

Corporate governance report 2020

H & M Hennes & Mauritz AB

Sound corporate governance ensures that companies are managed as sustainably, responsibly and efficiently as possible in the interests of the shareholders. It is a matter of complying with external regulations and doing the right thing. At H&M, our values and global policies and guidelines are important tools in our approach to the world around us. Our Code of Ethics, which is signed by all our employees who have business relationships and by all business partners, clearly states our approach to doing business. Acting consistently and with a strong ethical compass is highly important, because we operate in many different markets that have different challenges and where the laws, environmental requirements and social conditions may differ.

H & M Hennes & Mauritz AB is a Swedish public limited company. H&M's class B share is listed on Nasdaq Stockholm. H&M applies the Swedish Corporate Governance Code (the Code) and has prepared this corporate governance report in accordance with the Annual Accounts Act and the Code. H&M has applied the Code since 2005. This report, which covers the 2019/2020 financial year, was prepared by the company's board of directors and has been reviewed by the company's auditors.

H&M is governed by both external regulations and internal control documents.

Examples of external regulations that apply to corporate governance at H&M:

- The Swedish Companies Act
- Accounting legislation including the Swedish Bookkeeping Act and Annual Accounts Act
- MAR - the EU Market Abuse Regulation (596/2014/EU)
- Nasdaq Stockholm Rules for Issuers
- The General Data Protection Regulation (GDPR)
- Swedish Corporate Governance Code (the Code), which is available at corporategovernanceboard.se. The Code is based on the principle of “comply or explain”, which means that companies applying the Code may deviate from individual rules provided they give an explanation of the deviation, describe the chosen alternative and provide the reasons for the deviation.

Examples of internal control documents:

- Articles of association
- The board's rule of procedure including instructions for the CEO and auditing committee
- The H&M Way
- Code of Ethics
- Code of Conduct: Sustainability Commitment
- Insider Policy
- Financial Policy
- Communications Policy
- Human Rights Policy
- Tax Policy
- Whistleblowing Policy
- Other policies, guidelines and manuals

H&M's corporate governance is value driven, since it is based both on external regulations as well as on our values – which, in brief, can be described as a sound, simple, straightforward, cost-conscious, entrepreneurial corporate culture that focuses on teamwork, our belief in people and constant improvement. Sustainability work is well integrated into every part of the business and forms a natural part of our employees' everyday life.

Today, H&M is present in just over 70 retail markets and about 20 production markets. As a global company, it is of the utmost importance that we always act ethically, transparently and responsibly at every stage – from doing business with our suppliers to meeting with customers. Through good purchasing routines and close cooperation with our suppliers, our products should always be produced with the greatest possible consideration for people and the environment. Our risk management and internal control work ensure that we work purposefully in every part of the organisation. The board of directors and auditing committee receive regular feedback from the organisation concerning how the internal control work is being conducted. Every year a thorough review is carried out of the company's risks, both operational and financial, with well-defined action plans to minimise risk. The risk analysis also shows which risks are more long-term in nature, providing input to long-term commercial decisions.

Responsibility for management and control is shared between the shareholders, board, auditing committee and CEO. The board's rule of procedure states how the work is to be distributed between the board, the auditing committee and the CEO, with the board having the ultimate responsibility for the company's organisation and administration and the CEO being accountable for ongoing management of the business, with regular feedback to the board.

The board of directors has eight members elected by the annual general meeting (AGM) – four women and four men. The board also has two employee representatives and two deputies for these. In total, the board has 12 members – eight women and four men.

The composition of the board exhibits breadth and diversity, with the board members' different areas of expertise complementing each other well. Their experience in areas such as retailing, entrepreneurship, fashion, digitalisation, AI, advanced analytics and automation, sustainability and communication forms a good basis for deep and nurturing discussions with the CEO and management.

During the year the board held 11 board meetings, including a statutory meeting in conjunction with the AGM. As in previous years, there was a very high level of attendance by board members. The CEO, CFO and chief accountant also attend all the meetings. Generally, one or two functions/departments are invited to each meeting to give a status presentation concerning what their particular function is working on; for example, every six months the head of sustainability provides an update on the company's sustainability work, making reference to key indicators and targets. These presentations act as a complement to the CEO's status reports and provide opportunity for more in-depth discussions concerning specific areas of the operations. At each board meeting the chairman of the auditing committee also gives an account of the matters addressed by the auditing committee at its most recent meeting within areas such as accounting, auditing, tax, internal control and risk, as well as various new regulations and legislation.

Read more about H&M's corporate governance at hmgroup.com/corporategovernance.

Here you will find, among other things:

- Previous corporate governance reports
- Articles of association
- Information on the nomination committee, board of directors, CEO, auditors, auditing committee, guidelines and policies, executive management team etc.
- Information and material from previous AGMs
- Risks and uncertainties

The company has chosen to have the corporate governance report as a separate document to the annual report, in accordance with chapter 6 section 8 of the Swedish Annual Accounts Act. The information that must be provided under chapter 6 section 6 items 3–6 of the Annual Accounts Act is included in the administration report on page 40 of H&M's annual report for 2020 and is therefore not included in this corporate governance report. In accordance with chapter 6 section 9 of the Annual Accounts Act, the company's auditors have issued a statement on the corporate governance report that can be found on page 14.

During the period from 1 December 2019 to the AGM on 7 May 2020 the company deviated from the Code on the following point:

- 2.4 The fact that Stefan Persson, chairman of the board until 7 May 2020, also chaired the nomination committee. Until the AGM on 7 May 2020 the nomination committee was unanimous that, as the chairman of the board and the largest shareholder in H&M, Stefan Persson was the natural choice to chair the company's nomination committee.

CORPORATE GOVERNANCE IN SWEDEN

For listed companies in Sweden it is important to be aware of, among other things, the following areas within corporate governance.

The nomination committee plays a key role and in contrast to the Anglo-American system, its members are appointed by the company's largest shareholders. It is the nomination committee's task to propose the size of the board of directors and who is to be elected to the board at the general meeting of shareholders. Board members are elected by all those who vote at the general meeting, but in practice it is difficult to present alternative proposals to the nomination committee's proposed board members while the general meeting is in progress. In practice, therefore, the nomination committee has a decisive influence over who is elected to the board. The nomination committee also provides the general meeting with a proposal for board fees and a proposed auditor.

Principles for how members of the nomination committee are appointed are decided by the general meeting.

The law states that board members are appointed to represent the interests of all shareholders. Even if a large shareholder group has proposed a new member via the nomination committee, therefore, it does not mean that the member represents the interests of only that group of shareholders.

For around 50 years Swedish enterprise has generally taken a positive view of board members elected by the general meeting owning shares in the company concerned. This is seen as a guarantee that the interests of the board are aligned with the interests of all shareholders in positive

development of the share price and that there is consensus regarding the company's risks and opportunities.

Neither the Swedish Corporate Governance Code nor the Swedish Companies Act impose any restrictions on the age of board members, how long members may sit on the board, or any time limit for when an independent board member ceases to be independent of the company or its principal owners.

