

H&M Group

Remuneration report 2023

This report describes how the annual general meeting's guidelines for remuneration in the H&M group, as adopted by the 2021 annual general meeting (AGM), were applied in the 2022/2023 financial year. It also describes the H&M group's remuneration to the CEO and fees to the board other than the board fees approved by the AGM.

The report has been prepared in accordance with the Swedish Companies Act and the Swedish Corporate Governance Board's *Rules on Remuneration of the Board and Executive Management and on Incentive Programmes*.

The required disclosures relating to remuneration of senior executives under the Swedish Annual Accounts Act can be found in note 8 on pages 112-113 in the company's Annual and Sustainability report 2023.

KEY DEVELOPMENTS IN 2023

Information about H&M Group's overall performance in 2023 can be found in the CEO letter on pages 6-8 of the Annual and Sustainability report 2023.

SHARE-BASED REMUNERATION

H&M Group does not have a share-based or share options-based programme for the remuneration of the CEO¹ or any other senior executive.²

COMPLIANCE WITH THE REMUNERATION GUIDELINES AND APPLICATION OF PERFORMANCE CRITERIA

The remuneration guidelines adopted by the 2021 AGM can be found on pages 48-50 of the annual and sustainability report 2023. During 2023 the H&M group has made no deviations from the remuneration guidelines adopted by the AGM 2021. No deviations or derogations have been made from the decision-making process that, according to the guidelines, is to be applied to determine the remuneration.

The auditor's statement regarding the company's compliance with the guidelines can be found on the company's website with the documents for the 2024 annual general meeting: hmgroupp.com/agm/.

A prerequisite for the successful implementation of H&M Group's business strategy and safeguarding of its long-term interests, including its sustainability, is the ability to attract, recruit and retain qualified personnel. H&M group's remuneration guidelines enable the offering of a competitive remuneration to the CEO. The total remuneration to the CEO in 2023 complied with H&M Group's remuneration guidelines.

On 31 January 2024, Helena Helmersson chose to leave the CEO role and the H&M Group. Helena Helmersson has 12 months' notice period. No severance will be paid and Helena Helmersson is no longer entitled to the long-term variable remuneration.

BOARD FEES AND CONSULTING FEES

Board fees are not covered by this report. Such fees are decided each year by the annual general meeting. See note 8 on pages 112-113 of the Annual and Sustainability report 2023.

In 2023 Patriksson Group AB, where board member Lena Patriksson Keller is the majority shareholder, performed consulting work for the H&M group for a total sum of SEK 6.9 m (SEK 10.6 m). Patriksson Group is one of Scandinavia's foremost fashion communications agencies and aim of the services provided by Patriksson Group is to strengthen brand communication for some of the H&M group's brands, namely H&M, COS, & Other Stories, and ARKET. The consulting fees are not affected by the remuneration guidelines passed by the AGM since the work was not performed by Lena Patriksson Keller, and Patriksson Group is moreover not wholly owned by Lena Patriksson Keller. Nonetheless, the board wishes to specifically disclose in the remuneration report that the fees were paid. Procurement of the services in question, for which payment was made at market levels, was deemed to be appropriate and of benefit to H&M and took place without the involvement of Lena Patriksson Keller.

The law firm of Mannheimer Swartling Advokatbyrå AB performed consulting services for the H&M group for a total sum of SEK 0.4 m (SEK 3.9 m) until May 4th 2023. Erica Wiking Häger is one of around 85 partners at this law firm. She was until the AGM May 4th 2023 a board member of H&M Group. She did during her period as a board member not participate in the firm's work for H&M.

- 1) Helena Helmersson holds 300,000 call options issued by Ramsbury Invest AB where each option provides the right to buy one class B share in H&M during the 12-month period that follows a three-year period from the agreement date of 7 October 2020. The options issued have no dilution effect for H&M shareholders or cost to the H&M group since they are issued against Ramsbury Invest AB's existing shareholding.
- 2) The long-term variable remuneration is based on the target fulfilment measured over five financial years starting from 2021 financial year and ending at the closure of the 2025 financial year. After the measurement period has ended the board is responsible for the long-term variable remuneration for the CEO.

