144,612 class B treasury shares repurchased during 2023 as part of the H&M group's buyback programme were cancelled. The board of directors decided to utilise the authorisation granted by the 2024 annual general meeting and in September 2024 began a SEK 1 billion share buyback programme. As at 30 November 2024 a total of 6,050,850 B shares in H&M had been repurchased for a sum of SEK 1,000 m and the programme was completed on 26 November 2024. It is intended that the shares repurchased will be cancelled through a resolution at the 2025 annual general meeting. Per 30 November the number of shares outstanding, excluding own shares, is 1,604,491,375. In financial year 2024 a dividend of SEK 10,456 m was distributed.

The group's managed capital consists of shareholders' equity. The board of directors' intention is for the H&M group to continue to provide shareholders with a good return while ensuring that growth and investments in the business can proceed with a continued strong financial position and freedom of action. Based on this, the board of directors has proposed a dividend policy stating that the ordinary dividend over time is to exceed 50 percent of profit after tax and additionally that identified surplus liquidity – taking into consideration the capital structure target and investment requirements – can be distributed to shareholders through an extra dividend or a buyback programme.

22 Provisions for pensions

When reporting pensions for the group, IAS 19 Employee benefits is applied.

The H&M group has several different plans for benefits after employment has ended. The plans are either defined benefit or defined contribution plans. Defined contribution plans are reported as an expense in the period when the employee performs the service to which the benefit relates. Defined benefit plans are assessed separately for each plan based on the benefits earned during the previous and current periods. The defined benefit obligations less the fair value of any managed assets are reported under the heading Provisions for pensions. In the case of the Swedish entities, the actuarial calculations also cover future payments of special payroll tax. Defined benefit plans are found in Switzerland, Spain, Sweden and Germany.

Pension obligations are assessed annually with the help of independent actuaries according to the Projected Unit Credit Method. The assessment is made using actuarial assumptions. These assumptions include such things as the discount rate, mortality, anticipated salary increases and pension increases (inflation). Changes in the actuarial assumptions and outcomes that deviate from the assumptions give rise to actuarial gains or losses. The actuarial gains and losses arising are mainly due to the financial assumptions, such as changes in the discount rate. Such gains or losses are recognised in other comprehensive income in the year they arise.

For salaried employees in Sweden, the H&M group applies the ITP plan through insurance policies with Alecta and Collectum, i.e. ITP 2 and ITP 1. According to statement UFR 10 from the Swedish Financial Reporting Board, the ITP 2 plan is a defined benefit plan that covers a number of employers. The plan will be reported as a defined contribution plan until the company gains access to information that allows this plan to be reported according to the rules for defined benefit plans. The expected contributions to ITP 2 for the next annual reporting period is estimated at SEK 190 m (189). The ITP 1 plan is a defined contribution plan. See also note 8 for information on pension to a former CEO.

Alecta's surplus cannot be allocated to the insured employer and/or the insured employees. As of 30 September 2024, Alecta's consolidation ratio was 163 percent (178). The consolidation ratio is calculated as the fair value of managed assets as a percentage of the obligations calculated in accordance with Alecta's actuarial assumptions. This calculation is not in line with IAS 19.

	Group		Parent company	
	2024	2023	2024	2023
Present value of defined benefit obligations	2,251	1,912	131	126
Fair value of managed assets	–1,780	–1,533	–3	–3
Provisions for pension obligations recognised in the balance sheet	**471**	**379**	**128**	**123**
Opening balance 1 December	1,912	1,736	125	119
Recognised pension expenses, net	418	293	18	19
Pensions paid out	–16	–16	–12	–12
Contributions by plan participants	44	41	–	–
Disbursements from assets	–107	–142	–	–
Carrying amount of defined benefit obligations, 30 November	**2,251**	**1,912**	**131**	**126**
Opening balance 1 December	–1,533	–1,403	–3	–3
Recognised pension income, net	–257	–175	0	0
Premiums paid by employer	–53	–57	–	–
Contributions by plan participants	–44	–41	–	–
Disbursements	107	143	–	–
Carrying amount of fair value of plan assets, 30 November	**–1,780**	**–1,533**	**–3**	**–3**

Of the total recognised obligation, SEK 144 m (139) relates to defined benefit pensions plans in Sweden and SEK 276 m (202) to plans in Switzerland. The weighted average maturity of these pension plans is 7.3 years for the Swedish plans and 14.7 years for the Swiss plans.

22 cont.

	Group		Parent company	
	2024	2023	2024	2023
The amounts recognised as pension expenses comprise the following items:				
Current service cost	66	59	–	–
Interest expense	36	37	4	5
Interest income	–27	–28	0	0
Reductions/adjustments gains (–) and losses (+)	3	0	–	–
Past service cost	–2	–4	–	–
Changes in foreign exchange rates for plans valued in a currency other than the reporting currency	10	13	–	–
Pension expenses recognised in the income statement	**86**	**77**	**4**	**5**
Pension expenses recognised in other comprehensive income				
Return on plan assets	–163	–44	0	0
Actuarial gains/losses demographic assumptions liability	0	2	–	2
Actuarial gains/losses financial assumptions liability	195	91	7	0
Actuarial gains/losses experience based assumptions liability	43	–8	7	12
Actuarial gains (–) and losses (+)	**75**	**41**	**14**	**14**
Total recognised pension expenses	**161**	**118**	**18**	**19**

The cost of defined contribution pension plans amounts to SEK 543 m (659).
Next year's expected payments for defined benefit pension plans amount to SEK 47 m (45).

Significant actuarial assumptions on the balance sheet date (weighted average amounts)				
Discount rate	1.15%	1.93%	3.00%	3.75%
Future salary increases	1.02%	2.01%	3.00%	3.00%
Future pensions increases (inflation)	0.14%	0.16%	2.00%	2.00%

The mortality assumptions for Sweden are based on the mortality table DUS23, which is the latest mortality review published by Insurance Sweden. For the other plans the representative mortality tables based on local market practice have been used.

A 0.5 percentage point reduction in the discount rate would increase the liability for the Swedish commitments by SEK 5.3 m (4.9).

23 Other provisions

When reporting other provisions for the group, IAS 37 Provisions, Contingent Liabilities and Contingent Assets is applied.

Provisions are recognised in the balance sheet when there is a commitment resulting from a past event and it is likely that an outflow of resources will be required to settle the commitment, and a reliable estimate of the amount can be made. Provisions for restructuring expenses are recognised when a restructuring plan has been established and the restructuring has commenced or been announced.

In calculating provisions, the H&M group makes estimates and judgments of the amounts and timing of resource outflows based on conditions as of the balance sheet date. Amounts and timing may vary depending on factors such as employee termination conditions and the actual outcome of negotiations with trade unions. The uncertainty in the group's estimates means that the difference between expected and actual outcomes can have a material impact on the financial statements.

Other provisions includes provisions for legal and tax cases and represents the present value of management's best estimate of the amounts required to settle the liabilities.
The group has provisions as outlined below.

	2024			2023	
Group	Restructuring	Other	Total	Restructuring	Total
Opening balance	309	–	309	836	836
New provisions	611	455	1 066	361	361
Utilisation of provisions	–523	–46	–569	–199	–199
Reversal of provisions	–50	–195	–245	–689	–689
Exchange rate differences	–	–21	–21	–	–
Closing balance	**347**	**193**	**540**	**309**	**309**

24 Financial assets and liabilities by category

When reporting financial instruments for the group, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, and IFRS 13 Fair Value Measurement are applied.

