# H&M Group Biodiversity & Ecosystem Transition Plan SBT for land v1.0

ESRS E4 – Science Based Target (SBT) -aligned
Effective date: October 2026

## 1. Purpose of the Transition Plan

H&M Group's ambition is to contribute to the protection of biodiversity and ecosystems, guided by science-based approaches and the broader concept of planetary boundaries.

This transition plan sets out H&M Group's science-based targets for land use and biodiversity, in alignment with the Science Based Targets Network (SBTN). It forms our transition plan for the land-use-related subset of biodiversity and ecosystems matters under ESRS E4 (European Sustainability Reporting Standards - Biodiversity and Ecosystems), drawing on SBTN methodologies for impact assessment, target setting and prioritisation. It does not, on its own, cover all biodiversity and ecosystems matters that may fall within the broader scope of ESRS E4.

This document provides:

- The scope and boundaries of the assessment
- The SBTN-aligned targets
- The key actions and allocated resources supporting target fulfilment
- The methodological foundation, assumptions and limitations

The primary purpose of this transition plan is to support H&M Group's approach to meeting applicable regulatory requirements, by setting out targets, scope and supporting actions in a clear, substantiated and verifiable manner. Progress and performance against targets will be reported annually in the Annual and Sustainability Report (ASR) from ASR FY2026 onwards, with ASR FY2026 published in 2027, in line with applicable ESRS disclosure requirements.

## 2. Context: biodiversity, ecosystems and land use

Biodiversity loss threatens the health of our planet and communities, and the security of our industry. Land-use changes impact ecosystems and cause biodiversity loss when natural habitats are converted for production purposes.

Biodiversity is closely linked to climate, water, chemicals, waste and materials, reflecting the interdependencies between environmental topics.

Our largest impact on biodiversity according to our impact assessment occurs in our upstream value chain, where land and natural resources are used for the cultivation, production and processing of materials used in our products and packaging.

## 3. Scope, boundaries and methodology

The SBTN targets presented in this transition plan are based on an impact assessment conducted in line with SBTN guidance.

The scope of the impact assessment includes:

- Value chain: Our direct operations and upstream supply chain, focusing on raw material sourcing and production
- Geography: Global geographies associated with in-scope operations, sourcing and production activities, based on available data and SBTN-aligned assumptions
- Environmental domain: Land use and biodiversity, including land conversion, ecosystem integrity and habitat condition

The methodologies and assumptions applied are:

- Aligned with SBTN guidance (technical guidance in Steps 1 and 2 v1.0)
- Documented and consistent with underlying data and internal systems
- Subject to continuous improvement as ESRS E5-related data quality and traceability evolve, including material volumes, recycled material shares, product composition and packaging data that inform the SBTN-aligned land footprint calculation and target monitoring.

H&M Group follows the SBTN methodology through the technical guidance for Steps 1 and 2 v1.0, using a

combination of company data, sourcing and material volume data, sectoral and geographical risk data, modelled data and proxy indicators where primary data is not available to:

- Assess impacts and dependencies on biodiversity and ecosystems
- Prioritise key commodities and sourcing regions
- Define science-based targets for land that are aligned with ecological thresholds and have been approved by the Accountability Accelerator[1].

The SBTN methodology:

- Uses a combination of primary data, modelled data and proxy indicators. Primary data includes material volumes, material composition, recycled material shares, supplier reporting, sourcing data, certification coverage and available traceability information. Modelled data is used for land-footprint calculations and risk assessments based on material volumes, land-use factors, sourcing geographies and external environmental datasets. Proxy indicators are applied where primary or location-specific data is not available, such as regional sourcing assumptions, proxy production locations, certification coverage and country or regional risk indicators. Assumptions, methods and limitations are documented and updated as data quality and traceability improve.
- Is supported by documented assumptions and calculation methods
- Ensures that disclosed targets are specific, substantiated and transparently qualified

SBTN methodologies and supporting data may be updated or reassessed over time in line with applicable SBTN validation requirements, including reassessment of the Step 1 and Step 2 impact assessment after five years, or earlier if material changes affect the assessment basis.

The SBTN impact assessment informed the identification of priority commodities and sourcing regions and provided the analytical basis for the targets presented in this transition plan. The assessment identified the following commodities as in scope under the SBTN methodology: cotton, wool, viscose (wood-based fibre), cattle (derived leather), paper and cardboard (packaging), and wood.

