

## PRESS RELEASE

28 March 2018



## NOTICE OF H&M'S ANNUAL GENERAL MEETING 2018

Shareholders in H & M Hennes & Mauritz AB (publ) are hereby invited to the annual general meeting (AGM) to be held at 15.00 CET on Tuesday 8 May 2018 in the Erling Persson Hall at Aula Medica, Karolinska Institutet, Nobels väg 6 in Solna. We recommend using public transport to travel to and from Aula Medica.

### NOTICE OF ATTENDANCE

Shareholders who wish to attend the AGM shall

*both* be entered in the company's register of shareholders kept by Euroclear Sweden AB in their own name (not nominee-registered) by Wednesday 2 May 2018

*and* notify their intention to attend the annual general meeting by Wednesday 2 May 2018 at the latest, in writing to the address H & M Hennes & Mauritz AB, Annual General Meeting, 106 38 Stockholm, Sweden, by telephone to +46 (0)8 796 55 00, between 8.00 – 17.00 CET Monday to Friday, stating that it concerns notice of attendance at the AGM, by fax to +46 (0)8 24 80 78 or on the company's website at [about.hm.com/agm](http://about.hm.com/agm). The attendance of any assistants (maximum two) is to be notified to the same addresses by the same date.

Shareholders must state in the notice their name, civil identity number or corporate registration number, telephone number (daytime) as well as the number of shares held. In order to attend the meeting shareholders whose shares are nominee-registered must have their shares registered directly with Euroclear Sweden AB in their own name. Such re-registration must be effected by Wednesday 2 May 2018. In order to re-register shares in time, shareholders should make the request via their nominee in good time before this date. Such registration may be temporary. Passes for those attending will be sent out from 3 May onwards.

A proxy form is available on the company's website at [about.hm.com/agm](http://about.hm.com/agm).

### AGENDA

1. Opening of the AGM.
2. Election of a chairman for the AGM.
3. Address by CEO Karl-Johan Persson.
4. Establishment and approval of voting list.
5. Approval of the agenda.
6. Election of people to check the minutes.
7. Examination of whether the meeting was duly convened.
- 8 a. Presentation of the annual accounts and auditors' report as well as the consolidated accounts and consolidated auditors' report, and auditors' statement on whether the guidelines for remuneration to senior executives applicable since the last AGM have been followed.
- b. Statement by the company's auditor and the chairman of the auditing committee.
- c. Statement by the chairman of the board on the work of the board.
- d. Statement by the chairman of the nomination committee on the work of the nomination committee.
9. Resolutions
  - a. Adoption of the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet.
  - b. Disposal of the company's earnings in accordance with the adopted balance sheets, and record date.
  - c. Discharge of the members of the board and CEO from liability to the company.
10. Establishment of the number of board members and auditors.

11. Establishment of fees to the board and auditors.
12. Election of board members and chairman of the board.

The nomination committee proposes:

- 12.1 Stina Bergfors
- 12.2 Anders Dahlvig
- 12.3 Lena Patriksson Keller
- 12.4 Stefan Persson
- 12.5 Christian Sievert
- 12.6 Erica Wiking Häger
- 12.7 Niklas Zennström

Chairman of the board: Stefan Persson

13. Election of auditor
14. Election of members of the nomination committee and establishment of principles for the nomination committee.
15. Resolution on guidelines for remuneration to senior executives.
16. Resolution proposed by the shareholder People for the Ethical Treatment of Animals (PETA) that the board be called upon to adopt a policy stating that H&M will sell no leather products.
17. Resolution proposed by the shareholder Bernt Collin that two new brands be created, HM Base and HM Classic, and that high-quality methodology be developed to find out what kind of clothes customers aged 30+ would like.
18. Closing of the AGM.

### **Nomination committee**

The current nomination committee comprises Stefan Persson, chairman of the board and also chairman of the nomination committee, Lottie Tham, Liselott Ledin (Alecta), Jan Andersson (Swedbank Robur Fonder) and Anders Oscarsson (AMF and AMF Fonder).

### **Resolutions proposed by the nomination committee**

**Item 2** – Proposed by the nomination committee: the lawyer Sven Unger is proposed as chairman of the AGM.

**Item 10** – The nomination committee proposes seven board members with no deputies. The nomination committee proposes that one auditor be elected.

**Item 11** – The nomination committee proposes that the board fees for each member elected by the general meeting are distributed as follows (previous year's figures in parentheses): chairman of the board SEK 1,700,000 (1,675,000); members SEK 615,000 (600,000). It is proposed that the fees for work in the auditing committee are unchanged at SEK 200,000 for the chairman and SEK 150,000 for each of the other members.

If the meeting approves the nomination committee's proposal for the composition of the board, and if the number of members of the auditing committee remains as before, the total fees will be SEK 5,890,000 (5,775,000).

It is proposed that the auditor's fees be paid based on approved invoices.

**Item 12** – The nomination committee proposes the following board of directors.

Re-election of the current board members: Stina Bergfors, Anders Dahlvig, Lena Patriksson Keller, Stefan Persson, Christian Sievert, Erica Wiking Häger and Niklas Zennström.