Financial instruments recognised in the balance sheet include cash and cash equivalents, accounts receivable, short-term investments, non-current receivables, and derivatives on the assets side. On the liabilities side are accounts payable, liabilities to credit institutions and derivatives. Financial instruments are reported in the balance sheet when the group becomes party to the contractual terms of the instrument. Financial assets are removed from the balance sheet when the contractual rights to the cash flows from the asset cease. Financial liabilities are removed from the balance sheet when the obligation is met, cancelled, or ends. For lease liabilities see note 17.

Financial instruments are measured based on inputs classified as below.

- Level 1: Quoted prices in active markets for identical assets or liabilities, such as shares or bonds listed on a stock exchange.
- Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (such as quoted prices) or indirectly (obtained from quoted prices), such as currency forwards or interest rate swaps.
- Level 3: Inputs for the asset or liability that are not entirely based on observable market data.

	Financial assets held at fair value through other comprehensive income		Financial assets held at amortised cost		Financial liabilities held at amortised cost		Derivatives with hedge accounting		Total book value	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Other non-current receivables	–	–	859	1,204			–	–	859	1,204
Accounts receivable	–	–	5,631	3,301			–	–	5,631	3,301
Currency forward contracts with hedge accounting	–	–	–	–			1,224	1,089	1,224	1,089
Interest rate swap – hedging of fair value through income statement	–	–	–	–			–	232	–	232
Other shares and interests	3,029	2,363	–	–			–	–	3,029	2,363
Cash and cash equivalents	–	–	17,340	26,398				–	17,340	26,398
Total financial assets	**3,029**	**2,363**	**23,830**	**30,903**			**1,224**	**1,321**	**28,083**	**34,587**
Accounts payable					24,417	21,027	–	–	24,417	21,027
Liabilities to credit institutions					14,117	17,082	–	–	14,117	17,082
Other long-term liabilities					162	132	–	–	162	132
Currency forward contracts with hedge accounting					–	–	665	1,205	665	1,205
Interest rate swap – hedging of fair value through income statement					–	–	–	–	–	–
Total financial liabilities					**38,696**	**38,241**	**665**	**1,205**	**39,361**	**39,446**

	Financial assets held at fair value through other comprehensive income		Financial assets held at amortised cost		Financial liabilities held at amortised cost		Derivatives with hedge accounting		Total book value	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Interest income and similar items	–	–	890	616	–	–	–	–	890	616
Interest expense and similar items	–	–	–	–	760	399	–	–	760	399

At the date of acquisition the financial instruments are classified in the following categories.

Financial assets at fair value through other comprehensive income

In view of the strategic nature of the interests, assets in this category consists of non-controlling interests that are revalued in other comprehensive income as well as in financial assets in the balance sheet. The valuation of the holding in Renewcell is based on the share price on the closing day (level 1). Renewcell declared bankruptcy in February 2024 and has thus been delisted, and the holding was subsequently written down in the first quarter of the financial year. The fair value of the investment amounts to SEK 0 m (34) as of 30 November 2024.

The valuation of the remaining other shares and interests is as a first instance based on prices from prior transactions. The price from the latest financing round or transaction is assessed to represent fair value of investments as transactions have been made between independent parties. The fair value measurement based on prior transactions is kept unchanged for a period of up to 12 months unless there is cause for a revaluation due to material changes in external market factors or company-specific factors. When the most recent transaction in any holding exceeds 12 months, or when there is cause for a revaluation due to material changes in external market factors or company-specific factors, the financial asset is measured through either:

Applying relevant valuation multiples from similar companies to the holding's key ratios, similar transactions in the industry, or the discounted cash flow method (DCF) were there is significant company specific data to make such an assessment.

In certain early-stage holdings, where there is no significant revenue or sufficient financial data to base the valuation on, the fair value measurement is instead determined based on an assessment of the latest transaction price and a milestone approach where developments in the company is evaluated against budget or similar companies, at a similar stage, with a similar risk-profile and transactions in such companies.

24 cont.

The following valuation techniques and unobservable input have been used to determine fair value of investments in level 3.

2024	2023	Valuation technique	Input	Range 2024	Range 2023
2,141	2,043	Price from latest financing round	–	–	–
654	257	Comparable companies	Sales multiples	1.1–9.2	0.7–6.8
234	29	Discounted cash flow	Market interest rate	–	–

A change of 10 percent of the multiples would have an impact on the investments of SEK 65.4 m (25.7).

The fair value of the remaining shares and interests amounts to SEK 3,029 m (2,329) as of 30 November 2024, the largest investments being Klarna SEK 964 m (548), Sheertex SEK 573 m (619), and Instabee SEK 188 m (168).

	2024	2023
Reconciliation of investments based on level 3 input		
Opening balance	2,329	2,412
Additions	396	285
Disposals	0	0
Write-downs	–	–137
Gain or loss recognised in Other comprehensive income	304	–231
Closing balance	**3,029**	**2,329**

Financial assets measured at amortised cost

Assets in this category are measured at amortised cost, with the effective interest rate being used to calculate the value. These assets are held under the business model for collection of contractual cash flows that represent solely payments of principal and interest. The carrying amount of assets measured at amortised cost is adjusted by any expected credit loss allowance recognised. This category primarily covers cash and bank balances as well as accounts receivable. The group's own credit operations were phased out and are now managed through collaboration with an external party. As of the closing date, all of the group's short-term investments fell into this category.

Recognition of expected credit losses

The group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. As of the closing day, an adjustment of the loss allowance is recognised in profit or loss. The group will measure the loss allowance at an amount equal to 12 months expected credit losses. If the credit risk of a financial asset has increased significantly since the initial recognition, the loss allowance will be measured at an amount equal to the lifetime expected credit losses. Cash and cash equivalents are assessed to have a low credit risk. For accounts receivables, the group will apply the simplified approach which means that the loss allowance will be measured at an amount equal to lifetime expected credit losses. The loss allowance for expected credit losses as of the closing day does not amount to a significant amount and has therefore not been recognised.

Financial liabilities at fair value through profit or loss

Liabilities are included in this category if they are not measured at amortized cost or fair value through other comprehensive income. These financial liabilities are initially and subsequently measured at fair value through profit or loss.

Financial liabilities measured at amortised cost

This category includes financial liabilities that are not held for trading. These are initially recognised at fair value, net after transaction costs, and subsequently at amortised cost using the effective interest method, which means that the estimated change in value (the effective interest) is recognised as interest income or interest expense in the income statement. Accounts payable fall into this category. These have a short expected term and are recognised at the nominal amount with no discounting. Liabilities to credit institutions are measured at amortised cost. All of the liabilities stated under financial liabilities are measured at amortised cost. A calculation at fair value would reduce the group's liabilities to credit institutions by approximately SEK 200 m. The reduction is due to general increase in interest rates since liabilities were issued.

Derivatives with hedge accounting

All derivatives are reported initially and subsequently at fair value through other comprehensive income. The group's policy is for derivatives to be held for hedging purposes only. Derivatives comprise forward currency contracts used to hedge the risk of exchange rate fluctuations for internal and external flows of goods. To meet the requirements of hedge accounting there must be a clear link to the hedged item. In addition, the hedge must effectively protect the hedged item, hedge documentation must have been prepared and the effectiveness must be measurable.

Currency derivatives are measured at fair value based on Level 2 inputs in the fair value hierarchy. As of 30 November 2024, forward contracts with a positive market value amount to SEK 1,224 m (1,089), which is reported under other current receivables. Forward contracts with a negative market value amount to SEK 665 m (1,205), which is reported under other current liabilities. Of the outstanding forward contracts, losses of SEK 65 m (–115) were transferred to the income statement when hedged transactions occurred for these contracts. The residual fair value of SEK 624 m (232) is included in the hedging reserve in equity. Other financial assets and liabilities have short terms. The fair values of these financial instruments are assessed to be approximately equal to their book values.