This document summarises the methodological approach and the main conclusions relevant to target setting and prioritisation, rather than reproducing the full technical assessment. The main conclusions of the assessment were the identification of priority commodities, sourcing regions and impact areas, which informed the selection of targets and supporting actions in this transition plan. The prioritisation of commodities and sourcing regions reflects areas identified as having the highest risk and impact on biodiversity and ecosystems. The assessment also informed the selection of sourcing regions and locations reflected in the actions and landscape engagement initiatives described in this transition plan. The assessment therefore underpins both the selection and the ambition level of the targets presented in this plan.

Detailed methodology, calculations, datasets, assumptions and assessment outputs are well documented and retained in underlying assessment materials as supporting evidence for the conclusions presented in this transition plan.

# 4. SBTN land targets

The targets are based on documented assumptions, including:

- Modelled relationships between material volumes, geographies and land use
- Expected development in sourcing practices and material mix
- Improvements in traceability and data availability

H&M Group has adopted the following science-based targets for land:

## No Conversion of Natural Ecosystems target

Target type: No Conversion of Natural Ecosystems

**Direct Operations**
H&M Group has low exposure to conversion of natural ecosystems in its direct operations and commits to maintaining this state.

[1] The Accountability Accelerator refers to the independent mechanism supporting the validation and accountability process for companies setting science-based targets for nature through SBTN. Its role includes assessing submitted targets against applicable SBTN criteria and providing approval where requirements are met.

**Upstream**
H&M Group will source 100% of volumes of Annex 1a[2] conversion-driving commodities in its supply chain assessed (according to key actions in chapter 6) as conversion-free by 2030 (in all natural lands), compared to a 2020 cutoff year[3].

**Upstream – deforestation only**
H&M Group will achieve 100% of its products subject to the European Union Deforestation Regulation as deforestation free by 2026, compared to a 2020 cutoff year, in accordance with the legislative requirements.

**Upstream – conversion in conversion hotspots (inclusive of deforestation)**
H&M Group will source 100% of volumes of wood assessed as conversion-free by 2030, compared to a 2020 cutoff year.

H&M Group will source 100% of volumes of cattle (derived leather) assessed as conversion-free by 2030 compared to a 2020 cut-off year.

Notes:

- H&M Group does not source any conversion-driving commodities (Annex 1a[2]) from producers or the first points of aggregation; all sourcing is from downstream from the first point of aggregation[4].
- H&M Group Annex 1a[2] commodities within target scope as defined by the SBTN methods are: cotton, wool, viscose (wood-based fibre), cattle (leather), paper & cardboard (packaging), wood.
- Wood is included in timber products, MMCF and retail and online packaging. Wood used in other types of packaging and non-commercial goods outside H&M Group ownership fall under our material goals and policy towards suppliers to work towards conversion free. The 2020 cutoff year refers to the point in time from which conversion of natural ecosystems is no longer permitted under the target framing.
- H&M Group's efforts to deliver on the target on no deforestation and conversion is set with the understanding that SBTN will update its target setting methods in 2026, offering guidance for commodity volumes that are not traceable within the target timeframe. This includes alternative actions like certification, certification standard engagement, supplier engagement, product redesign, and focal landscape involvement to ensure compliance.
- If H&M Group converts natural ecosystems within its direct operations between 2020 and 2025, it will commit to remediating it.
- The Accountability Accelerator refers to the independent mechanism supporting the validation and accountability process for companies setting science-based targets for nature through SBTN. Its role includes assessing submitted targets against applicable SBTN criteria and providing approval where requirements are met.
- The actions for this target are described in chapter 6.

## Land Footprint Reduction target

H&M Group commits to reduce absolute agricultural land footprint from upstream impacts 3.85%[5] by 2030 from a 2019 base year.

Notes:

- As per the SBTN Step 3: Land Technical Guidance v1.0, the treatment of waste and residues in the land footprint calculation is assessed based on legal definitions, sectoral best practices and, where relevant, economic value[6].
- H&M Group's agricultural land footprint, derived from the SBTN methodology, includes cotton, wool, and leather. It excludes small volume materials as per the SBTN guidance and thresholds.
- This target is primarily supported by sourcing an increased share of recycled materials as described in chapter 6.

