

From: [REDACTED] (GROW)
Sent: lundi 5 juillet 2021 14:15
To: [REDACTED] (GROW)
Cc: [REDACTED] (GROW)
Subject: FW: Sustainable Corporate Governance - H&M Group's approach

[REDACTED]

Could you pls register in Ares.
thanks

From: [REDACTED] (SECSR) [REDACTED]
Sent: Friday, July 2, 2021 3:50 PM
To: [REDACTED] (GROW) [REDACTED] (GROW)
[REDACTED]
Cc: [REDACTED] (SECSR) [REDACTED]
[REDACTED]

Dear all,

We would like to thank you for our meeting last week – and the opportunity given to explain our approach on the Sustainable Corporate Governance initiative.

As expressed during the meeting, we would be happy to further understand the current debate on liability (civil and administrative) to provide you the most relevant inputs over summer.

While we would have wanted to spend a lot of time also on the Directors' duties part of the initiative, the three of us during the meeting saw the value in continuing to really focus on Due diligence to make sure we built a mutual understanding of our stance in that area. We would very much welcome an opportunity to discuss our view on Directors' duties in more detail in further meeting. We would be available after the summer break, in late August – early September.

As agreed during the call, you can find the relevant information on H&M Group's director remuneration through the H&M Group Remuneration report for 2020: <https://hmgroupp.com/wp-content/uploads/2021/04/Remuneration-report-2020-1.pdf>

More information on H&M Group governance is available through this page: <https://hmgroupp.com/about-us/corporate-governance/>

Please find further information below related directors' duty.

We look forward to continuing our conversation. Do not hesitate to contact us should you have any questions.

[REDACTED]

Corporate governance: difference between Sweden and other countries' approach, especially UK-US

There are several specific differences between how corporate governance is done/seen in Sweden compared to other countries. The more noticeable are:

- Most governance specifics for listed companies are mandated by a Code decided by a self-regulated industry body – The Swedish Corporate Governance Board.
- In the Swedish financial market, sustainability is an important concept to take into account – as stated in the first sentence of the current Code relates to this: “**1 Aims:** Good corporate governance means ensuring that companies are run sustainably, responsibly and as efficiently as possible on behalf of their shareholders. ...”
- Nomination of Directors to the Annual General Meeting (AGM) is not made by the board of directors themselves. The largest shareholders between them appoint a nomination committee, which is responsible for all nominations to the AGM: Directors, CEO, auditors, remuneration to the top managers. Thus the boards in Swedish companies are not “self-sustained”. The large shareholders have indeed an explicit task to appoint new directors through their representatives (or themselves) being on the nomination committee. A nomination committee submit a report to the AGM each year.
- A director by law represents all shareholders, not only the owner/shareholder group that has proposed him/her. All directors as a collective must thus ensure that all relevant stakeholders' interests are taken into account.
- There is no limitation on age, or on the tenure, of a director on the board.
- The chairman in a Swedish listed company is rarely independent from the largest shareholder, whereas some countries stipulate that several directors must indeed be independent. For a Swedish major shareholder the Chairman is seen as the guarantor for a long-term profitability of the company and that it will stay its course and not be subject to “short-termism”.
- At the AGM the auditors are present, and any shareholder – owning only one share – may pose a question to the auditors during the AGM. In many other jurisdictions the auditors communication with the shareholders are only through written messages in the auditor's reports.
- Share classes are common in listed companies; Usually the founders of a listed company have class A shares which carry a times 10 weight in terms of voting rights. Unlike the UK-US view this is in Sweden seen as a mechanism by which founders can get access to venture capital without too much dilution, and can maintain a strong voting presence to ensure a long-term profitability rather than be subject to short-termism.
- By law in Sweden, a company with only 25 employees must allow two employee representatives on the company board. They will have identical access to information, participation in meetings, and voting rights, as the AGM-elected directors, the only difference is that they will not receive remuneration for their board duty. Companies with > 1000 employees must allow for three employee representatives on the company board.