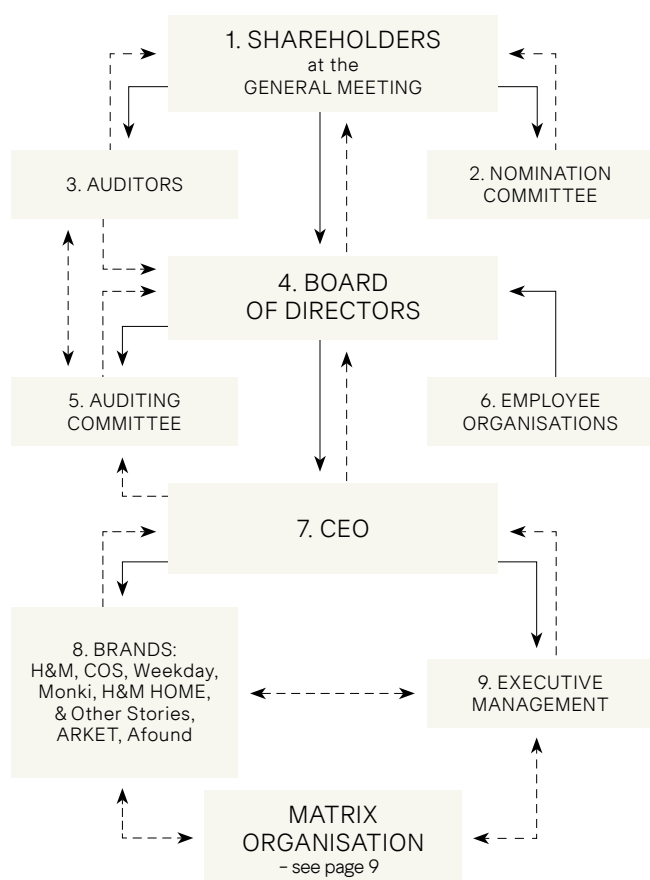
It is traditional for the company's chief auditor to attend the general meeting of shareholders, which is not the rule in all countries. This is because the auditors are also deemed to be the general meeting's control body for the board. As a result, shareholders can put questions to the auditors at a general meeting irrespective of the size of their shareholding.

The option of having different classes of shares, usually known as "class A" and "class B" shares, often with differing voting rights, has long existed in Sweden and is widely used. It is common for class A shares to carry 10 times the number of votes but otherwise have the same nominal value and the same dividend rights as other shares.

By law the employees have the right to appoint employee representatives to the board. All are invited to the same meetings and receive the same information, and the employee-elected members have the same voting rights as members elected by the general meeting. Board fees are paid only to members elected by the general meeting.

H&M's corporate governance structure

H&M's corporate governance structure encompasses shareholders, the board of directors, the auditing committee, the CEO, the nomination committee, auditors, the executive management team, business areas organised by brand, employees and employee organisations (see the illustration below). The illustration summarises the company's corporate governance structure. H&M's shareholders ultimately decide the company's direction, since the shareholders at the general meeting appoint the board of directors and the chairman of the board. Proposals for the composition of the board, board fees and the election of auditors are prepared in advance within the nomination committee. The board in turn appoints a CEO to take care of day-to-day administration. The CEO appoints members of the executive management team within H&M's matrix organisation. The board includes two employee representatives and two deputies for these, who are appointed by their respective employee organisations. The board appoints an auditing committee from among its members, which deals with accounting and auditing matters on an ongoing basis and which is the main channel of communication between the board and the auditors. Each year the auditors report to the board and the annual general meeting on their scrutiny.



--> REPORTS TO/PROVIDES INFORMATION
 —> APPOINTS/ELECTS/PROPOSES

1. SHAREHOLDERS AND ANNUAL GENERAL MEETING

It is H&M's shareholders who have the final decision on the company's governance by voting at the general meeting to adopt the articles of association, which decide what the business will focus on, and to appoint the board of directors and its chairman, whose task it is to administer the company's affairs on behalf of the shareholders. The shareholders at the general meeting also elect auditors, decide on the principles for the nomination committee and select the members of this committee.

The general meeting is thus the company's highest decision-making body and is the forum in which shareholders exercise their right to decide on the company's affairs. H&M's ordinary general meeting (annual general meeting) is held once a year, in late April or early May.

The date and venue are announced in conjunction with H&M's nine-month report as well as at hmgroup.com. The notice of the meeting is published in full usually five weeks before the meeting as a press release and in Post- och Inrikes Tidningar and at hmgroup.com. Publication of the notice is announced by an advertisement placed in Dagens Nyheter and Svenska Dagbladet. Shareholders registered directly in the register of shareholders who have given notice of their attendance on time are entitled to participate in the meeting and vote for the total number of shares that they hold. Shareholders who cannot be present in person may be represented by proxy.

Shareholders wishing to have a particular matter considered by the meeting may submit a written request to the board at least seven weeks before the meeting. H&M's email address is also given for those shareholders who wish to submit their questions to H&M in advance. All the material belonging to the meeting, including the minutes of the meeting, is available on the website in both Swedish and English. Extraordinary general meetings can also be held when there is a particular need to do so.

Shareholders' decision-making powers

Among other things, the general meeting makes decisions concerning:

- The election of board members and the chairman of the board
- Board fees including the compensation paid to members for work on the auditing committee
- Discharge of the members of the board and the CEO from liability
- Amendments to the articles of association
- The election of the auditor
- The adoption of the income statement and balance sheet
- The distribution of the earnings for the past financial year
- The election of members of the nomination committee and establishment of principles for the nomination committee
- Guidelines for remuneration to senior executives

Articles of association

According to the H&M articles of association, H&M's board of directors is to consist of at least three and no more than twelve members elected by the general meeting and no more than the same number of deputies. The annual general meeting decides the exact number of board members, and which individuals are to be elected to the board. Board members are elected for the period until the close of the next annual general meeting. The general meeting also decides on amendments to the articles of association.

Annual general meeting 2020

H&M's annual general meeting 2020 was held on 7 May as a hybrid meeting in view of the infection risk from Covid-19. By far the majority of the shareholders who had registered for the meeting attended remotely and were allowed to choose between postal voting and voting digitally. A physical venue was also provided in Kista for those who preferred to attend in person, but very few chose to do so. A digital tool also allowed those attending the meeting remotely to ask the company questions.

The company appeared on video from a separate venue at H&M's head office. A total of 1,083 shareholders were represented at the meeting, representing 86.7 percent of the votes and 72.7 percent of the capital.

The main resolutions passed were the following:

- The lawyer Sven Unger was elected as chairman of the meeting.
- Balance sheets and income statements for the parent company and for the group were adopted.
- No dividend was to be paid to the shareholders and the funds at the disposal of the annual general meeting were to be carried forward.
- The board members and the CEO were discharged from liability for the 2018/2019 financial year.
- The number of board members elected by the meeting to serve until the close of the next AGM was set at eight, with no deputies.
- The following ordinary board members were re-elected: Stina Bergfors, Anders Dahlvig, Danica Kragic Jensfelt, Lena Patriksson Keller, Christian Sievert, Erica Wiking Häger and Niklas Zennström. Elected as a new member: Karl-Johan Persson. Karl-Johan Persson was elected as the new chairman of the board.
- The AGM approved the proposal from the nomination committee that board fees be paid as follows, unchanged from the previous year: chairman of the board SEK 1,700,000; board members elected by the AGM SEK 650,000; members of the auditing committee an additional SEK 175,000; and the chairman of the auditing committee an additional SEK 225,000.
- The AGM resolved to appoint Ernst & Young AB as auditors until the close of the 2021 AGM. Auditors' fees to be paid based on approved invoices.
- The proposed principles for the nomination committee were approved and members of the nomination committee were elected.
- The proposed guidelines for remuneration to senior executives were approved.

Votes and capital represented at H&M's annual general meeting:

YEAR	% OF VOTES	% OF CAPITAL
2016	83.3	65.5
2017	83.7	66.6
2018	82.3	63.6
2019	84.6	68.4
2020	86.7	72.7

Number of shareholders and ownership structure

At the end of the financial year H&M had 247,442 shareholders. The total number of shares in H&M is 1,655,072,000, of which 194,400,000 are class A shares (ten votes per share) and 1,460,672,000 are class B shares (one vote per share).

H&M's largest shareholder is Stefan Persson and family, who via Ramsbury Invest AB hold all the class A shares, which represent 57.1 percent of the votes, as well as 587,971,466 class B shares, representing 17.3 percent of the votes. In addition, the family privately own 36,400,289 class B shares. This means that as at 30 November 2020, Stefan Persson and family privately and via Ramsbury Invest AB represent 75.4 percent of the votes and 49.5 percent of the total number of shares. Ramsbury Invest AB is thus the parent company of H & M Hennes & Mauritz AB. Ramsbury Invest AB is owned by Stefan Persson and family, and primarily by Stefan Persson. Karl-Johan Persson is also a shareholder in Ramsbury Invest AB.