TOTAL REMUNERATION OF THE CEO REGARDING 2023 (SEK)

NAME OF DIRECTOR, POSITION	FINANCIAL YEAR	FIXED REMUNERATION		VARIABLE REMUNERATION		EXTRA-ORDINARY ITEMS	PENSION EXPENSE ²	TOTAL REMUNERATION	PROPORTION OF FIXED AND VARIABLE REMUNERATION
		BASE SALARY	OTHER BENEFITS ¹	ONE-YEAR VARIABLE	MULTI-YEAR VARIABLE				
Helena Helmersson, CEO	1 Dec 2022–30 Nov 2023	15,013,867	97,012	3,762,600	0	0	4,476,698	23,350,177	84% fixed 16% variable

PERFORMANCE OF THE CEO REGARDING 2023

NAME	DESCRIPTION OF PERFORMANCE CRITERIA/ KEY PERFORMANCE INDICATORS (KPIs)	RELATIVE WEIGHTING OF PERFORMANCE CRITERIA/ KPIs	MEASURED PERFORMANCE FOR THE YEAR	ACTUAL AWARD OUTCOME
Helena Helmersson, CEO	The H&M group's total sales	25%	Measures have been selected to deliver on the company's goals and to encourage behavior which is in the long-term interest of the company. In the selection of performance measures, the objectives and short-term and long-term business priorities for 2023 have been taken into account. The non-financial short-term performance measures further contribute to alignment with sustainability as well as leadership and the company values. Considering the short-term variable remuneration, the board has made both quantitative and qualitative assessments. The board considers that the exercise of judgement and discretion is needed to achieve an appropriate execution of the remuneration guidelines. The Board's overall assessment of Helena Helmersson's performance in 2023 linked to predetermined targets for 2023 resulted in a variable remuneration of three months' salary. The variable remuneration will be paid during the first quarter of 2024. The monthly salary refers to fixed basic cash salary.	3,762,600
	The H&M group's total operating profit ³	25%		
	Fulfilment of the objectives in the various areas of the business plan in total, which includes sustainability ⁴	25%		
	Assessment of leadership and compliance with values	25%		

1) Other benefits refer to medical care insurance and a company car. Helena Helmersson has not received any kind of remuneration from other companies in H&M group.

2) The pension arrangements consist partly of a defined benefit pension under the ITP plan and partly of an extra pension provision. Helena Helmersson is covered by the collectively agreed ITP pension supplemented by extra defined contribution arrangements such that the premiums amount to 29,82 percent of salary, with a planned retirement age of 65 years.

3) Regardless of how well the targets for the other three criteria have been met, the threshold value for total operating profit must be reached for the variable remuneration to be paid.

4) The sustainability goals can be found in the table on page 40 of the Annual and Sustainability report 2023.

CHANGES IN REMUNERATION AND COMPANY PERFORMANCE OVER THE LAST FIVE REPORTED FINANCIAL YEARS

ANNUAL CHANGE ¹	2023 VS 2022	2022 VS 2021	2021 VS 2020	2020 VS 2019	2019 VS 2018
Helena Helmersson, CEO ²	23,350,177 (+23%)	19,003,021 (-25.8%)	25,599,799 (+78.5%)	14,342,791 (-)	-
Karl-Johan Persson, CEO ³	0	0	0	1,997,709 (-88.9%)	18,000,000 (0.0%)
Net sales	236,035 (+6%)	223,553 (+12.4%)	198,967 (+6.4%)	187,031 (-19.6%)	232,755 (+10.6%)
Operating profit	14,537 (+103%)	7,169 (-53%)	15,255 (+392%)	3,099 (-82.1%)	17,346 (+12.0%)
Average remuneration, employees of the group ⁴	345,940 (+11%)	311,694 (+10,1%)	283,185 (+4.9%)	269,848 (0.0%)	269,940 (+7.2%)

1) The remuneration includes salary, salary benefits and pension benefits.

2) During the financial year 2020 Helena Helmersson was CEO from 30 January 2020 until 30 November 2020 inclusive. The remuneration for Helena Helmersson does not include remuneration paid in relation to the position as chief operating officer between 1 December 2019 and 30 January 2020.

3) During the financial year 2020 Karl-Johan Persson was CEO from 1 December 2019 until 30 January 2020 inclusive.

4) Average remuneration including severance pay on a full-time equivalent basis of employees of all subsidiaries excluding the executive management team.

Stockholm, March 2024
The Board of Directors of H & M Hennes & Mauritz AB