Textile Exchange

Building Integrity

a case study

H&M
H&M at a glance

“From a single womenswear store in 1947, to a global company offering fashion for the whole family, and their home, under the brand names of H&M, COS, Monki, Weekday, Cheap Monday, & Other Stories and H&M Home.”

“H&M has expanded substantially in recent years. Today almost 2,800 stores are spread across 49 markets.” http://about.hm.com/AboutSection/en/About/Facts-About-HM/

“We take a long-term view on our business. And there is no way for us not to think about and invest in our sustainability, because it simply makes business sense.” -Karl-Johan Persson, CEO (From the CSR report, 2012)

H&M: an Integrity Champion

• Scope certificates are collected from all garment suppliers
• Transaction certificates are stored and checked
• An internal system set up to store and manage the certification information

What is an Integrity Champion?

Integrity champions have an established policy to ensure their products have adequate verification for the claims being made. They require scope certificates from suppliers before placing orders, and collect transaction certificates with shipments of certified goods.

Key success factors

• Certification requirements are set immediately when “conscious” materials are adopted
• Labeling with the conscious material is not allowed without certification
• Dedicated staff to understand and meet the requirements of certification
• Training provided for key staff working on certification
H&M’s fiber strategy

H&M refers to their preferred materials as “conscious” materials; these include organic, recycled, and Lenzing Tencel. BCI is also part of their strategy to transition to more sustainable cotton.

More cotton is used by H&M than any other raw material. Considering the high volume of cotton used and the understanding of the huge impacts of cotton production, H&M has committed to sourcing all cotton from more sustainable sources by 2020. Better Cotton, organic and recycled cotton are key to achieving this target. The commitment to better raw material sources plays out in their requests to suppliers, as H&M in not directly involved in the purchase of raw materials.

Organic

For the past two years (2011 and 2012), H&M has used more certified organic cotton than any other brand in the world. Their commitment began in 2004 as part of their general environmental efforts. Organic cotton was first used in children’s product, but is now found in all clothing divisions (men, women, teenagers, children and home). They offer both 100 percent organic cotton clothes and blended organic garments containing a mix of organic and conventional cotton.

The cotton fiber used by H&M comes from Turkey, India and China and is certified to farm standards by accredited certification bodies Control Union, IMO, and others. H&M also uses organic linen, hemp and jute.

Recycled

H&M has committed to “reduce, reuse, recycle” as part of their overall sustainability strategy; and so, recycled materials are part of the group of conscious materials. H&M offers products made with recycled polyester, polyamide, plastics, cotton and wool.

By driving demand for recycled materials, H&M hopes to strengthen the market and encourage further innovation. H&M offers a take back program for their used products. All collected clothes are reused or recycled; nothing goes to the landfill. In the future, new clothes will come out of the collected garments, closing the loop on textile fiber production.

H&M used as much recycled polyester as is equivalent to 7.9 million PET bottles in 2012.

Better Cotton Initiative

H&M has been involved with BCI since its inception in 2004. The system is designed to establish minimum environmental and social requirements for cotton growing in order to make the majority of cotton production more sustainable. To assist the transition from trial to implementation phase, H&M invests in farmer training under the BCI system.

Lenzing TENCEL®

TENCEL® is a renewable material produced from cellulose with minimal environmental impact; the fiber is owned by Lenzing. TENCEL® is a conscious material because of minimal land usage by the trees used to make the fiber, and because of the Lenzing system which uses fewer chemicals, resulting in lower environmental impact.
The Certification System

Why choose certification?

H&M has committed to never using a “conscious” material if there isn’t certification in place. They want to be able to know that their claims are true. There is always a risk that consumers get information that companies label without certification. H&M does not directly source the raw materials, but instead places orders for products made of specific materials from their suppliers. This means that H&M bears the risk of an area they do not control. Standards that cover the chain of custody from the raw material to the final product allow H&M to verify the content of products even when other information is not yet known. H&M has received requests from consumers about which standards are used, and certification provides H&M with third-party verification of the content claims of their products.

Supply chain standards in use

H&M requires certification and verification for all conscious materials. When setting up their requirements, the priority was to verify the material content in the products received from suppliers. Because H&M already has an internal system to assess the social, environmental and chemical performance of suppliers, they only needed to request chain of custody standards from their suppliers. It would put an unnecessary burden on a supplier to require certification to a third-party processing standard, while also continuing to directly audit against very similar requirements. For each material the most basic chain of custody standard was selected.