Each class A share represents 10 votes per share and each class B share represents one vote per share. A class A share therefore has greater voting power at the company's general meetings. All the shares have the same dividend entitlement and right to share in the company's assets.

Since the company was first listed on the stock exchange in 1974 all the class A shares in H&M have belonged to the founding Persson family, as is usual when family-owned businesses are floated on the stock exchange since it allows the founding family to have a controlling interest. The division into class A and class B shares is set out in H&M's articles of association and is thus transparent to those considering buying shares in H&M.

Annual general meeting 2021

H&M's annual general meeting 2021 will be held on Thursday, 6 May 2021.

To register to attend the 2021 AGM, see the notice of the meeting at hmgroup.com/aggm.

2. NOMINATION COMMITTEE

The nomination committee prepares information that will be used as a basis for decisions at the general meeting concerning the election of the board of directors, chairman of the board, auditors and chairman of the annual general meeting, the fees to the board and auditors, as well as principles for the nomination committee. The nomination committee's proposal for the composition of the board exhibits diversity and breadth as regards expertise, experience, background and gender balance. It also takes into consideration H&M's stage of development and future focus.

Before each general meeting the nomination committee's report is available to read as a separate document at hmgroup.com/corporategovernance. The composition of the nomination committee is based on the principles for the nomination committee adopted at the 2020 annual general meeting. The nomination committee below is based on the principle that the nomination committee is to consist of the chairman of the board plus four others nominated by the four largest shareholders in terms of voting rights, as recorded in the register of shareholders. Changes in the register of shareholders showed during the autumn 2020 that Nordea Funds was no longer among the four largest shareholders, which meant that Nordea's representative Erik Durhan, who had been elected to the committee at the AGM on 7 May 2020, left H&M's nomination committee in autumn 2020. In accordance with the principles for the nomination committee, a new member was appointed: Anders Oscarsson of AMF and AMF fonder, which is now one of the four largest shareholders in H&M according to the register of shareholders. In autumn 2020 the nomination committee thus consisted of:

- Karl-Johan Persson, chairman of the board
- Stefan Persson, Ramsbury Invest AB
- Lottie Tham
- Jan Andersson, Swedbank Robur fonder
- Anders Oscarsson, AMF and AMF fonder

The nomination committee meets the requirements of the Code regarding the independence of members. Stefan Persson is the nomination committee's chairman. Until the 2020 AGM, this deviated from section 2.4 of the Swedish Corporate Governance Code since Stefan Persson was also chairman of the board. Since Stefan Persson did not stand for re-election as chairman of the board at the 2020 AGM and Karl-Johan Persson was elected as the new chairman of the board, there is no longer this deviation from the Code. The 2020 AGM resolved that unless the members of the nomination committee agree otherwise, the chairman of the nomination committee shall be the member representing the largest shareholder. The nomination committee has found no reason to decide otherwise. The nomination committee was unanimous that in view of H&M's ownership structure, Stefan Persson in his capacity as principal shareholder is the natural choice to chair H&M's nomination committee.

Work of the nomination committee in preparation for the 2020 AGM including description of diversity policy for the board of directors

After more than 20 years as chairman of the board of H&M, at the end of January 2020 Stefan Persson gave notice that he would not be standing for re-election as chairman of the board at the spring AGM and the nomination committee therefore unanimously resolved to propose Karl-Johan Persson, former CEO of H&M for more than 10 years, as the new chairman of the board. In addition, the nomination committee proposed to the 2020 AGM that all the current board members except Stefan Persson be re-elected. The nomination committee's proposal to the 2020 AGM for the composition of the board was therefore as follows: re-election of Stina Bergfors, Anders Dahlvig, Danica Kragic Jensfelt, Lena Patriksson Keller, Christian Sievert, Erica Wiking Häger and Niklas Zennström, and election of Karl-Johan Persson as a new member.

As a basis for its work analysing the composition of the board, the nomination committee studied the report by the chairman of the board on the work of the board of directors and also conducted interviews in autumn 2019 with board members elected by the annual general meeting. Over the years the nomination committee has also met previously with CEO Karl-Johan Persson, and did so again before submitting its proposal for the composition of the board to the 2020 AGM.

The nomination committee judged that the proposed composition of the board complied well with section 4.1 of the Swedish Corporate Governance Code, which the nomination committee has applied as its diversity policy. The policy aims to ensure that the proposed board exhibits diversity and breadth of qualifications, experience and background, as well as gender balance. The nomination committee aims for gender balance and H&M's board has had a good gender balance for many years. The board members proposed, and subsequently elected, consisted of four women and four men. The board thus achieves the ambition communicated by the Swedish Corporate Governance Board, which wants owners to speed up developments towards a share of around 40 percent for the less well represented gender on the boards of major listed companies by 2020.

To achieve continued gender balance, H&M's nomination committee discusses this each year and identifies future board candidates with relevant backgrounds and experience on a continuous basis. It was felt that the proposed composition of the board more than satisfies the requirements made of expertise and experience, taking into account the company's operations and future development. The proposed composition was also considered to meet the applicable requirements well as regards the independence of board members, their stock market experience and their expertise in accounting and auditing.

The Swedish Corporate Governance Code sets no time period after which a board member is considered to be no longer independent. In its proposal to the AGM the nomination committee carefully reviews each board member's expertise, experience, contribution to the work of the board over the past year, potential conflicts of interest etc. To decide whether a member is independent, an overall assessment is to be made of all circumstances that might cause the member's independence of the company and its management to be questioned. In rule 4.4 the Code states at least seven different circumstances that are to be considered here. At least two of the board members who are independent of the company and its management must also be independent of the company's major shareholders. To decide whether a member is independent, the extent of the board member's direct and indirect relationships with the major shareholder is to be included in the assessment. A board member who is employed by or is a board member in a company that is a major shareholder is not to be considered independent. As regards the composition of the auditing committee, section 7.2 of the Code states that the majority of the committee's members are to be independent of the company and its management. At least one of the board members

who are independent of the company and its management must also be independent of the company's major shareholders. The chairman of H&M's auditing committee, like all the other members of the committee, is independent of the company and its management. Two of the three members are also independent of the company's major shareholders. There is nothing in the Code stating that the chairman of the committee must be independent of major shareholders.

Work of the nomination committee in preparation for the 2021 AGM

Between the 2020 AGM and the end of the financial year the nomination committee held two meetings at which minutes were taken and has also been in contact at other times. In autumn 2020 the nomination committee began its work, starting with information from the chairman of the board concerning how well the work of the board had functioned during the year. The board functioned well over the course of the year and the information from the chairman of the board, along with interviews conducted with the AGM-elected board members, provides a basis for the nomination committee's work on its proposal to the 2021 annual general meeting regarding the composition of the board. A new accounting firm is to be appointed at the 2021 AGM. The chairman of the auditing committee gave an account to the nomination committee of how the selection process for a new accounting firm has taken place and which accounting firm the board recommends.

The nomination committee thus discusses the size of the board, its composition in terms of expertise and experience, among other things, the election of a chairman of the board and of a chairman for the AGM, fees for board members, principles for the nomination committee and the election of auditors. No fees were paid to the nomination committee's chairman or to any other member of the nomination committee. The nomination committee's work in preparation for the next AGM is not yet complete and more information will be presented before and at the 2021 AGM.

3. AUDITORS

The auditors, who are independent and appointed by the shareholders at the AGM, scrutinise H&M's annual report, consolidated financial statements, accounts, sustainability report and corporate governance report, and examine whether these have been prepared in accordance with current laws and recommendations. The auditors also scrutinise the management of H&M by the board and CEO, and review compliance with the guidelines on remuneration to senior executives adopted by the AGM.

