

Work of the Board in 2023

H&M Group'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

With the geopolitical and macroeconomic situation remaining challenging in 2023, its effects on H&M Group's operations formed a key part of the Board's work during the year. Among other things, this involved how H&M Group has been navigating inflation, rising interest rates, the competitive landscape, digitalisation, and climate matters across areas such as customer offerings and pricing, the supply chain, the store portfolio and omni-channel business, sustainability, technology and AI, as well as communication. 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. The development of the global programme to reduce costs and improve efficiency within the organisation was discussed.

Matters reviewed at the Audit Committee meeting and then by the Board primarily concern areas such as accounting, IFRS 16 effects, audit, tax, customs duties, internal control, risk, and various new regulations, legislation and directives. All significant risks are then discussed at a subsequent board meeting.

The Board goes through interim financial reports before they are published at four meetings in the year. At the January meeting, the Board discusses the Annual and Sustainability Report and the auditors' reports on the year's audit. The Board also meets with the company's auditors without the CEO or other representatives of executive management being present.

In 2023 the Board took various decisions, including approving a SEK 3 billion share buyback programme based on authorisation from the AGM, a proposed dividend of SEK 6.50 per share, a green bond, the remuneration report and decisions concerning the financial statements, as well as deciding on an investment plan, a growth plan and targets.

Since H&M Group 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 66-79 in the Annual and Sustainability report 2023), once a year the Board assesses the need for a separate internal audit function. In 2023, the Board again reached the conclusion that the present model for monitoring internal control is satisfactory.

Ahead of the AGM, the Board presented a remuneration report for 2022 in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Stock Market Self-Regulation Committee. The remuneration report describes how the guidelines for remuneration within H&M Group adopted at the 2021 AGM were applied in the 2022 financial year. The remuneration report for 2022 is available at [hm.com](https://www.hm.com).

H&M Group does not have a remuneration committee since the Board of Directors deems it more appropriate for the entire board to carry out the tasks of a remuneration committee, which is entirely in accordance with requirement 9.2 of the Code. The Board prepares the proposed guidelines for remuneration to senior executives that are presented at the AGM, and it is the Board that decides on

the CEO's salary in accordance with the latest guidelines adopted at the AGM. The Board 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 continually evaluates its work, and the chair of the Board is in regular contact with board members between meetings as part of the Board's work and its evaluation process. Among other things this evaluation covers working methods, the working climate, wishes and the main focus of the Board's work. It also focuses on access to and the need for specialist expertise within the Board. The evaluation is used as a tool for how the Board is to operate and additionally forms a basis for the work of the Nomination Committee.