For organic cotton, the OE 100 and OE Blended standards are required by each step of production up to the garment supplier. These standards combine organic raw material verification with chain of custody. Because the OE standards are limited to cotton, GOTS is used to verify other organic materials like jute and hemp. The Organic Content Standard (OCS) is currently replacing the OE standards and will now cover all organic materials, no longer limited to cotton.

The OE standards, GOTS, GRS and the new OCS all rely on the system of scope certificates and transaction certificates.

Recycled material product suppliers must be certified to the Global Recycle Standard (GRS) which combines raw material verification, chain of custody, and social and environmental principles. H&M also plans to use the new Recycled Content Standard when it is available.

For products made with TENCEL®, Lenzing has a system that allows H&M to verify the content of final products with Lenzing directly. The Better Cotton Initiative provides tracing up to the gin and H&M communicates their involvement with BCI in general terms, rather than specific product identification.
The Certification System

Scope certificates

H&M collects Scope Certificates from all garment suppliers producing conscious materials and they are saved at the local production offices. The information from the scope certificates are maintained in a central database, including the validity date. If a supplier is found either without a certificate, or with an expired certificate, H&M requires them to update their certification.

Transaction certificates

H&M collects Transaction Certificates (TC's) from the garment supplier for every order containing conscious materials. These TC's are saved, together with the order, for 10 years in their respective production office. The information from the TC's is collected and maintained by the global office. Each production office randomly checks that TC's match shipment details, while the biggest orders are all checked. There are conscious material managers in each production office, who are responsible for verifying that everything is in place for the global office requirements.

Training the supply base

In most cases, H&M consolidates their conscious material orders to come from a smaller set of suppliers. These suppliers receive training to make sure they understand the requirements of certification.

Product information

H&M products are only labeled with reference to the conscious material when there is certification in place to support the claim. Products are not labeled with the standard logos; instead they have their own internal label for each conscious material. H&M customers can make an informed choice based on the product label information.
Learning through the journey

Challenges along the way

Bringing a global, complex supply chain together under one certification can be a tricky process. The road to full supply chain certification has not always been a smooth and straight one.

Some of H&M suppliers have been reluctant to renew their certification every year. For smaller suppliers, only receiving a few orders a year, the price can be an obstacle and the supplier may not have sufficient incentive for certification each year.

Training suppliers is a crucial part of making sure that the system works. This can be tricky with a large number of suppliers and frequent staff changes. In light of these issues, H&M works to consolidate the majority of their conscious material orders to a smaller number of suppliers. This ensures that those suppliers have enough orders to justify their certification costs and H&M gets a higher return on the training given to each supplier.

For suppliers not yet certified, it can be difficult for H&M to give a reliable price estimate to their suppliers. Certification bodies negotiate price directly with their clients, and location, size and scope of facility all affect the final price. For some of the new standards, the suppliers may not be interested in investing in certification to a standard they are unfamiliar with. H&M works across the industry to support the global use, and therefore wider recognition, of the standards.

Goals for the future

H&M is looking to expand the number of “conscious” materials in their portfolio, but it is a priority to understand the certification before adopting them. For future conscious materials, H&M plans to look into using the Content Claim Standard which could allow them to track each material under the same chain of custody requirements as the OE standards, OCS, GRS, and GOTS.

The current manual system of tracking information from certificates has presented a significant challenge to H&M; they invest time and resources into data entry and manual checks. Because of this interest, H&M has been active in industry-wide conversations around creating a common database to hold certification information. If developed, this system would allow H&M to track the certification of all products instantly, without manually uploading data.

As a champion of integrity, H&M has been active in supporting wider use of the standards. Many of their challenges have been as a result of being one of the first companies to request certification from their suppliers. As more companies begin requesting the same certification, and suppliers are able to meet the requirements of multiple customers with the same certification, the standards will be a stronger tool in aligning the industry.
Further Information

- H&M: http://www.hm.com/
- Textile Exchange standards: http://textileexchange.org/content/standards
- More about how the certification system works: http://textileexchange.org/content/certification-toolkit
- All photos courtesy of H&M.
Textile Exchange is a non-profit organization. We envision a global textile industry that restores the environment and enhances lives. We inspire and equip people to accelerate sustainable practices in the textile value chain. Our work is unique in that we focus on the entire value chain, from production, through manufacturing, to retail.

The Industry Integrity platform at Textile Exchange aims to ensure that all of the work that is done towards sustainability in the textile industry is genuine and leads to real and meaningful change. We work through tool development, education, information sharing and collaboration.

Building Integrity is a series of case studies intended to provide practical examples of certification systems. By highlighting the work of companies with strong systems in place, we hope to encourage wider use of standards to support product claims. For more information, visit: http://textileexchange.org/content/integrity-library.