At the 2020 AGM the accounting firm Ernst & Young AB was elected as auditor of H&M for a one-year period of office, i.e. until the close of the 2021 AGM. Authorised public accountant Andreas Troberg from Ernst & Young holds the main responsibility for the audit.

As previously, the 2020 AGM resolved that the auditors' fees should be paid based on invoices submitted and approved. The fees invoiced by the auditors over the past two financial years are reported in note 10 of the annual report for 2020.

Ernst & Young AB (EY) is a member of a global network used for auditing assignments for most of the group's companies and meets H&M's requirements with respect to competence and geographical coverage. The auditors' independent status is guaranteed partly by legislation and professional ethics rules, partly by the accounting firm's internal guidelines and partly by the fact that non-auditing assignments must be approved in advance by the auditing committee. Andreas Troberg conducts auditing assignments for Hexagon and Sectra, among others.

The auditors attend all meetings of the auditing committee and, as in previous years, the board meeting held in January 2020 was also attended by Åsa Lundvall from EY, who previously held the main responsibility for the audit, and Andreas Troberg, in order to notify the board of the scope, focus, significant considerations and conclusions of the audit of the 2018/2019 financial year. In addition to this involvement, the audi-

COMPOSITION OF THE BOARD AND ATTENDANCE IN 2020

NAME	YEAR ELECTED	INDEPENDENT ¹⁾	INDEPENDENT ²⁾	FEES (SEK) ³⁾	BOARD MEETINGS ⁴⁾	AUDITING COMMITTEE	SHARE-HOLDING	SHARES HELD BY RELATED PARTIES
Stefan Persson ⁵⁾ chairman	1979	No	No	1,700,000	7/7			194,400,000 ⁶⁾ 587,971,466 ⁷⁾
Karl-Johan Persson ⁵⁾ chairman	2020	Yes	No		4/4		12,136,289	Shareholder in Ramsbury Invest AB
Stina Bergfors	2016	Yes	Yes	650,000	11/11		1,000	8,000 and 6,000 ⁸⁾
Anders Dahlvig	2010	Yes	Yes	825,000	11/11	5/5	17,510	
Danica Kragic Jensfelt	2019	Yes	Yes		11/11		2,500	120
Lena Patriksson Keller	2014	Yes	Yes	650,000	11/11			1,200 and 9,450 ⁹⁾
Christian Sievert	2010	Yes	No ¹⁰⁾	875,000	11/11	5/5	81,000	19,000 and 2,400 ¹¹⁾
Erica Wiking Häger	2016	Yes	Yes	825,000	11/11	5/5		750 ¹²⁾
Niklas Zennström	2014	Yes	Yes	650,000	11/11		72,700	
Ingrid Godin employee rep.	2012				11/11			60
Alexandra Rosenqvist employee rep.	2015				11/11			
Helena Isberg deputy employee rep.	2019				11/11			
Margareta Welinder deputy employee rep.	2007				11/11			

1) Independent of the company and company management in accordance with the Swedish Corporate Governance Code.
2) Independent of major shareholders in the company in accordance with the Swedish Corporate Governance Code.
3) Fees as resolved at the 2019 annual general meeting. This means that the fees related to the period until the next AGM, i.e. for the period 7 May 2019 to 7 May 2020. The amounts were paid out after the 2020 AGM.
4) Attendance via technology is equated with attendance in person.
5) Stefan Persson did not stand for re-election as chairman of the board at the 2020 AGM. In accordance with the nomination committee's unanimous proposal, at this AGM Karl-Johan Persson was elected as a new board member and as the new chairman of the board.
6) Class A shares owned through Ramsbury Invest AB.
7) Class B shares owned through Ramsbury Invest AB as at 30 November 2020.
8) 8,000 shares held through Stina Bergfors's company SCEBE Holding AB and 6,000 shares held by spouse.
9) 1,200 shares owned through Lena Patriksson Keller's private company Verdani Holding AB. 9,450 shares held by spouse and children.
10) Christian Sievert is not considered independent of Ramsbury Invest AB since Ramsbury Invest AB is a major shareholder in a company of which Christian Sievert is CEO.
11) Shares held by related parties: 19,000 shares held through Christian Sievert's company Whitechris Industri AB and 2,400 shares held by spouse and children. Supplementary disclosure: in addition to Christian Sievert's shareholding shown above, Christian Sievert holds 9,000 H&M shares via a pension plan.
12) 750 shares owned through Erica Wiking Häger's company Erica Wiking Häger Advokattaktiebolag.

There are no outstanding share- or share price-related incentive programmes for the board of directors.

tor meets regularly with the chairman of the board, the auditing committee's chairman and other members, the executive management and other key individuals. The auditor also takes part in the AGM, reporting the conclusions drawn from the audit.

Alongside its mandate as elected auditor, EY has also carried out related tasks such as verification of the sustainability report. In addition, EY has assisted with other consulting services, primarily tax advice. EY has internal processes to ensure its independence before these tasks are begun. The auditing committee also has a process for approving non-auditing services in advance, before such assignments are begun. The auditing committee evaluates the auditor annually to gain assurance that the auditor's objectivity and independence cannot be questioned.

4. BOARD OF DIRECTORS

The task of the board of directors is to manage H&M's affairs in the interests of the company and all its shareholders. This means that the board has overall responsibility for H&M's administration, taking a long-term sustainable approach with a focus on the customer offering and growth.

In addition to laws and recommendations, H&M's board work is regulated by the board's order of procedure which contains rules on the distribution of work between the board, its committees and the CEO as well as

on financial reporting, investments and financing. The order of procedure, which also includes the procedure for the auditing committee, is updated as needed but is established at least once a year.

Composition of H&M's board and independence of its members

The board members are elected by the shareholders at the annual general meeting for the period up until the next AGM.

Since the 2020 AGM the board has consisted of eight ordinary members elected by the AGM, with no deputies, as well as two employee representatives and two deputies for these positions. The board is made up of eight women and four men. Only the employee representatives and their deputies are employed by the company. Since the 2020 AGM the board has comprised the following members elected by the general meeting: Karl-Johan Persson (chairman), Stina Bergfors, Anders Dahlvig, Danica Kragic Jensfelt, Lena Patriksson Keller, Christian Sievert, Erica Wiking Häger and Niklas Zennström. Ingrid Godin and Alexandra Rosenqvist are the regular employee representatives, with Helena Isberg and Margareta Welinder as their deputies. For more facts about H&M's board members, see pages 12–13.

The members are required to devote the time and attention that their position on the board of H&M demands. New board members receive introductory training that includes meetings with the heads of various functions.

The composition of H&M's board during the year met the independence requirements set out in sections 4.4 and 4.5 of the Code. This means that the majority of the board members elected by the general meeting are independent of the company and company management. The majority of the board members are also independent of the company's major shareholders.

The Swedish Corporate Governance Code sets no limit on how long an individual can remain a board member.

Number of board meetings

During the financial year H&M normally holds six regular board meetings, one of which is the statutory board meeting. Extraordinary board meetings are held when the need arises. The CEO attends all board meetings, except on the occasion of the board meeting when the CEO's terms of employment are being discussed. The CEO reports to the board on the operational work within the group and ensures that the board is given relevant and objective information on which to base its decisions.

The CFO and chief accountant also attend the board meetings in order to provide financial information. The board is assisted by a secretary who is not a member of the board.

During the year 11 board meetings were held. This is significantly more than usual, but at the same time perfectly natural since 2020 was an unusual year with a change of CEO and the Covid-19 pandemic, which gave rise to more board meetings. As in previous years, attendance levels at the board meetings were very high. For details of meeting attendance by each member see the table on page 6.

Work of the board in 2020

H&M's board meetings are generally structured as shown below. This is supplemented by one or more business presentations, e.g. by heads of functions, brand managers or country managers.