The fair value of forward exchange contracts is calculated by discounting the difference between the agreed forward rate and the forward rate that can be obtained on the closing date for the remaining contract term. Contracts are discounted to a risk-free rate based on government bonds.

Hedging of forecast currency flows – cash flow hedging

Derivatives that hedge the forecast flow are reported as a hedging reserve at fair value through other comprehensive income until such time as the hedged flow is recognised in operating profit, at which time the hedging instrument's accumulated changes in value are transferred to the income statement where they then correspond to the profit/loss effects of the hedged transaction. The effectiveness of the cash flow hedging of the forecasted currency flows are measured monthly by comparing the hedged item with the hedging instrument.

Hedging of net investments in foreign operations

Derivatives intended for hedging net investments in foreign operations are recognised at fair value through other comprehensive income. The effectiveness of hedging of net investments in foreign operations is measured quarterly by comparing the hedged item with the hedging instrument. As of the closing day, loans in EUR taken out to hedge net investments in foreign operations amount to EUR 700 m (700). A change of 10 percent in the EUR/SEK exchange rate would have an impact on other comprehensive income of SEK 806 m (795).

Hedging of interest rate exposure

In 2023, the group entered into an interest rate swap in connection with the issue of a green bond. The interest rate swap ended in 2024 with a positive cash flow effect. The positive effect in the income statement is spread over the bond's remaining term.

The following table shows the outstanding forward contracts for cash flow hedging reported in the hedging reserve as of the closing date.

24 cont.

Sell/buy	Book value and fair value, SEK 2024	Book value and fair value, SEK 2023	Nominal amount, SEK 2024	Nominal amount, SEK 2023
NOK/SEK	–11	19	765	495
GBP/SEK	–57	56	2,848	2,270
DKK/SEK	–3	18	573	606
CHF/SEK	–8	18	692	610
EUR/SEK	–61	319	11,267	10,866
PLN/SEK	–17	–8	1,585	1,079
USD/SEK	–250	233	6,302	5,758
CAD/SEK	–14	36	815	818
JPY/SEK	–13	24	486	447
HKD/SEK	–4	3	92	74
RON/SEK	–4	12	492	426
CZK/SEK	–1	6	289	255
HUF/SEK	7	2	280	327
AUD/SEK	–5	7	325	315
CNH/SEK	–12	9	583	335
TRY/SEK	–	0	–	3
MXN/SEK	–5	27	962	1,200
SEK/USD	1,066	–949	25,703	24,424
SEK/EUR	16	–63	2,254	2,484
Subtotal	**624**	**–232**	**56,313**	**52,792**

Maturity structure for hedging instruments:

Stores	0–3 m	3–6 m	6–9 m	9–12 m	1–4 y	4–8 y	Total nominal amount
Currency derivatives with hedge accounting – inflows	11,700	13,409	3,247	–	–	–	28,356
Currency derivatives with hedge accounting – outflows	14,989	12,110	845	13	–	–	27,957
Hedging of net investment – loans in foreign currency	–	–	–	–	–	8,057	8,057

Converted to SEK m at the exchange rate on the balance sheet date.

25 Accrued expenses and deferred income

	Group 2024	Group 2023	Parent company 2024	Parent company 2023
Holiday pay liability	1,675	1,654	–	–
Social security costs	1,344	1,217	125	41
Payroll liability	2,287	2,447	2	1
Costs relating to premises	5,390	6,403	–	–
Other accrued over-heads	9,455	11,011	63	93
Total	**20,151**	**22,733**	**190**	**135**

26 Related party disclosures

When reporting related parties for the group, IAS 24 Related Party Disclosures is applied.

The H&M group's related parties are Ramsbury Invest AB, formally the parent company of H & M Hennes & Mauritz AB, its associates and joint ventures, as well as its board members and members of group management. For transactions with board members, see note 8.

Ramsbury Invest AB is owned by Stefan Persson and family. The H&M group leases the following store premises in properties directly or indirectly owned by the Stefan Persson family and related companies: Drottninggatan in Stockholm, Kungsgatan and Östra Hamngatan in Gothenburg, Stadt Hamburgsgatan in Malmö, Amagertorv in Copenhagen, Oxford Circus and Regent Street in London, Kaufingerstrasse in Munich, Via del Corso/Via Tomacelli in Rome, Wisconsin Avenue in Washington DC and, since January 2008, premises for H&M's head office in Stockholm. Rent is paid at market rates, and rental costs and other property-related expenses totaled SEK 631 m (678) for the financial year. Outstanding balances in the form of prepaid rent and compensation for administrative expenses amount to SEK 34 m (70) and lease liabilities amount to SEK 2,522 m (2,246) as of 30 November 2024.

Transactions with associates took place on market terms and income amounted to SEK 6 m (0) for the financial year. Outstanding balances with associates amount to SEK 0 m (0) as of 30 November 2024. Transactions with joint ventures took place on market terms and income amounted to SEK 4 m (–1) for the financial year. Outstanding balances in the form of receivables from joint ventures amount to SEK 31 m (–1) as of 30 November 2024.

Ramsbury Invest AB, the principal shareholder in H & M Hennes & Mauritz AB, did in 2020 issue 300,000 call options to Helena Helmersson, the H&M group's former CEO. The options were issued on market terms and were based on an independent third-party valuation using the Black & Scholes model. The options issued had no dilution effect for H&M shareholders and no cost to the H&M group since the transaction was against Ramsbury Invest AB's existing shareholding. Each option provided the right to buy one class B share in H&M at a strike price of SEK 202.48 per share and could be exercised during a 12 month period beginning three years after the agreement date. Helena Helmersson was paying a premium of SEK 12.34 per option to the issuer Ramsbury Invest. The options expired in October 2024.

Ramsbury Invest AB issued in 2024 450,000 call options to Daniel Ervér, the H&M group's CEO. The options are issued on market terms and are based on an independent third-party valuation using the Black & Scholes model. The options issued have no dilution effect for H&M shareholders and no cost to the H&M group since the transaction is against Ramsbury Invest AB's existing shareholding. Each option provides the right to buy one class B share in H&M at a strike price of SEK 168.26 per share and may be exercised during a 12-month period beginning three years after the agreement date. Daniel Ervér is paying a premium of SEK 11.63 per option to the issuer Ramsbury Invest.

27 Interest-bearing liabilities

When reporting financial instruments for the group, IFRS 9 Financial Instruments is applied.

