

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 Erv r as the new CEO of the H&M group. Daniel Erv r, 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 in the annual and sustainability report 2024), 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 hmgroupp.com/about-us/corporategovernance/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 of directors is to operate and additionally forms a basis for the work of the nomination committee.