The following areas are usually reviewed at each board meeting:

- Minutes of the previous meeting
- CEO's status report and report by CFO
- Strategic matters
- Feedback from latest auditing committee meeting
- Financial reporting, such as interim report and annual report
- Any other business

On 30 January 2020 the board of directors decided to appoint Helena Helmersson as the new CEO of H&M. The background to the decision is that after more than 20 years as chairman of the board, Stefan Persson had decided not to stand for re-election at the spring AGM on 7 May 2020. In the light of Stefan Persson's decision, Karl-Johan Persson decided to leave his role as CEO. At the AGM on 7 May Karl-Johan Persson was elected as the new chairman of the board.

Before the pandemic struck, the company had been performing strongly as a result of many years of long-term investments to create the best customer offering and meet the digital shift in the industry. The effects of the pandemic, with up to around 80 percent of the group's stores closed during the spring, naturally impacted the work of the board during the year with more board meetings than normal and regular updates on the situation. CEO Helena Helmersson provided the board with information, including concerning the rapid and decisive actions taken to manage the Covid-19 situation – with the safety of employees and customers being the highest priority. All parts of the business were scrutinised, including product purchasing, investments, rents, staffing, financing etc., in order to manage the pandemic's negative effects on the business. In view of the drastic changes in market conditions as a result of the pandemic and the uncertainty this brought, in March the board of directors decided to withdraw its earlier dividend proposal of SEK 9.75 per share and instead propose to the 2020 AGM that no dividend be

paid. During the year the board also took several financing decisions, such as taking out new credit facilities with terms ranging from one to five years. The purpose of this was to further secure H&M's liquidity buffer and financial flexibility. A decision was also taken to expand H&M's sources of financing by establishing a European commercial paper programme and a medium-term note (EMTN) programme; the latter to allow bonds to be issued in various currencies, but mainly in EUR and SEK.

The pandemic also meant that the investment plan for 2020 was revised during the year.

Since the pandemic has hastened the digital shift within the industry, the company's transformation work was accelerated – with more digital initiatives, increased store consolidation and increasingly integrated channels. The Covid-19 situation has also highlighted the importance of sustainability. In parallel with managing the Covid-19 situation the company therefore continued to work according to its business plan, which aims to deliver long-term sustainable and profitable growth. Read more under the heading Direction in the administration report contained in the 2020 annual report.

At its November 2020 meeting, which is always an extended meeting and this time was a full-day conference held entirely digitally, the board examined this business plan carefully with those responsible in H&M's executive management team. Among other things, discussions covered H&M's goals and business plan for each brand as well as the group's supply chain, omni-sales and store portfolio, transformation, leadership, culture etc. Sustainability is integrated into all these components. Examples of functions/brands that presented their work to the board during the year include Business Tech, Expansion, Sustainability, Strategy & Transformation, Supply Chain, various parts of the H&M brand and Portfolio Brands.

H&M's integrated sustainability work is very important and is discussed regularly by the board. Every six months, the head of sustainability provides an update on the group's sustainability work with reference to key indicators and targets, such as compliance with the Sustainability Commitment, sustainable materials, climate impact, anti-corruption, etc.

At each board meeting the chairman of the auditing committee reports to the board on what the auditing committee discussed at its latest meeting. This primarily concerns areas such as accounting, IFRS 16 effects, auditing, tax, customs duties, internal control, risk and various new regulations, legislation and directives such as the GDPR, Task Force on Climate-related Financial Disclosures (TCFD) etc. During the year the board was kept updated on the privacy breach in Nuremberg, Germany, and information on this was provided in conjunction with the nine-month report. The overall risk assessment, including the very largest risks in both the short and the long term, is then also discussed at subsequent board meetings. The chairman of the auditing committee provided the board with ongoing updates on the process of appointing a new accounting firm and at the November meeting the board decided which firm would be presented to the nomination committee, which proposes a new accounting firm for the 2021 AGM to decide on. At four of the year's meetings the board goes through quarterly reports before they are published and at the January meeting the board discusses the annual report, with the auditor also reporting on the year's audit.

As every year, during 2020 the board took various decisions – such as decisions on investment plans, on the dividend to be proposed to the AGM, on the proposed guidelines for remuneration of senior executives and decisions concerning the financial reports.

At the board meeting held in January 2020 the board of directors decided that H&M's growth target to increase sales in local currencies by 10–15 percent per year with continued high profitability remains a long-term target.

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 10–11), once a year the board assesses the need for a separate internal

audit function. This year the board again reached the conclusion that the present model for monitoring internal control is satisfactory.

Ahead of the annual general meeting the board had assessed how well the guidelines for remuneration of senior executives that were adopted at the 2019 AGM were being applied. The results of this assessment were published on the website in good time before the 2020 AGM.

H&M has no remuneration committee, since the board of directors deems it more appropriate for the entire board to carry out the tasks of a remuneration committee as is entirely in accordance with requirement 9.2 of the Code. It is the board that prepares the proposed guidelines for remuneration to senior executives that are presented at the AGMs, and it is the board that decides on the CEO's salary in accordance with the guidelines adopted at the last AGM. The board continually assesses the CEO's work and once a year discusses this matter separately in conjunction with setting 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 during the year the newly appointed chairman of the board carried out a more in-depth evaluation to obtain his own idea of the work of the board and its members' wishes. The evaluation covers working methods and the working climate, as well as 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 developing the board's work and also forms a basis for the work of the nomination committee.

5. AUDITING COMMITTEE

The auditing committee monitors the company's financial reporting, which among other things involves monitoring the effectiveness of the company's internal control and risk management. Its work includes handling auditing topics and financial reports published by the company. The auditors attend the meetings of the auditing committee to report on their scrutiny of the group's annual report and financial statements, including the consolidated financial statements.

The auditing committee also reviews and monitors the impartiality and independence of the auditor, and regulates which assignments the accounting firm may conduct for H&M in addition to the audit. The auditing committee annually receives a written assurance of independence from the auditor stating which services the accounting firm has provided to H&M during the financial year in addition to the audit. The auditing committee also assists the nomination committee with any proposals to the AGM concerning the election of auditors.

The auditing committee is made up of three board members, two of whom have expertise in accounting or auditing while the third has expertise in commercial law. All the members are independent of the company and its management. The majority of the members are also independent of the company's major shareholders. The auditing committee is appointed annually by the board of directors at the statutory board meeting held in conjunction with the AGM. Since the statutory meeting held in conjunction with the 2020 AGM, the auditing committee has consisted of chairman Christian Sievert and members Anders Dahlvig and Erica Wiking Häger. The committee held five meetings at which minutes were taken during the 2019/2020 financial year.

EY attended the minuted auditing committee meetings to provide debriefs on the auditing work. The meetings were also attended by, among others, the CFO – Jyrki Tervonen up to and including meeting 2 of 5 and Adam Karlsson from and including meeting 2 of 5 – and chief accountant Anders Jonasson. The committee's meetings are minuted and the minutes are then distributed to all board members.

During the year members of the auditing committee also took part in several meetings with the various accounting firms that were candidates to become H&M's new auditor; these meetings took place ahead of and during the procurement process.

During the year the auditing committee addressed the following matters, among others:

- The company's financial reporting, including interim reports, the corporate governance report and annual report.
- Compliance with the group's internal control and risk management processes and review of the overall risk analysis for the group – both financial risk and operational risk – with well-defined action plans to minimise risk.
- In addition, the following functions/departments provided information on their work: Security, Expansion/Construction, Accounting/Tax, Logistics, IT (later merged into Business Tech) and Data Privacy.
- The transfer pricing model, tax matters and matters relating to customs. A status update regarding tax matters is given at each meeting, which is partly related to the OECD's BEPS project that deals with, among other things, how and where profits in multinational companies are to be taxed.
- Follow-up of the new IFRS rules was also reviewed in respect of IFRS 16 Leases.
- Planning and procurement process for new accounting firm.
- Follow-up in the area of privacy (including GDPR).
- Follow-up of human rights policy.
- EY informed the committee of the audit plan, the scope of the audit and the results of scrutiny carried out.
- In addition, EY provided information on current regulatory developments in the areas of accounting and auditing.
- Review of the auditors' independence and impartiality. The auditing committee finds that it is clear which assignments EY takes on in addition to auditing and sees no reason to question the accounting firm's impartiality. A process has been established for non-auditing services to be approved in advance. H&M also uses consulting services from other accounting firms and tax advisors.