2024	Group Interest rate % 30 Nov	Group Commercial Papers	Group Bonds (emtn)	Group Loans from Credit institutions	Parent company Interest rate % 30 Nov	Parent company Commercial Papers	Parent company Bonds (emtn)	Parent company Loans from Credit institutions
2024	0	–	–	–	0	–	–	–
2025	0	–	–	–	0	–	–	–
2026	1.7	–	–	2,000	1.7	–	–	2,000
2027	0	–	–	–	0	–	–	–
2028	16.33	–	–	245	0	–	–	–
2029	0.25	–	5,755	–	0.25	–	5,166	–
2030	0	–	–	–	0	–	–	–
2031	4.875	–	6,117	–	4.875	–	5,882	–
		–	**11,872**	**2,245**		–	**11,048**	**2,000**

2023	Group Interest rate % 30 Nov	Group Commercial Papers	Group Bonds (emtn)	Group Loans from Credit institutions	Parent company Interest rate % 30 Nov	Parent company Commercial Papers	Parent company Bonds (emtn)	Parent company Loans from Credit institutions
2023	4.507	–	–	2,272	4.507	–	–	2,068
2024	4.363–12.25	625	–	339	4.363–4.389	625	–	–
2025	0	–	–	–	0	–	–	–
2026	1.7	–	–	2,000	1.7	–	–	2,000
2027	0	–	–	–	0	–	–	–
2028	16.33	–	–	260	0	–	–	–
2029	0.25	–	5,679	–	0.25	–	5,165	–
2030	0	–	–	–	0	–	–	–
2031	4.875	–	5,907	–	4.875	–	5,907	–
		625	**11,586**	**4,871**		**625**	**11,072**	**4,068**

In the group, loans in other currencies are remeasured at the exchange rate on the balance sheet date. In the parent company, these loans in respect of net investments in foreign operations are reported at original book value.

	2023	Cash flow: New debt and Amortisation	Non cash flow: Foreign exchange	2024
Loans from credit institutions	4,871	–2,589	–37	2,245
Commercial papers	625	–625	–	–
Bonds	11,586	–	286	11,872
Total liabilities from financing activities	**17,082**	**–3,214**	**249**	**14,117**

	2022	New debt and Amortisation	Foreign exchange	2023
Loans from credit institutions	4,369	427	75	4,871
Commercial papers	950	–325	–	625
Bonds	5,459	5,802	325	11,586
Total liabilities from financing activities	**10,778**	**5,904**	**400**	**17,082**

As of 30 November 2024 the group had non-current lease liabilities of SEK 50,361 m (48,729) and current lease liabilities of SEK 12,476 m (12,159), which are reported in note 17.

28 Appropriations

	Parent company	
	2024	2023
Group contributions paid	–1,287	–1,500
Depreciation in excess of plan	0	4
Total	**–1,287**	**–1,496**

29 Interests in group companies

Parent company shareholding

2024	Corporate id number	No. of shares	Book value	Domicile
H & M Hennes & Mauritz Sverige AB	556151-2376	1,250	200.1	Stockholm
All in Equestrian AIE AB	556023-1663	1,150	30.6	Stockholm
H & M Hennes & Mauritz GBC AB	556070-1715	2,379	563.3	Stockholm
H & M Hennes & Mauritz International B.V.		40	0.1	Netherlands
H & M Hennes & Mauritz India Private Ltd		8,650,000	12.5	India
H & M Hennes & Mauritz Japan KK		99	11.7	Japan
H & M Hennes & Mauritz International AB	556782-4890	1,000	0.1	Stockholm
H & M Fashion AB	556922-7878	50,001	300.1	Stockholm
H & M Finance AB	559159-7090	50,000	0.1	Stockholm
Store Lens AB	559274-6936	25,000	0.0	Stockholm
H & M Finance BV		50,000	0.5	Netherlands
Hennes Insurance Försäkringsaktiebolag	516406–1250	62,500	125.0	Stockholm
Total			**1,244.1**	

Subsidiaries' holdings
Wholly owned companies.

2024	Corporate id no	Domicile
H & M Hennes & Mauritz AS		Norway
H & M Hennes & Mauritz A/S		Denmark
H & M Hennes & Mauritz UK Ltd		UK
H & M Hennes & Mauritz UK Services Ltd		UK
H & M Hennes & Mauritz AG		Switzerland
H & M Hennes & Mauritz B.V. & Co. KG		Germany
Impuls GmbH		Germany
H & M Hennes & Mauritz Logistik AB Co. KG		Germany
& Other Stories AB & Co. KG Germany		Germany
H & M New Business AB & Co. KG Germany		Germany
H & M Services Germany AB & Co. KG		Germany
Sellhelp GmbH		Germany
H & M Hennes & Mauritz Holding B.V.		Netherlands
H & M Hennes & Mauritz Netherlands B.V.		Netherlands
H & M Hennes & Mauritz Management B.V.		Netherlands
H & M Hennes & Mauritz Services B.V.		Netherlands
H & M Hennes & Mauritz Belgium NV		Belgium
H & M Hennes & Mauritz Logistics NV		Belgium
H & M NB Belgium NV		Belgium
H & M Hennes & Mauritz GesmbH		Austria
H & M Hennes & Mauritz Oy		Finland
H & M Hennes & Mauritz SARL		France
H & M Hennes & Mauritz Logistics GBC France		France
H & M Fashion USA Inc.		US
H & M Services US Inc.		US
Hennes & Mauritz SL		Spain
Hennes & Mauritz Services SL		Spain

29 cont.

2024	Corporate id no	Domicile
H & M Hennes & Mauritz sp. z o.o.		Poland
H & M Hennes & Mauritz Logistics sp. z o.o.		Poland
H & M Hennes & Mauritz Logistics 1 sp. z o.o.		Poland
H & M Hennes & Mauritz CZ, s.r.o.		Czech Republic
H&M Services CZ s.r.o.		Czech Republic
Hennes & Mauritz Lda		Portugal
H & M Hennes & Mauritz S.r.l.		Italy
H & M Services S.r.l.		Italy
H & M Hennes & Mauritz Inc.		Canada
H & M Hennes & Mauritz d.o.o.		Slovenia
H & M Hennes & Mauritz (Ireland) Ltd		Ireland
H & M Hennes & Mauritz Kft		Hungary
H & M Hennes & Mauritz (Far East) Ltd		Hong Kong SAR
Puls Trading Far East Ltd		Hong Kong SAR
H & M Hennes & Mauritz Holding Asia Ltd		Hong Kong SAR
H & M Hennes & Mauritz Ltd		Hong Kong SAR
Hennes & Mauritz (Shanghai) Commercial Co Ltd		Mainland China
H & M Hennes & Mauritz (Shanghai) Trading Co Ltd		Mainland China
H & M Hennes & Mauritz (Shanghai) Corporation Service Co.,Ltd		Mainland China
H & M Hennes & Mauritz SK s.r.o.		Slovakia
H & M Hennes & Mauritz S.A		Greece
H & M Hennes & Mauritz LLC		Russia
H & M Hennes & Mauritz TR Tekstil Ltd Sirketi		Türkiye
H & M Hennes & Mauritz Ltd		South Korea
H & M Hennes & Mauritz SRL		Romania
H & M Hennes & Mauritz RO Services S.R.L.		Romania
H & M Hennes & Mauritz d.o.o.		Croatia
H & M Hennes & Mauritz PTE Ltd		Singapore
H & M Hennes & Mauritz EOOD		Bulgaria
Weekday Brands AB	556675-8438	Sweden
Singular AB	559226-1647	Sweden
WLC Holding AB	559429-2640	Sweden
H & M Hennes & Mauritz S.A. de C.V.		Mexico
H & M Hennes & Mauritz Management S.A. de C.V.		Mexico
H & M Hennes & Mauritz Servicios S.A. de C.V.		Mexico
H & M Hennes & Mauritz Support S.A. de C.V.		Mexico
H & M Hennes & Mauritz SIA		Latvia
H & M Retail SDN BHD		Malaysia
H & M Hennes & Mauritz SpA		Chile
H & M Hennes & Mauritz OÜ		Estonia
H & M Hennes & Mauritz UAB		Lithuania
H & M Hennes & Mauritz d.o.o.		Serbia
H and M Hennes and Mauritz PYT LTD		South Africa
H & M Hennes & Mauritz Pty Ltd		Australia
H & M Hennes & Mauritz S.A.C.		Peru
H & M Hennes & Mauritz Retail Private Limited		India
COS Retail Private Limited		India
H & M Services Pvt Ltd		India
H & M Hennes & Mauritz India Pvt. Ltd.		India
H & M Hennes & Mauritz INC		Philippines
H & M Hennes & Mauritz New Zealand Ltd		New Zealand
H & M Hennes & Mauritz Cyprus Ltd		Cyprus
H & M Hennes & Mauritz Kazakhstan LLP		Kazakhstan
H & M Hennes & Mauritz Colombia S.A.S.		Colombia
H & M Hennes & Mauritz Iceland ehf		Iceland
H & M Hennes & Mauritz Vietnam LLC		Vietnam

29 cont.