## Landscape Engagement target

H&M Group financially contribute to the Regenerative, Ecologically and Economically Viable Agriculture (REEVA) project in Central India and in the Regenerative Wool Project in the Eastern Cape Drakensberg Grasslands of South Africa. Through these initiatives, H&M Group aims to contribute to substantial

[2] Technical-Guidance-2023-Step3-Land-v1.pdf p91

[3] The 2020 cutoff year refers to the point in time from which conversion of natural ecosystems is prohibited under the target framing.

[4] Sourcing takes place further downstream in the value chain through commercial products and packaging, including materials used in products and packaging materials, rather than through direct purchasing at farm, forest, slaughterhouse or first aggregator level.

[5] The 3.85 per cent reduction percentage is derived from the SBTN methodology and reflects SBTN's recommended approach to setting an absolute land footprint reduction target for companies with H&M Group's value chain profile and assessed agricultural land footprint.

[6] The approach is documented in H&M Group's internal reporting principles and data management procedures and will be reflected in H&M Group's ASR FY2026 and onwards.

improvement[7] in ecological and social conditions by 2030, subject to the methodologies, governance arrangements and indicators applied within each initiative.

This target is primarily supported by collaboration and supplier engagement actions, implemented through landscape initiatives and partnerships in priority regions identified through the impact assessment. The actions for this target are described in chapter 6.

# 5. Key actions supporting target fulfilment

To support delivery of the targets, H&M Group focuses on reducing business practices that may contribute to ecosystem degradation, including by increasing the use and availability of certified, recycled materials that meet our defined sourcing requirements.

These actions can also be understood through SBTN's AR3T framework: to avoid and reduce pressures on nature through sourcing requirements, material choices, circularity, traceability and supplier engagement; to support restore and regenerate outcomes where relevant through landscape initiatives and remediation commitments; and, over time, to help transform systems through collaboration and wider value chain change. This is broadly consistent with the mitigation hierarchy, which prioritises avoiding and reducing impacts first while recognising the role of restoration, regeneration and wider systems change.

These actions:

- Are approved through established governance processes and embedded in business processes through dedicated project plans, cross-functional workstreams, and functional implementation plans. Resources are allocated through relevant internal ownership, project management capacity, supplier and partner engagement, data and traceability work, and targeted funding for relevant initiatives.
- Are aligned with our broader sustainability strategy.
- Are further detailed and reported in the Annual and Sustainability Report and related disclosures.

The key actions supporting the SBTN land targets are structured across the following areas:

## Sourcing and standards

Strengthening requirements to prevent land conversion and ensure responsible sourcing

Contributes to land target 1

Embed no-conversion requirements in applicable sustainability standards and certification schemes

Contributes to land target 1

Include no-conversion requirements in relevant policies

Contributes to land target 1

Include no-conversion requirements in contractual requirements

Contributes to land target 1

Integrate no-conversion considerations into raw material risk due diligence processes

Contributes to land target 1

## Materials

Source raw materials only from standards or certification schemes that prohibit any land conversion and require zero tolerance for ecosystem conversion

Contributes to land target 1

Increase recycled content and shift material portfolios in line with defined material strategies and portfolio steering

Contributes to land target 2

[7] The "substantial improvement" wording is substantiated through project-specific KPIs, which are monitored annually within each landscape initiative. Examples of KPIs include hectares under improved management practices, number of participating farms or producers, adoption of regenerative or responsible land management practices, and relevant ecological or social outcome indicators defined by the project.

### Traceability

Enable end-to-end traceability to origin, improving supply chain visibility to identify and mitigate land conversion risks

Contributes to land target 1

Improve visibility across the supply chain through supplier data collection, origin mapping and risk-based verification

Contributes to land target 1

### Supplier engagement

Support improved practices across sourcing regions through partner engagement, implementation of defined requirements and follow-up through existing sourcing and sustainability processes

Contributes to land target 3

### Collaboration

Engage with industry initiatives and partners to support aligned methodologies, standards and landscape-level actions through partnerships, projects and collaborative forums

Contributes to land targets 1, 2 and 3

These actions collectively support the delivery of the SBTN land targets by addressing drivers of land conversion, land use intensity and ecosystem degradation identified through the impact assessment.

