

**Damned if you do, damned if you don't.**  
H&M's challenge in establishing a  
sustainable reputation.

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**MANAGEMENT DECISION**

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## Continuing their mission

As the presented case is considered an open case, no managerial decisions have been taken by the company except for the continuation of the efforts discussed. Therefore, we will elaborate on H&M's ongoing corporate responsibility communication and latest sustainability measures.

In 2023, H&M continues its sustainability mission with a landing page dedicated exclusively to their approach and a cross-link to it present in each category to ensure great visibility of the theme in their online store. It is similarly present in H&M stores, where large displays above the checkout point to the Garment Collecting Program, mentioned in the case. H&M strives to become a leader in fair, inclusive, and innovative fashion, making it their promise to reinvent the fashion market in a sustainable way and close the loop. The brand uses sustainable materials and creates long-lasting products, providing customers with valuable care and repair advice. H&M's Innovation Metaverse Design Story collection, showcased in December 2022 at the Fashion Awards, featuring sustainable materials and production processes, promotes the brand's sustainability approach, and empowers customers to express themselves glamorously both online and in real life. H&M's latest initiatives reflect their commitment to communicating and embodying sustainability, promoting lasting change.

### Investment in garment collecting initiative

In February 2023, H&M Group announced the creation of a joint venture with Remondis, a German recycling company, to further invest in the improvement of its garment collecting initiative. The launch of *Looper Textile Co.* is expected to help the brand take an active part in developing the infrastructure for rewearing, reusing, and recycling used clothing, thereby getting closer to their goal of closing the loop of fashion. This move reinforces H&M's efforts to develop and improve existing sustainability initiatives and deliver on their promises.

### Second hand - Second revenue stream

One of H&M's ongoing sustainability efforts is to expand ways for customers to purchase "pre-loved" products. With the aim of balancing profitability and sustainability, H&M states that second-hand sales can help double their revenue without selling twice the amount of clothing. The company emphasises that its circular systems will create this increase in revenue, allowing H&M to grow and still achieve its sustainability goals. Linked to the company's revenue goals is the target of cutting their carbon footprint by half.

One way H&M is increasing second-hand sales is by expanding accessibility. In Sweden, customers can buy second-hand clothing on H&M's website, and now the company is expanding to the German market to offer further customers the opportunity to purchase "pre-loved" products from the company. H&M released the news, stating the importance of ensuring that the consumers are part of the company's mission towards a more circular industry. H&M continues to enhance their second-hand efforts by exploring new markets, with campaigns such as *Rewear* launching in Canada, as well as by launching a partnership with a waste management firm in the UK with the goal of increasing the sales of second-hand garments in 2023. Additionally, H&M is further developing its sustainability offering by expanding their clothing rental service for specific collections.

## **Increasing transparency**

Transparency plays a critical role in H&M's sustainability strategy, and the company continues to prioritise it. H&M is committed to improving transparency further and aims to achieve full supply chain transparency in the future, providing end-consumers with extensive information. Currently, H&M is working to increase transparency regarding the environmental and social impact of its products, enabling end-consumers to fully understand the impact of their purchases.

Another transparency goal for H&M is complete traceability, and the company believes that new technology can help make the fashion industry more sustainable. The goal is to gain a comprehensive understanding of the origin of raw materials to increase efficiency. Recently, H&M initiated new collaborations with a company called TextileGenesis to use blockchain technology to increase sustainability. H&M aims to be a leader in driving change in the industry and to show the way towards sustainable fashion through the methods it implements.

## **Co-opetition**

In 2023, H&M, together with Inditex, Ikea, Decathlon, Kiabi, Mango, and Tandam, partnered up to create an alliance with the goal of decreasing and managing clothing waste generated in the Spanish market. With the aim to increase the responsibility that clothing actors take, the newly founded *Association for Textile Waste Management* will use the Collective System of Extended Producer Responsibility (SCRAP) legislation as a guideline. The joint-effort aims to boost textile recycling in the Spanish market and embodies a further step towards a circular business model with new and improved waste management methods. The foundation of an

association indicates a long-term commitment that is also connected to new waste requirement laws for the Spanish market.

## **What is going to come?**

Predicting the future is never easy, and perhaps even impossible. For now, it seems that H&M will continue with its mission to transform the company and the industry as a whole. Co-founding the Spanish *Association for Textile Waste Management* was an important step for H&M in co-opetition, which could potentially lead to further collaborations with competitors. The joint venture with Remondis also creates valuable synergies to enhance and improve their garment collection initiative, sending a strong signal to the public that H&M is committed to constant improvement and taking criticism seriously. The most exciting measure, however, is H&M's recent introduction of second-hand clothing to their offering. With an additional revenue stream, the company could make more radical changes to their business model, pricing, and product offering in the future. It remains to be seen how critics will react to these recent measures.