2024	Corporate id no	Domicile
H & M Hennes & Mauritz Georgia LLC		Georgia
Hennes & Mauritz Uruguay S.A.		Uruguay
H & M Hennes & Mauritz LLC		Ukraine
H & M Hennes & Mauritz B&H d.o.o.		Bosnia-Herzegovina
H&M Hennes & Mauritz Kosovo SH.P.K.		Kosovo
H&M Hennes & Mauritz Albania SH.P.K.		Albania
H&M Hennes & Mauritz MK dooel Skopje		North Macedonia
H&M Hennes & Mauritz EC S.A.S.		Ecuador
H&M Hennes & Mauritz LLC		Puerto Rico

Subsidiaries with non-controlling interests

2024	Percentage ownership	Corporate id no	Domicile
Sellhelp AB	82.3	556996-1260	Sweden
H&M Hennes & Mauritz Brazil Importacoes Ltda.	80.0		Brazil

30 Untaxed reserves

	Parent company	
	2024	2023
Depreciation in excess of plan	17	17
Total	**17**	**17**

31 Contingent liabilities

When reporting contingent liabilities for the group, IAS 37 Provision, contingent liabilities and contingent assets is applied.

A contingent liability is reported where there is a possible obligation for which it remains to be confirmed whether the company has an existing obligation that could result in an outflow of resources. Alternatively, there may be an existing obligation that does not fulfil the criteria for reporting in the balance sheet as a provision or other liability since it is not likely that an outflow of financial resources will be required in order to settle the obligation or the amount cannot be reliably estimated.

The group is involved in various types of disputes, but it is assessed that no current disputes will have any significant impact on the group's results. For further information concerning tax disputes see note 12.

Neither the group nor the parent company has any pledged assets.

	Parent company	
	2024	2023
Parent company's lease guarantees	10,973	12,292
Logistics	2,661	2,776
Solar parks	574	520
Total	**14,208**	**15,588**

32 Interest income, interest expense and similar items

The parent company's interest income and similar items consist of SEK 479 m (280) in interest income and SEK 12 m (0) in translation effects on receivables and liabilities from group companies.

The parent company's interest expense and similar items consist of SEK –484 m (–267) in interest expense and SEK 0 m (1) in translation effects on receivables and liabilities from group companies.

33 Events after the closing date

No significant events have occurred since the end of the reporting period.

34 Distribution of earnings

The board of directors proposes to the 2025 annual general meeting that an ordinary dividend of SEK 6.80 per share is paid and that the remaining earnings at the disposal of the meeting are carried forward. See also information in the board's dividend comment in the administration report on page 117.

The board's proposal to the 2025 AGM regarding distribution of earnings

	SEK
At the disposal of the annual general meeting	13,469,240,556
The board proposes a dividend to shareholders of SEK 6.80 per share[1]	10,910,541,350
To be carried forward as retained earnings	2,558,699,206
	13,469,240,556

1. Based on outstanding shares, excluding own shares, as per 30 November 2024.

Signing of the annual report

The undersigned hereby provide an assurance that the annual report and the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards, and with generally accepted accounting practice, and that they provide a true and fair view of the group's and the parent company's position and earnings. The administration report for the group and the parent company provides a true and fair view of the development of the group's and the parent company's business, position and earnings, and describes the significant risks and uncertainties faced by the parent company and the companies making up the group.

Stockholm, 20 March 2025

Karl-Johan Persson
Chair of the Board

Stina Bergfors
Board member

Anders Dahlvig
Board member

Lena Patriksson Keller
Board member

Helena Saxon
Board member

Christian Sievert
Board member

Christina Synnergren
Board member

Danica Kragic Jensfelt
Board member

Keith Barker
Board member

Tim Gahnström
Board member

Agneta Gustafsson
Board member

Daniel Ervér
Chief Executive Officer

Our audit report was submitted on 20 March 2025

Deloitte AB

Didrik Roos
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of H & M Hennes & Mauritz AB (publ) corporate identity number 556042-7220

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated audited the annual accounts and consolidated accounts of H & M Hennes & Mauritz AB (publ) for the financial year 2023-12-01–2024-11-30. The annual accounts and consolidated accounts of the company are included on pages 113–155 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 30 November 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 30 November 2024 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Impairment of store assets

As of November 30, 2024, the Group held property, plant and equipment consisting mainly of equipment, tools, fixture and fittings (SEK 28,493 million) and right of use assets (SEK 57,062 million). In accordance with IAS 36 Impairment of Assets, management is required to complete an annual assessment of indicators of impairment of its store portfolio. Impairment charges of equipment, tools, fixture and fittings and right of use assets have been recognized amounting to SEK 41 million and SEK 256 million, excluding stores where a decision to close was taken prior to year-end.

The Group generally considers that a grouping of stores, based on a significant degree of revenue substitution including allocation of online sales, constitute a cash generating unit and is assessed for impairment separately. The determination of the cash generating unit requires management judgement and a high degree of estimation.

When an impairment test has been conducted, management has estimated the recoverable amount of store assets based on their value in use derived from a discounted cash flow model. This requires management's judgement and a number of key assumptions, such as future revenue growth, changes in gross margin, long-term growth rates and applied discount rates.

A change in management's judgements and estimates may have a material effect on the financial statements and consequently impairment of store assets is considered a key audit matter.

Accounting principles and disclosures related to accounting for impairment of store assets can be found in note 1 (Accounting principles), note 15 (Buildings, land and equipment) and note 17 (Leases).

Our audit procedures

Our audit procedures included, but were not limited to:

- Assessing the accounting principles for impairment of store assets in compliance with IFRS, with the support of accounting specialists,
- Obtaining an understanding of the store impairment process as well as the forecasting process,
- Evaluating and challenging management's range of impairment indicators,
- Evaluating and challenging management's identification of cash generating units and the supporting documentation,
- Evaluating and challenging key assumptions such as future revenue growth, changes in gross margin, long-term growth rates and applied discount rates,
- Reviewing the accuracy of past forecasts of growth rates and future cash flows to assess the level of accuracy of the forecasting process,
- Assessing the appropriateness of the discount rates applied with the involvement of our internal valuations specialists,
- Assessing the mechanical accuracy of the impairment models and the methodology applied by management for consistency with the requirements of IAS 36, Impairment of Assets, and
- Evaluating the appropriateness of disclosures made in the financial statements.

Accounting for leases

The Group has a large number of lease contracts including approximately 4,300 stores as well as multiple offices and warehouses globally. The right of use asset amounts to SEK 57,062 million as of November 30, 2024 and constitutes 32% of the Group's total assets. IFRS 16 Leases is complex and requires a high level of management's judgements and estimates, such as determining the term of the lease contracts and the interest rate of borrowing. Management is working actively with the store portfolio meaning contracts are changed, terminated, and renewed continuously. Accounting for leases requires a well-functioning process and a clear policy. Changes in judgements and assumptions made by management may have a material effect on the financial statements and consequently accounting for leases is considered a key audit matter.