6. EMPLOYEE ORGANISATIONS

Under Swedish law, the employees have the right to appoint employee representatives with deputies to the company's board. These are appointed via employee organisations (trade unions). The trade unions appoint two board members and two deputies to the board of H&M.

7. CEO

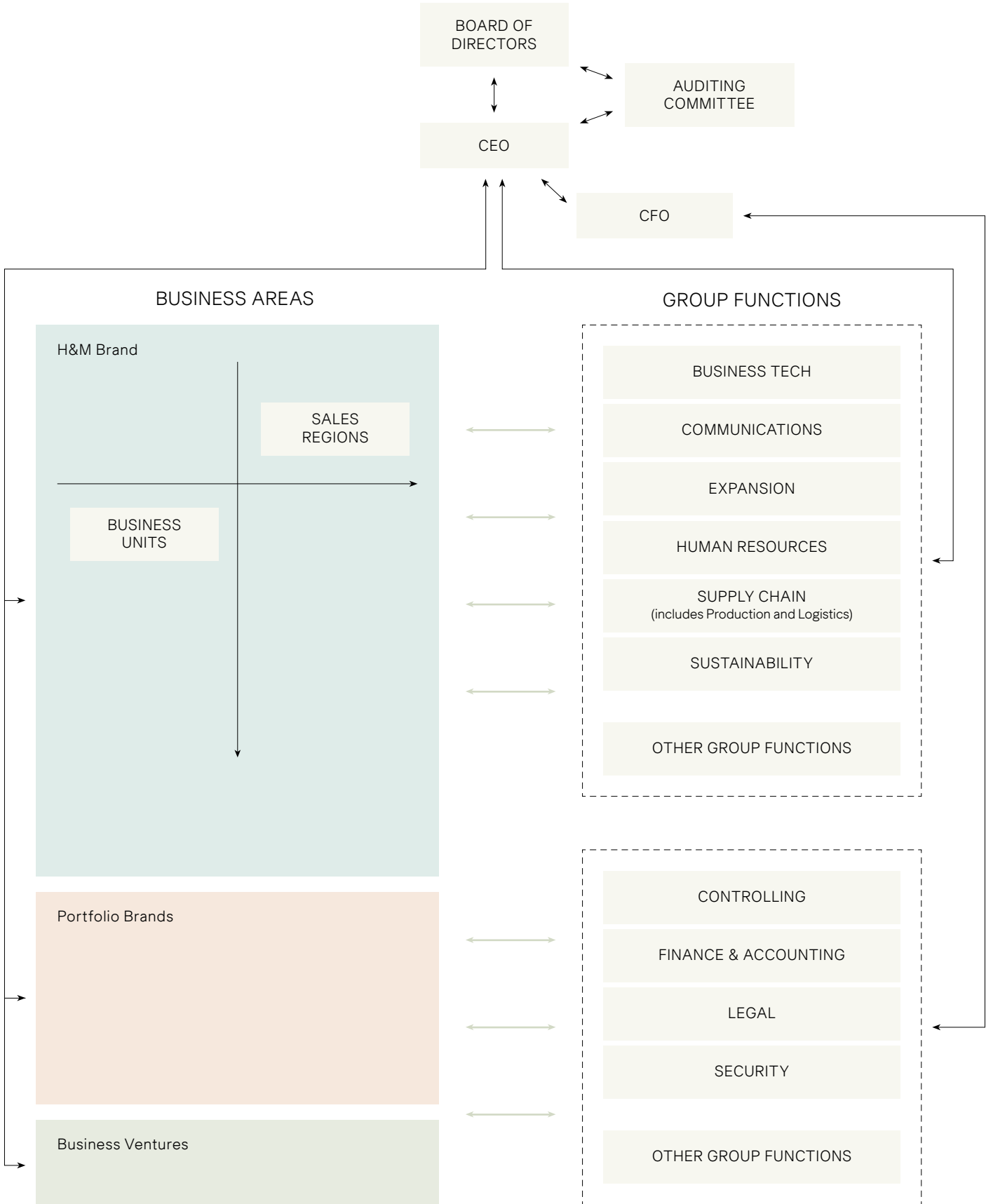
The CEO is appointed by the board of directors and is responsible for the daily management of the company as directed by the board. This means that, among other things, the CEO must focus in particular on recruitment of senior executives, buying and logistics matters, the customer offering, pricing strategy, sales and profitability, sustainability matters, marketing, expansion, development of the store network and of online sales, and digital development. The CEO reports to the board on the group's development and makes the necessary preparations for taking decisions on investments, expansion, etc. The role of CEO includes contact with the financial market, the media and the authorities.

Helena Helmersson, born in 1973, has been CEO since 30 January 2020. In 1997 Helena Helmersson joined H&M as a controller in the buying department, after which she worked in various roles in buying and production. Helena Helmersson was head of sustainability for five years and subsequently head of production based in Hong Kong. For just over a year prior to becoming CEO she worked as COO (chief operating officer) with responsibility for expansion, logistics, production, IT and Advanced Data Analytics/AI, as well as Insights and Analytics.

Helena Helmersson holds 870 shares in H&M. She also holds 300,000 call options issued by Ramsbury Invest AB, each option providing the right to buy one class B share in H&M during the 12 months following a three-year period from the agreement date of 7 October 2020.

For the part of the financial year running from 1 December 2019 to 30 January 2020 Karl-Johan Persson was CEO. His shareholdings are

The H&M group's matrix organisation



stated in the table showing composition of the board and attendance on page 6.

8, 9. ORGANISATION AND MANAGEMENT

H&M has a multi-brand matrix organisation with well-defined brands: H&M, COS, & Other Stories, Monki, Weekday, H&M HOME*, ARKET and Afound. Each brand has its own organisation and managing director, and all the brands have their own local sales organisations. Centrally, there are also a number of group functions that support each brand in order to capitalise on the benefits within these shared areas, so that each brand and country works purposefully according to central policies and guidelines. The CEO is responsible for day-to-day management of the group and appoints the members of the executive management team, which is made up of the CEO plus 14 others. The executive management team is made up of six women and nine men, and comprises the CEO, the CFO, the two people with responsibility for the H&M brand, the person with responsibility for Portfolio Brands (which include COS, & Other Stories, Monki, Weekday and ARKET), the person with responsibility for Business Ventures (which include Afound and Treadler), the two people with responsibility for Business Tech, and the heads of the following group functions: Expansion, Strategy & Transformation, Human Resources, Sustainability, Supply Chain, Communications and The Laboratory. Those responsible for other group functions are appointed by the CFO. The matrix organisation provides a good combination of central and local perspectives on leadership and entrepreneurship.

The regional and local sales organisations are responsible for daily retail operations in their region and country, giving them a collective responsibility for all the regional and local support functions whose work is based on instructions from the central group functions.

* H&M HOME is included in the H&M brand's organisation.

Internal control

The board of directors is responsible for the company's internal control, the overall aim of which is to safeguard the company's assets and thereby its shareholders' investment. Internal control and risk management are part of the board's and the management's control and follow-up responsibilities, the purpose of which is to ensure that the business is managed in the most appropriate and effective manner possible, to ensure reliable financial reporting and to ensure compliance with applicable laws and regulations. This description of H&M's internal control and risk management for financial reporting has been prepared in accordance with chapter 6 section 6 of the Swedish Annual Accounts Act and section 7.4 of the Swedish Corporate Governance Code.