References of interest

The Swedish Corporate Governance Board has published a whitepaper on the development of corporate governance in Sweden, including comparison with other legislations. The white paper puts forward a suggestion regarding the EU corporate governance initiative around 5 axes in the section "Outline of a better EU regulatory approach" on pages 29-34.. You can find the white paper here: http://www.bolagsstyrning.se/UserFiles/Archive/3947/Corporate_Governance_Board_White_Paper_May_2021.pdf

You can also find H&M Group's Corporate Governance report for 2020 here, with some explanation on Swedish specific approach on page 2: <https://hmgroup.com/wp-content/uploads/2021/04/HM-Corporate-governance-report-2020.pdf>

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Sustainability Department H&M Group



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General Information



From: [REDACTED]
Sent: Friday, July 2, 2021 11:08 AM
To: [REDACTED] (GROW)
Cc: [REDACTED] (GROW)
Subject: Schemes & collaborative initiatives as key to adoption and implementation of mandatory due diligence legislation (SGC)
Importance: High

Dear [REDACTED],

I'm [REDACTED] the Responsible Business Alliance ([RBA](#)), one of the largest global industry coalitions dedicated to environmental and human rights due diligence in supply chains. Together, the RBA and its Responsible Minerals, Labor and Factory Initiatives have over 400 members with combined annual revenues greater than \$7.7 trillion, directly employing over 21.5 million people, with products manufactured in more than 120 countries (covering electronics industry as well as automotive, retail, toy, and others). For nearly two decades, the RBA has been working at the forefront of business and human rights, enabling member companies from around the world to implement human rights and environmental due diligence both in their operations and supply chains. We work in close collaboration with governments, including the European Commission (EC) in the context of the EU Conflict Minerals Regulation. Our offering ranges from generic due diligence tools (standards enshrined in our Code of Conduct, highly renowned 3rd party independent supply chain audits, grievance and worker voice programs, capacity building, provision of remediation) used by the leading players in the electronics and automotive industry, and many others, to specific due diligence tools for minerals and raw materials value chains, as well as for specific salient issues such as forced labour risks.

As you probably are aware, the RBA actively supports the development of an European Union (EU) wide mandatory supply chain due diligence framework. Already prior to the formal launch of the Sustainable Corporate Governance initiative (SGC), we had the honour of meeting with Mr. Reynders to express our support and our key messages for the content of the future legal framework, which we also formalized through [the RBA Roadmap for EU Due Diligence](#), and via formal submission to the external stakeholder consultation organized by DG Justice. Commissioner Reynders has exchanged with our global membership of industry leading companies on the occasion of the RBA 2020 annual conference and the RBA 2021 European conference.

In light of recent developments including the EU Regulatory Scrutiny Board decision rendered in May 2021, I wanted to reach out to you to propose a meeting during which we would like to discuss how the Responsible Business Alliance can, through its globally leading technical expertise on due diligence, help advance discussions notably regarding pending topics such as the costs, feasibility and impact of due diligence.

We believe that our key propositions with regards to the EU mandatory due diligence legislation (in particular the need for full and effective harmonization across EU member states and across different EU due diligence legal provisions; and the need to insert reference in the legislation to existing industry due diligence tools) would greatly improve the extent to which the law can have immediate and scalable impact. After all, industry schemes and initiatives serve as communities of practice,

communities of expertise, and invaluable toolboxes full of tools / standards / programs, the availability of which is critical in enabling companies to implement and comply with future mandatory due diligence legal requirements.

Future mandatory due diligence legislation should indeed put legal responsibility and liability on individual companies, and under no circumstance allow companies to legally outsource that responsibility to schemes or collective initiatives. Nevertheless, the reality of supply chain due diligence is that today's industry due diligence efforts largely happen through collective tools, as such is the single most efficient and effective way to address the complex challenge of due diligence across a company's supply chain: collective standards, collective risk assessment, collective audit programs, the use of collective leverage for remediation, etc. It is by duly embedding such tools in its own systems and operations, that companies conduct impactful and qualitative due diligence.

We would be happy to exchange views and in particular present concrete ideas on how this can be reflected in the future mandatory due diligence legislation – including via reference to existing due diligence tools.

The Responsible Business Alliance would like to request a meeting with you for an exchange of views on this crucial topic.

From the side of the Responsible Business Alliance would participate in the meeting, alongside myself:

- [REDACTED]
- [REDACTED]
- If you wish so, we can involve senior representatives of RBA member companies.

In case the meeting can already take place between July 13th and 25th, Mr. [REDACTED] (who is fully vaccinated), could be present in person.

I thank you in advance for your time and interest.

Kind regards,

[REDACTED]

[REDACTED]

Responsible Business Alliance

[REDACTED]