Accounting principles and disclosures related to accounting for leases can be found in note 1 (Accounting principles) and note 17 (Leases).

Our audit procedures

Our audit procedures included, but were not limited to:

- Assessing the group's accounting principles for leases in compliance with IFRS with the support of accounting specialists,
- Obtaining an understanding of the internal control environment regarding leases and test identified key controls for design and implementation,
- Evaluating management's assessment of lease terms including renewals and extensions,
- Evaluating the methodology related to determining the incremental borrowing rate and on a sample basis testing the rate applied,
- Assessing the right of use asset for impairment,
- Testing the accuracy of the underlying lease data by agreeing a representative sample of leases to original contract or other supporting information,
- Testing the mechanical accuracy of the lease calculations, and
- Evaluating the appropriateness of disclosures made in the financial statements.

Valuation of stock-in-trade

The Group carries a material level of stock-in-trade held by central warehouses and stores, spread over a large number of countries globally. As of November 30, 2024, stock-in-trade amounts to SEK 40,348 million corresponding to 22% of the Group's total assets. Stock-in-trade is valued at the lower of cost and net realisable value. Valuation of stock-in-trade requires clear policies and is subject to management's judgements and estimates, such as calculating the cost of custom duties and freight as well as estimating a provision for obsolescence and sales returns. The current macroeconomic environment has increased the uncertainty and customer behaviour is rapidly changing within the retail industry, impacting the need to continuously revisit and evaluate the method used. Changes in judgements and assumptions made by management may have a material effect on the financial statements and consequently valuation of stock-in-trade is considered a key audit matter.

Accounting principles and disclosures related to stock-in-trade can be found in note 1 (Accounting principles) and note 18 (Stock-in-trade).

Our audit procedures

Our audit procedures included, but were not limited to:

- Assessing the group's accounting principles for inventory in compliance with IFRS with the support of accounting specialists,
- Obtaining an understanding of the internal control environment regarding valuation of inventory and test identified key controls for design and implementation including related IT systems,
- Observing a sample of physical inventory counts in stores and warehouses,
- On a sample basis testing valuation of inventory,
- Evaluating management's estimates related to provisions for obsolescence and sales return, and
- Evaluating the appropriateness of disclosures made in the financial statements.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts. The other information consists of the renumeration report and the pages 4–37, 52–109 och 160–166. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The audit committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of H & M Hennes & Mauritz AB (publ) for the financial year 2023-12-01 – 2024-11-30 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for H & M Hennes & Mauritz AB (publ) for the financial year 2023-12-01–2024-11-30.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of H & M Hennes & Mauritz AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, changes in cash flow and notes in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Deloitte AB, was appointed auditor of H & M Hennes & Mauritz AB (publ) by the general meeting of the shareholders on the 2024-05-03 and has been the company's auditor since 2021-05-06.

Stockholm, March 20, 2025

Deloitte AB

Didrik Roos
Authorized Public Accountant

The share and ownership structure

Listing Nasdaq Stockholm, Large Cap
Symbol HM B
Capitalisation at financial year-end SEK 244 billion
ISIN SE0000106270

H&M Group's class B share is primarily traded on Nasdaq Stockholm, with an average daily trading volume of 2.87 (3.14) million shares during the 2024 financial year. The total number of shares, as at 30 November 2024 was 1,610,542,225 of which 194,400,000 were class A shares, each with 10 votes, and 1,416,142,225 were class B shares, each with one vote. All the shares have the same dividend entitlement and share in the company's assets.

Ownership structure
At the close of the 2024 financial year, H&M had 213,223 shareholders (225,326). The largest shareholder is Stefan Persson and family, who through Ramsbury Invest AB, hold all the class A shares and 764,799,715 class B shares. In addition, the family privately owns 36,400,289 class B shares. As at 30 November 2024, Stefan Persson and family, both privately and via Ramsbury Invest AB, represented 81.9 (79.7) percent of the votes excluding treasury shares and 61.8 (57.7) percent of the total number of shares. The second-largest shareholder is Lottie Tham and family, including related companies, holding 2.6 percent of the votes and 5.5 percent of the total shares. As at 30 November 2024, the 10 largest shareholders together accounted for 89.8 percent of the votes and 78.4 percent of the total number of shares.

Dividend and share repurchase
The board of directors has resolved to propose to the annual general meeting (AGM) on 7 May 2025 that a dividend of SEK 6.80 (6.50) per share be paid in two instalments over the year. H&M Group's dividend policy states that the ordinary dividend over time is to exceed 50 percent of profit after tax and additionally that identified surplus liquidity – taking into consideration the capital structure target and investment requirements – can be distributed to shareholders through an extra dividend or a buyback programme.

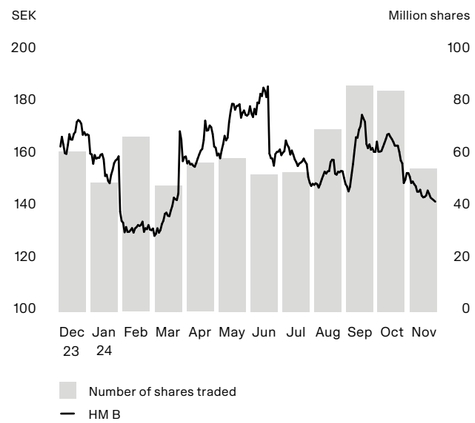
During the period 27 September 2023–1 March 2024 the group repurchased shares as authorised by the 2023 annual general meeting. A total of 19,144,612 B shares were repurchased for a total sum of SEK 3 billion, of which shares to a value of around SEK 2 billion were repurchased in 2024. The shares repurchased were cancelled through a resolution at the annual general meeting in May 2024.

A buyback programme, authorised by the 2024 annual general meeting, was initiated on 26 September 2024 and completed on 26 November 2024.

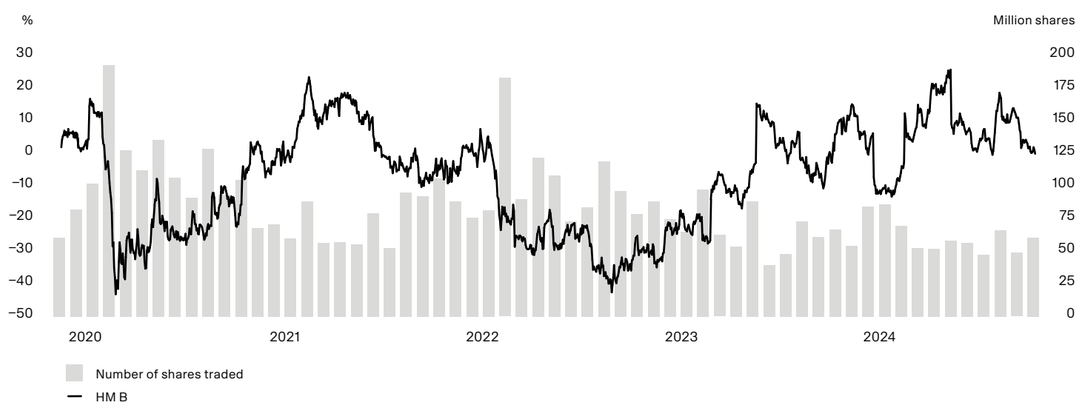
As at 30 November 2024, a total of 6,050,850 class B shares had been repurchased for a total sum of SEK 1 billion. The repurchased shares are intended to be cancelled through a resolution at the 2025 annual general meeting.