H&M uses the COSO framework as a basis for internal control over financial reporting. The COSO framework, which is issued by the Committee of Sponsoring Organizations of the Treadway Commission, is made up of the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.

CONTROL ENVIRONMENT

The control environment forms the basis of internal control, because it includes the culture that the board and management communicate and by which they work. The control environment is made up primarily of ethical values and integrity, expertise, management philosophy, organisational structure, responsibility and authority, policies and guidelines, as well as routines.

Of particular importance is that management documents such as internal policies, guidelines and manuals exist in significant areas and that these provide the employees with solid guidance. Within H&M there exists

above all the Code of Ethics; an ethical policy that permeates the entire company, since it describes the way in which the employees should act within the company and in business relations with suppliers. For a number of years the group has had a document called "The H&M Way", which briefly describes and brings together what the company stands for and provides a basis for how employees are to act in relation to each other and the outside world. It also refers to the group's main policies.

H&M's internal control structure is based on:

- The division of work between the board of directors, the auditing committee and the CEO, which is clearly described in the board's formal order of procedure. The executive management team and the auditing committee report regularly to the board based on established routines.
- The company's organisation and way of carrying on business, in which roles and the division of responsibility are clearly defined.
- Values and guidelines, as well as policies and manuals; of these, the Code of Ethics, the financial policy, the insider policy, the communications policy and the store instructions are examples of important overall policies.
- Awareness among the employees of the importance of maintaining effective control over financial reporting.
- Control activities, checks and balances, analysis, reporting.

H&M has a matrix organisation (see page 9), which means that those responsible for the joint group functions are responsible for the efficiency of work within their function at each brand (the horizontal arrows in the matrix organisation). Each brand has its own organisation and managing director, and all the brands have their own local sales organisations.

Internal control is evaluated annually by the relevant group function, which checks that its function in each country is working according to the prescribed policies and guidelines. The stores are in turn checked by internal store auditors.

All the companies within H&M have the same structure and accounting system with the same chart of accounts. This simplifies the creation of appropriate routines and control systems, which in turn facilitates internal control and comparisons between the various companies. There are detailed instructions for the store staff that control daily work in the stores. Many other guidelines and manuals are also available within the group. In most cases these are drawn up in the central departments at the head office in Stockholm and then communicated to the respective departments in the country offices. Each central department regularly reviews its guidelines and manuals to see which need updating and whether new guidelines need to be developed.

RISK ASSESSMENT

H&M carries out regular risk analysis for both operational and financial risks. At the end of each financial year the analysis is updated in respect of the main operational risks – in the short and long term – and also the risks within financial reporting. This is carried out in two group-wide documents, based on the probability and impact of each risk. In 2019 a climate risk analysis was conducted according to the guidelines issued by the Task Force on Climate-related Financial Disclosures (TCFD). No updated analysis was carried out in 2020, but the results of the TCFD analysis performed in 2019 remain fully relevant.

As in previous years, at the end of 2020 each central function reviewed its main risks, assessed these and identified the systems, methods and controls that are in place to minimise any impact of the risks. This information was compiled at group level, after which the functions together prepared the general risk analysis mentioned above with a view to getting an overall picture of the group's main risks – and thereby shedding light on the mitigation plans that are in place to manage these risks. The risk analysis of operational risks and for the risks within financial

reporting were then dealt with in the auditing committee and thereafter discussed by the board.

For a description of H&M's operational risks, see the administration report on pages 38–39, for risks within financial reporting, see the administration report on page 39–40 and note 2, Financial risks, on pages 65–66 of the annual report for 2020.

To limit the risks there are appropriate policies and guidelines as well as processes and controls within the business.

CONTROL ACTIVITIES

There are a number of control activities built into every process to ensure that the business is run effectively and that financial reporting provides a true picture at each reporting date. The control activities, which aim to prevent, find and correct inaccuracies and non-compliance, are at all levels and in all parts of the organisation. Within H&M the control activities include effective control and analysis of sales statistics, account reconciliation, monthly accounts and financial reports.

During the year ongoing internal control of the Business Tech department is also carried out, to ensure that the work and processes are being performed in accordance with guidelines set. This also includes systems relating to financial reporting. These financial systems are also reviewed by an external party in cooperation with those responsible for systems and system areas within H&M.

INFORMATION AND COMMUNICATION

Policies and guidelines are of particular importance for accurate accounting, reporting and provision of information, and also define the control activities to be carried out.

H&M's policies and guidelines are updated on an ongoing basis. This takes place primarily within each central function and is communicated to the sales countries by email and via the intranet, as well as at meetings.

H&M has a communications policy providing guidelines for communication with external parties. The purpose of the policy is to ensure that all disclosure obligations are met and that the information provided is accurate and complete.

Financial communication is provided via:

- Annual report
- Interim reports, the full-year report and quarterly sales reports
- Press releases on events and circumstances that may impact the share price
- H&M's website hmgroup.com

MONITORING

In 2020 the group functions/central departments assessed internal control within their respective functions in the sales countries based partly on general issues and partly on department-specific issues, using the COSO model. The Covid-19 pandemic had a certain impact on internal control during the year. Some functions were hard pressed dealing with the consequences of the pandemic, and therefore temporarily reduced their internal control. All the functions that usually travel to countries to carry out internal control instead implemented control activities remotely.

The work resulted in a plan of action for each central department working on internal control, defining the areas that ought to be improved in order to further strengthen internal control – not only in respect of each country, but also for the central function. The functions also followed up on the assessments made in the previous year. The way in which H&M assesses internal control is considered to be firmly established within the organisation. It is an aid and an instrument that the central functions can use to ensure that their respective departments in the sales countries are working in a uniform and desirable way. The assessment of internal control also allows each sales country to provide valuable and construc-

tive feedback to the central function regarding where there is room for improvement at central level. An important part of the internal control work is the feedback to the country management (country manager and country controller) which the central function provides based on the results of the evaluation in each country. This is done with a view to transparency and to ensuring that the countries adopt best practice.

Within the production organisation there is a firm and regular control and monitoring process for the internal routines that are brought together in the Routine Handbook for Production. These routines are about how H&M ensures that the company does business in an ethical and transparent way. Most of these routines are monitored on a monthly basis at regional level and every other month at global level.

Internal store auditors perform annual checks at the stores aimed at determining the strengths and weaknesses of the stores and how any shortcomings can be corrected. Follow-up and feedback with respect to any non-compliances found during the assessment of internal control constitute a central part of internal control work.

The board of directors and the auditing committee continuously evaluate the information provided by the executive management team, including information on internal control. The auditing committee's task of monitoring the efficiency of internal control by the management team is of particular interest to the board. This work includes checking that steps are taken with respect to any shortcomings detected and suggestions made during the assessment by the central departments and internal store auditors, as well as by external auditors. The work on internal control maintains awareness of the importance of effective internal control within the group and ensures that continuous improvement is made.

INTERNAL AUDIT

In accordance with section 7.4 of the Swedish Corporate Governance Code, during the year the board assessed the need for a specific internal audit department. The board concluded that H&M's present model of monitoring internal control is the most appropriate for the company. In the board's opinion this model, which the central departments such as Accounting, Expansion/Construction, Shop Fitting, Business Tech, Communications, Security, Logistics, Supply Chain etc. apply in the subsidiaries, as well as the work carried out by internal store auditors, are well in line with the work performed in other companies by an internal audit department. It was therefore deemed that there was no need for an internal audit department.

The issue of a specific internal audit department will be reviewed again in 2021.

Stockholm, February 2021

The Board of Directors

More information on H&M's corporate governance work can be found in the section on corporate governance at hmgroup.com. The next two pages contain information about the board members.

The board of directors



KARL-JOHAN PERSSON
Chairman of the board. Born 1975.