Achievement of targets depends on:

- Supplier alignment and engagement
- External regulatory and market developments
- Continued improvement in data quality

Financial resources related to the key actions supporting the SBTN land targets are primarily embedded within normal business operations and broader transformation initiatives, including sourcing practices, material strategies and traceability improvements. As a result, investments are not allocated or tracked at the level of individual actions, and separate disclosure of financial resources per action is not feasible. This approach is consistent with the company's overall reporting methodology, where costs and investments related to sustainability actions are integrated into day-to-day operations and cannot always be separately identified. Relevant information is addressed through other statutory sustainability reporting, including the Annual and Sustainability Report prepared in accordance with the applicable European Sustainability Reporting Standards (ESRS), where relevant. Selected targeted initiatives, such as landscape engagement projects or partnerships, are described qualitatively to illustrate how actions are supported.

## 6. Use of data and limitations

Data used in this transition plan:

- Supports prioritisation and target setting through data used in the SBTN impact assessment, including primary data, modelled data, proxy indicators and related datasets for identifying priority commodities, sourcing regions and impact areas.
- Is based on data points and methodologies defined by the SBTN methodology.

Limitations include:

- Partial traceability to origin for certain materials.
- Use of proxy data where primary data is not yet available, such as regional sourcing assumptions, and land-use factors used to estimate impacts where site-specific data is limited.

Data referenced in this transition plan is further defined in underlying documentation, including our internal data, reporting principles and methodology documentation for E4 Land Use calculation and E5 Commercial Materials and Product, as well as methodological documentation and internal systems used for SBTN-aligned assessments.

This transition plan is dependent on ESRS E5 Resource inflow data, as material volumes, product composition, recycled material shares and packaging data are key inputs to the SBTN-aligned land footprint calculation, prioritisation of materials and monitoring of actions. The relevant E5 Resource inflow methodologies and data management procedures should therefore be read together with this transition

plan, as changes in E5 data quality, scope or calculation methods may affect target monitoring and future refinements.

Data referenced in this transition plan is used to inform decision-making and target setting and should not be interpreted as a claim of achieved biodiversity restoration or nature-positive outcomes.

# 7. Governance and reporting

The targets and this transition plan have been reviewed and approved through H&M Group's established sustainability governance processes, including Sustainability Steering, Governance and Risk Management. These processes involve relevant senior management functions and, where applicable, Board-level review and approval in line with H&M Group's governance model. Ownership of the targets and related follow-up sits within H&M Group's sustainability organisation, with oversight through established governance and reporting processes.

Progress:

- Is monitored internally through defined methodologies
- Is reported annually in the Annual and Sustainability Report
- Is aligned with ESRS disclosure requirements

Relevant elements disclosed in the Annual and Sustainability Report are subject to external assurance in accordance with applicable reporting requirements.

This transition plan focuses on forward-looking elements, while monitoring, reporting and any applicable assurance are addressed through recurring sustainability reporting.

Monitoring and reporting of progress against the targets are carried out through the relevant ESRS disclosures in the Annual and Sustainability Report, where methodologies, metrics and year-on-year developments are reported. This transition plan should therefore be read together with the Annual and Sustainability Report, which serves as the primary vehicle for recurring reporting and, where applicable, external assurance of relevant disclosed elements.

To avoid duplication, detailed actions, metrics and progress are disclosed in the relevant ESRS chapters (E1–E5).

Assumptions and dependencies are documented and reviewed periodically to support consistency with disclosed targets and related methodologies.

Deloitte has performed verification procedures and reported factual findings regarding the H&M Group Biodiversity & Ecosystem Transition Plan SBT for land. The verification procedures have been performed as an agreed-upon procedure engagement in accordance with the *International Standard on Related Services (ISRS) 4400 (Revised)*. See the Deloitte's *Report of factual findings on agreed-upon procedures regarding the H&M Group Biodiversity & Ecosystem Transition Plan SBT for land.*

# 8. Legal and claims statement

This Transition Plan:

- Contains forward-looking statements based on current methodologies, assumptions, data and available evidence at the time of preparation.
- Is designed to ensure that disclosures are specific, substantiated and transparently qualified.
- Does not constitute a claim of achieved biodiversity restoration, avoided impact or nature-positive outcomes.

This transition plan has been prepared with reference to applicable regulatory requirements, including ESRS and EU Green Claims-related requirements. Elements in this transition plan are supported by underlying documentation, data and methodologies. Where relevant, these may be subject to verification or assurance through referenced disclosures in the Annual and Sustainability Report.

Biodiversity offsets are not included as a mechanism for achieving the targets presented.