The board of directors will ask the 2025 annual general meeting for a general authorisation allowing the board to buy back the group's own B shares in the period up to the 2026 annual general meeting.

Share price and trading volume, 2024



Total return and trading volume, 5 years



Key ratios per share

	2024	2023	2022	2021	2020
Shareholders' equity per share, SEK[1, 2]	28.76	29.23	31.15	36.26	33.00
Earnings per share, SEK[1, 2]	7.21	5.37	2.16	6.65	0.75
Change from previous year, %[2]	+34	+149	−68	+787	−91
Dividend per share excluding own shares, SEK[1, 3]	6.50	6.50	6.50	6.50	–
Share price on 30 November, SEK	151.25	167.90	116.66	160.00	181.60
P/E ratio[2]	21	31	54	24	242

1. Before and after dilution, excluding own shares.
2. Regarding restated figures for financial year 2023 see information on restated figures attributable to amendments to IAS 12 in financial note 12.
3. Dividend which was decided and paid during the year.

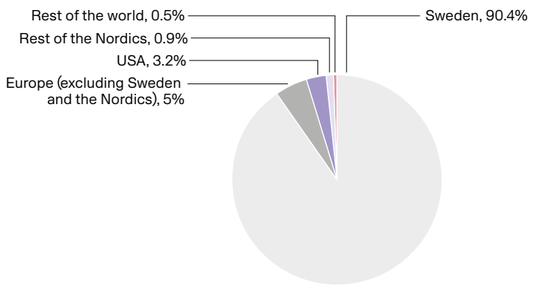
Major shareholders, 30 November 2024

	No. of shares	% of total shares	% of voting rights
The Stefan Persson family and related companies	995,600,004	61.82	81.85
The Lottie Tham family and related companies	88,680,401	5.51	2.64
AMF Fonder & Pension	39,497,604	2.45	1.18
Vanguard Funds	23,992,377	1.49	0.72
Blackrock	21,444,172	1.33	0.64
Swedbank Robur Fonder AB	21,207,758	1.32	0.63
Handelsbanken Fonder AB	20,659,470	1.28	0.62
Fjärde AP-fonden	20,364,941	1.26	0.61
Nordea Funds AB	17,835,540	1.11	0.53
Alecta Tjänstepension Ömsesidigt	13,423,000	0.83	0.40

Distribution of shares, 30 November 2024

Shareholding	No. of shareholders	%	No. of shares	%	Average shares per shareholder
1–500	176,470	82.7	19,709,614	1.2	112
501–1,000	17,009	8.0	13,259,606	0.8	780
1,001–5,000	15,695	7.3	34,915,044	2.2	2,225
5,001–10,000	2,093	1.0	15,245,213	0.9	7,284
10,001–15,000	641	0.3	8,030,461	0.5	12,528
15,001–20,000	339	0.2	6,022,189	0.4	17,765
20,001–	976	0.5	1,513,360,098	94.0	1,550,574
Total	**213,223**	**100.0**	**1,610,542,225**	**100.0**	**7,553**

Geographic distribution of shareholder ownership, 30 November 2024



Key financial performance measures

This report contains key financial performance measures in accordance with the framework for financial reporting applied by the H&M group, which is based on IFRS. Other performance measures and indicators are also used to follow up, analyse and govern the business and to provide the H&M group's stakeholders with financial information concerning the group's financial position, results and performance in a consistent way.

These other performance measures and indicators are considered necessary in order to be able to monitor performance against the group's financial targets. A combination of continual growth, high profitability, stable cash flow and using capital in the right way is intended to generate a high overall return for the H&M group's shareholders. It is therefore relevant to present performance measures relating to growth, profitability and capital, per-share measures and terms relating to capital on a continuous basis.

The performance measures and indicators used, referred to and presented in the reporting are defined as shown in the list below.

Measures of profit and return

Return on equity	Group 2024	Group 2023
Profit for the year[1]	11,584	8,716
Average shareholders' equity[1]	46,861	49,092
Return on equity[1]	**24.7%**	**17.8%**

Definition Profit for the year in relation to average equity.

Reason for use Return on equity is used as it measures the company's return on the shareholders' investments.

Return on capital employed	Group 2024	Group 2023
Profit after financial items	15,443	13,010
Interest expense	2,753	2,143
Average shareholders' equity[1]	46,861	49,092
Average interest-bearing liabilities	77,887	75,658
Return on capital employed[1]	**14.6%**	**12.1%**

Definition Profit after financial items plus interest expense in relation to average equity plus average interest-bearing liabilities.

Reason for use A measure of profitability after taking into consideration the amount of capital employed. A higher return on capital employed indicates that the capital is being used more effectively.

Gross profit	Group 2024	Group 2023
Net sales	234,478	236,035
Cost of goods sold	–109,179	–115,139
Gross profit	**125,299**	**120,896**

Definition Net sales minus cost of goods sold.

Reason for use This is one of the ways in which the group measures profitability. Gross profit is affected by a number of factors such as the product assortment, price development and cost changes.

Gross margin	Group 2024	Group 2023
Net sales	234,478	236,035
Gross profit	125,299	120,896
Gross margin	**53.4%**	**51.2%**

Definition Gross profit in relation to net sales.

Reason for use This is one of the ways in which the group measures profitability. Gross profit is affected by a number of factors such as the product assortment, price development and cost changes.

Operating profit	Group 2024	Group 2023
Net sales	234,478	236,035
Cost of goods sold	–109,179	–115,139
Selling expenses	–97,153	–96,435
Administrative expenses	–10,762	–10,895
Result from investments in associated companies and joint ventures	–78	971
Operating profit	**17,306**	**14,537**

Definition Net sales minus all costs attributable to operations but excluding net financial items and tax.

Reason for use An indicator of the result of operating activities.

Operating margin	Group 2024	Group 2023
Net sales	234,478	236,035
Operating profit	17,306	14,537
Operating margin	**7.4%**	**6.2%**

Definition Operating profit as a percentage of net sales for the year.

Reason for use An indicator of operational profitability.

EBITDA	Group 2024	Group 2023
Operating profit	17,306	14,537
Depreciation, amortisation and write-downs	22,252	22,955
EBITDA	**39,558**	**37,492**

Definition EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation). Operating profit before interest, taxes, depreciation, amortisation, write-downs and impairment incl. IFRS 16.

Reason for use A measure that complements operating profit, since it shows the cash surplus from operations.

1. Regarding restated figures for financial year 2023 see information on restated figures attributable to amendments to IAS 12 in note 12.

Capital performance measures

Share of risk-bearing capital	Group 2024	Group 2023
Shareholders' equity[1]	46,211	47,510
Deferred tax liability[1]	2,242	2,507
Balance sheet total	180,214	181,273
Share of risk-bearing capital[1]	**26.9%**	**27.6%**

Definition Equity plus deferred tax liability in relation to the balance sheet total.

Reason for use Shows financial potential and independence to develop the business.

Equity/assets ratio	Group 2024	Group 2023
Shareholders' equity[1]	46,211	47,510
Balance sheet total	180,214	181,273
Equity/assets ratio[1]	**25.6%**	**26.2%**

Definition Equity in relation to the balance sheet total.

Reason for use Shows financial potential and independence to develop the business.

Capital employed	Group 2024	Group 2023
Shareholders' equity[1]	46,211	47,510
Interest-bearing liabilities	77,425	78,348
Capital employed[1]	**123,636**	**125,858**

Definition Equity plus interest-bearing liabilities.