Primary occupation
Chairman of the board of H&M.

Other significant board assignments
Member of the boards of Ramsbury Invest AB, the GoodCause Foundation and the H&M Foundation.

Education
BA in business administration from the European Business School, London.

Professional experience
2001–2004 CEO of European Network.
2005–2009 Operational executive roles within the H&M group, including within expansion, business development and new business.
2009–2020 CEO of H&M.
2020– Chairman of the board of H&M.



STINA BERGFORS
Board member. Born 1972.

Primary occupation
Entrepreneur and board assignments.

Other significant board assignments
Member of the board of Budbee AB and Carlssons Skola and also proposed as board member of Tele2 and Handelsbanken. Stina is also involved in the Prince Daniel Fellowship at the Royal Swedish Academy of Engineering Sciences (IVA).

Education
MSc in business administration and honorary doctorate from Luleå University of Technology.

Professional experience
1998–2000 TV3 MTG Sales.
2000–2004 Media strategist OMD Nordics.
2005–2008 CEO of Carat Sverige AB.
2008–2013 Country director for Google and YouTube in Sweden.
2014–2020 Founder and CEO, and later business development, for United Screens.



ANDERS DAHLVIG
Board member and member of the auditing committee. Born 1957.

Primary occupation
Board assignments.

Other significant board assignments
Chairman of Inter IKEA Holding BV and member of the board of Oriflame SA.

Education
MSc in business administration, Lund University, 1980 and MA from the University of California, Santa Barbara, 1982.

Professional experience
1983–1993 Various roles within IKEA in Sweden, Germany, Switzerland and Belgium.
1993–1997 Managing director of IKEA UK.
1997–1999 Vice president of IKEA Europe.
1999–2009 President and CEO of IKEA.



CHRISTIAN SIEVERT
Board member and chairman of the auditing committee. Born 1969.

Primary occupation
CEO of AB Max Sievert.

Other significant board assignments
Member of the board of AB Max Sievert and of the boards of portfolio companies of AB Max Sievert; also member of the board of AB Anders Löfberg.

Education
MSc in business administration from the School of Economics, Stockholm, 1994.

Professional experience
1994–1997 Consultant, Bain & Company, Stockholm and San Francisco, USA.
1997–2003 Investment manager and partner at Segulah.
2003–2013 CEO/managing partner at Segulah.
2013–2014 Partner, Segulah.
2014– CEO of AB Max Sievert.



INGRID GODIN
Employee representative, on the H&M board since 2012. Born 1959. Employed since 2002. Current position: Warehouse worker, Eskilstuna DC.



HELENA ISBERG
Deputy employee representative, on the H&M board since 2019. Born 1978. Employed since 1998. Current position: Sales advisor, H&M Karlskrona.



ALEXANDRA ROSENQVIST
Employee representative, on the H&M board since 2015. Born 1976. Employed since 2012. Current position: Product owner (IT/Business Tech).



MARGARETA WELINDER
Deputy employee representative, on the H&M board since 2007. Born 1962. Employed since 2000. Current position: Omni buyer, H&M.



ERICA WIKING HÄGER
Board member and member of the auditing committee. Born 1970.

Primary occupation

Partner at the law firm Mannheimer Swartling since 2009 and chair of Mannheimer Swartling's Corporate Sustainability & Risk Management practice group; leads the team of lawyers advising on commercial law focusing on human rights, working conditions, the environment and anti-corruption. Erica is a member of the Swedish Bar Association, the New York State Bar Association and the International Association for Privacy Professionals (IAPP).

Other significant board assignments

Member of the board of Mannheimer Swartling Advokatbyrå AB.

Education

Master of Laws from Uppsala University, LL.M. from Harvard Law School in the US and supplementary studies at the University of Oklahoma in the US and Ruprecht-Karls-Universität Heidelberg in Germany.

Professional experience

1994 – 1995 Acting lecturer in civil law, Uppsala University.
1995 – 1997 District court service, Sollentuna District Court.
1997 – 1998 Law clerk, Svea Court of Appeal.
1999 – 2000 Corporate counsel, Corechange Inc., Boston, USA.
2000 – 2008 Associate, Mannheimer Swartling.
2009 – Partner, Mannheimer Swartling.



NIKLAS ZENNSTRÖM
Board member. Born 1966.

Primary occupation

CEO of venture capital company Atomico, which focuses on fast-growing tech companies, and involved in Zennström Philanthropies, which supports organisations particularly associated with climate change, social entrepreneurship, the Baltic Sea environment and human rights.

Other significant board assignments

Member of the boards of Atomico, Zennström Philanthropies, Farmdrop, Rovio, Orbital Systems and Lilium.

Education

Dual degrees in business administration and engineering physics from Uppsala University.

Professional experience

1991 – 1994 Product manager, Tele2 AB, Stockholm.
1994 – 1996 Director of access network, Unisource Voice Services AB, Stockholm.
1996 – 1997 Director of internet services, Tele2 Danmark A/S, Copenhagen.
1997 – 2000 Director of internet services, Tele2 Europe ASA, Luxembourg/Amsterdam.
2000 – 2002 CEO and founder, Kazaa, Amsterdam.
2001 – 2003 CEO and founder, Joltid, Amsterdam.
2002 – 2007 CEO and founder, Skype, London.
2007 – CEO and founder, Atomico, London.



LENA PATRIKSSON KELLER
Board member. Born 1969.

Primary occupation

Executive chairman at branding and communications agency Patriksson Group AB.

Other significant board assignments

Member of the boards of Elite Hotels, Wanås Art Foundation, Jaenerica AB and Maria Nilsdotter AB and chairman of the board of the industry organisation Swedish Fashion Association. Lena is also involved in the Prince Daniel Fellowship at the Royal Swedish Academy of Engineering Sciences (IVA).

Education

Design and marketing at Parsons School of Design in New York and at the American University in London.

Professional experience

1993 – 1996 Buying & product development at H&M.
1996 – 1998 Global communications manager, J.Lindeberg.
1999 – CEO and later executive chairman, Patriksson Group AB.



DANICA KRAGIC JENSFELT
Board member. Born 1971.

Primary occupation

Professor of computer science at KTH Royal Institute of Technology conducting research in the fields of computer vision and robotics. The aim of the research is to use sensors to build future systems that interact with people and their environment in a natural way.

Other significant board assignments

Member of the Royal Swedish Academy of Sciences and the Royal Swedish Academy of Engineering Sciences (IVA) and board member at FAM, SAAB and the Institute for Future Studies.

Education

MSc in mechanical engineering from the Technical University of Rijeka, Croatia. Danica was awarded a PhD in robotics by KTH Royal Institute of Technology, Stockholm in 2001. Honorary doctorate from Lappeenranta University of Technology in Finland.

Professional experience

2008 – Professor of computer science, conducting research in the fields of computer vision and robotics at KTH Royal Institute of Technology in Stockholm.

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the Annual General Meeting of H & M Hennes & Mauritz AB (publ),
corporate identity number 556042-7220

Assignment and division of responsibility

We have reviewed the corporate governance report for the financial year 1 December 2019 to 30 November 2020. The corporate governance report is the responsibility of the board of directors, which is responsible for the report being prepared in accordance with the Swedish Annual Accounts Act. Our responsibility is to express an opinion on the corporate governance report based on our review.

Orientation and scope of review

Our review was conducted in accordance with FAR's recommendation RevR 16 Auditor's review of the corporate governance report. This means that we planned and performed the audit in order to obtain a reasonable degree of assurance that the corporate governance report is free from material misstatement. An audit includes examining, on a test basis, evidence supporting the information in the corporate governance report. We believe that our audit provides a reasonable basis for our opinion set out below.

Opinion

In our opinion, a corporate governance report has been prepared and its content is consistent with the annual accounts and the consolidated accounts.

Stockholm, 25 February 2021

Ernst & Young AB

Andreas Troberg
Authorised Public Accountant