Reason for use Shows the company's ability to meet current capital commitments.

Operating working capital	Group 2024	Group 2023
Accounts receivable	5,631	3,301
Stock-in-trade	40,348	37,358
Accounts payable	–24,417	–21,027
Operating working capital	**21,562**	**19,632**

Definition Accounts receivable plus stock-in-trade minus accounts payable.

Reason for use Assesses a company's liquidity and operating efficiency by looking at current assets and current liabilities that are held for trading and are essential to business operations.

Total working capital	Group 2024	Group 2023
Operating working capital	21,562	19,632
Tax assets	2,831	3,830
Other receivables	5,654	5,111
Prepaid expenses	3,923	4,531
Tax liabilities	–2,257	–1,377
Other liabilities	–6,809	–7,329
Accrued expenses and deferred income	–20,151	–22,733
Total working capital	**4,753**	**1,665**

Definition Operating working capital plus tax assets, other receivables and prepaid expenses minus tax liabilities, other liabilities and accrued expenses and deferred income.

Reason for use Assesses a company's liquidity and operating efficiency by looking at current assets and current liabilities that are essential to business operations.

Net debt	Group 2024	Group 2023
Provisions for pensions	471	379
Interest-bearing leasing liabilities	62,837	60,888
Liabilities to credit institutions	14,117	17,082
Cash and cash equivalents	–17,340	–26,398
Net debt	**60,085**	**51,951**

Definition Interest-bearing liabilities incl. IFRS 16 respectively including pension liabilities less cash and cash equivalents as well as short-term investments.

Reason for use Used to show the net value of interest-bearing assets and interest-bearing liabilities.

Financial net debt (+) / net cash (–)	Group 2024	Group 2023
Interest-bearing liabilities excluding lease liabilities and provisions for pensions	14,117	17,082
Cash and cash equivalents and short-term investments	–17,340	–26,398
Financial net debt (+) / net cash (–)	**–3,223**	**–9,316**

Definition Interest-bearing liabilities excluding lease liabilities and provisions for pensions less cash and cash equivalents and short-term investments.

Reason for use Used to show the net of the company's borrowing, cash and cash equivalents and short-term investments.

Operating cash flow / EBITDA	Group 2024	Group 2023
Cash flow from operating activities	31,756	33,949
EBITDA	39,558	37,492
Operating cash flow / EBITDA	**80.3%**	**90.5%**

Definition Cash flow from operating activities in relation to EBITDA.

Reason for use Measure of how much cash flow is generated by operating activities in relation to the profit shown in the income statement.

1. Regarding restated figures for financial year 2023 see information on restated figures attributable to amendments to IAS 12 in note 12.

Per-share performance measures

Equity per share	Group 2024	Group 2023
Shareholders' equity[1]	46,211	47,510
Number of shares outstanding as of the closing day, thousands	1,604,491	1,622,548
Equity per share[1]	**28.80**	**29.28**

Definition Equity divided by the number of shares.

Reason for use This indicator can show over time whether the company is increasing the share-holders' capital.

Cash flow from operating activities per share	Group 2024	Group 2023
Cash flow from operating activities	31,756	33,949
Average number of shares outstanding, thousands	1,611,695	1,629,097
Cash flow from operating activities per share	**19.70**	**20.84**

Definition Cash flow from operating activities for the period divided by the number of shares.

Reason for use This indicator shows cash flow from operating activities per share, which is significant for how the company can finance its investments.

P/E ratio	Group 2024	Group 2023
Price per share at year-end	151.25	167.90
Earnings per share[1]	7.19	5.35
P/E ratio[1]	**21**	**31**

Definition Price per share divided by earnings per share.

Reason for use This indicator shows how the profit for the period relates to the price of the shares.

1. Regarding restated figures for financial year 2023 see information on restated figures attributable to amendments to IAS 12 in note 12.

Definitions

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

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

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

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

Circular economy for fashion Building an industry that designs products to be used more, made to be made again, and made from safe and recycled or renewable inputs.[1]

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

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

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

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

1. Definitions by Ellen MacArthur Foundation.

Fair and equal treatment Discrimination or unequal treatment on the grounds of gender, sexual orientation, race, colour, age, pregnancy, marital or social status, religion, political opinion, nationality, ethnic origin, disease or disability. Fair and equal treatment includes equal remuneration for equal work and other aspects of equal treatment at work including avoiding discrimination in the form of gender-based violence (GBV) against women, directed towards a woman because she is a woman or that affects women disproportionately, based on ILO Conventions.

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

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

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

Preferred transport options refer to lower-impact modes of transport, including 100 percent biofuel, electric and zero-emission vehicles.[3]

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

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

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

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

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

Recyclability The ease with which a material can be recycled in practice and at scale.[1]

Raw materials or materials Or feedstocks used by the textile industry can be either primary (virgin) materials (cultivated or extracted from the earth) or secondary feedstocks (reclaimed and recycled from pre-consumer or post-consumer waste streams and fed back into the production cycle). Materials can be either renewable or non-renewable.[2]

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

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

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

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

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

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

1. Definitions by Ellen MacArthur Foundation.
2. Definitions by Textile Exchange Materials-Terminology-Guide.pdf
3. A zero-emissions vehicle is one that does not emit exhaust gas or other pollutants when operational.
4. Our definition of responsible sourcing is based on the OECD Guidelines for Responsible Business Conduct and the UN Guiding Principles on Business and Human Rights.

Annual general meeting

Date and venue
H&M's annual general meeting 2025 will be held on Wednesday 7 May 2025 at 3 p.m. (CEST) in the Erling Persson Hall, Aula Medica, Karolinska Institutet in Solna. There is a possibility of postal voting.

For more information about the annual general meeting, see the notice of the meeting at hmgroup.com/agm.

Dividend
The board of directors has resolved to propose to the annual general meeting on 7 May 2025 that a dividend of SEK 6.80 per share is paid. The board proposes that the dividend is paid in two instalments during the year – one in May and one in November.

The proposed record date for the first dividend payment of SEK 3.40 per share is 9 May 2025. With this record date, the dividend is expected to be paid out by Euroclear Sweden AB on 14 May 2025.

To be entitled to receive the dividend H&M shares must have been purchased no later than 7 May 2025. The ex-dividend date is 8 May 2025.

The record date proposed for the second dividend payment of SEK 3.40 per share is 7 November 2025. With this record date, the dividend is expected to be paid out by Euroclear Sweden AB on 12 November 2025.

To be entitled to receive the second dividend instalment H&M shares must have been purchased no later than 7 November 2025. The ex-dividend date is 8 November 2025.

Contact details

Head office
H & M Hennes & Mauritz AB,
Mäster Samuelsgatan 46A,
SE-106 38 Stockholm, Sweden
Telephone: +46 (0)8 796 55 00

Contacts

Investor Relations	Joseph Ahlberg
Communications	Hendrik Alpen
Corporate Governance	Cigdem Günes

Distribution of annual and sustainability report 2024
The H&M group sends out the printed version of the annual and sustainability report to shareholders who have specifically requested a printed version. The annual and sustainability report is also available to read and download at hmgroup.com.

For information about the H&M group's various brands and ventures see:

hm.com
cos.com
weekday.com
stories.com
arket.com
singular-society.com
creatorstudio.com
sellpy.com

Calendar

H & M Hennes & Mauritz AB will provide the following information:

27 March 2025	Three-month report
7 May 2025	Annual general meeting 2025 at 3 p.m. (CEST)
26 June 2025	Six-month report
25 September 2025	Nine-month report
29 January 2026	Full-year report

H&M