Chairman of the board: re-election of Stefan Persson.

More information on the proposed board members can be found at [about.hm.com](http://about.hm.com).

**Item 13** – The nomination committee proposes that the registered accounting firm Ernst & Young AB be elected as auditor of the company for the period until the conclusion of the 2019 annual general meeting, as recommended by the auditing committee. Ernst & Young AB has notified that if the AGM approves the proposal, authorised public accountant Åsa Lundvall will be the auditor-in-charge.

## **ELECTION OF MEMBERS OF THE NOMINATION COMMITTEE AND ESTABLISHMENT OF PRINCIPLES FOR THE NOMINATION COMMITTEE, item 14**

Proposal for election of and principles for the nomination committee:

*The nomination committee's proposal for members is based on previously applied principles for the composition of the nomination committee, namely that the nomination committee shall consist of the chairman of the board plus four others nominated by the four largest shareholders in terms of votes, as far as can be ascertained from the register of shareholders, other than the shareholder the chairman of the board may represent. In other aspects, the proposal is also based on previously applied principles. The nomination committee's proposals for the election of members of the nomination committee are based on shareholdings as at 28 February 2018.*

The nomination committee proposes that the 2018 annual general meeting passes the following resolution.

### **A. ELECTION OF NOMINATION COMMITTEE**

1. That the annual general meeting appoint the chairman of the board, Lottie Tham, Liselott Ledin (nominated by Alecta), Jan Andersson (nominated by Swedbank Robur Fonder) and Anders Oscarsson (nominated by AMF and AMF Fonder) as the nomination committee. This nomination committee shall take up its duties immediately. Its term of office shall continue until a new nomination committee is appointed.

### **B. ESTABLISHMENT OF PRINCIPLES FOR THE ELECTION COMMITTEE**

2. No fees shall be paid to the members of the nomination committee. The nomination committee may charge to the company any reasonable costs for travel and investigations.

3. Unless the members of the nomination committee agree otherwise, the chairman of the nomination committee shall be the member representing the largest shareholder.

4.1. The nomination committee shall submit proposals to the 2019 annual general meeting for:

- a) election of the chairman of the meeting
- b) resolution on the number of board members
- c) resolution on board fees for the chairman of the board and for each of the other members of the board (including work in board committees)
- d) election of board members
- e) election of chairman of the board
- f) resolution on the number of auditors
- g) resolution on fees to the auditor(s)
- h) election of auditor(s)
- i) election of nomination committee, or resolution on principles for the establishment of the nomination committee, as well as resolution on principles for the nomination committee.

4.2. In its proposal for the election of a nomination committee the nomination committee is to apply the following principle.

The nomination committee shall consist of the chairman of the board plus four others nominated by the four largest shareholders measured by voting rights, not including the shareholder that the chairman of the board may represent. The four largest shareholders measured by voting rights are to be determined based on the shareholder statistics that the company receives from Euroclear Sweden AB as of the last banking day in February in the year that the nomination committee presents its proposal. The shareholder statistics that are to be used shall be sorted by voting rights (in ownership groups) and shall include the 25 largest registered shareholders in Sweden, i.e. shareholders holding an account with Euroclear Sweden AB in their own name or shareholders holding a custody account with a manager that has given the name of the shareholder to Euroclear Sweden AB.

5. Should a shareholder that nominated Liselott Ledin, Jan Andersson or Anders Oscarsson notify the nomination committee that this shareholder wishes the person it nominated to be replaced (e.g. because the person concerned is no longer employed), the nomination committee shall resolve that the person concerned shall leave the committee.

6. Should a member leave the nomination committee before its work is complete and the nomination committee deems it necessary to replace this member, the nomination committee shall appoint a new

member; in the first instance, a member nominated by the shareholder that the departing member was nominated by, provided that the shareholder remains one of the five largest shareholders in the company.

7. Should a shareholder that nominated Liselott Ledin, Jan Andersson or Anders Oscarsson no longer be one of the five largest shareholders in the company, the nomination committee may resolve that the member nominated by that shareholder shall leave the committee. In which case, and even in the event that the nomination committee resolves that the member concerned shall not leave the committee, the nomination committee may appoint a new, or additional, member; in the first instance, a member nominated by the shareholder that is now one of the five largest shareholders.

8. Should a shareholder invited by the nomination committee to propose a member decline to make a proposal, the nomination committee shall invite the next largest shareholder that has not previously nominated a member of the nomination committee.

9. Changes to the composition of the nomination committee shall be published as soon as possible.

10. In these principles the term shareholder or owner in expressions such as “the four largest shareholders measured by voting rights”, “the five largest shareholders” or “the next largest shareholder” shall refer to shareholders as recorded in the shareholder statistics stated in 4.2 above.

### **Resolutions proposed by the board**

#### **DIVIDEND AND RECORD DATE, item 9 b**

The board has proposed a dividend to the shareholders of SEK 9.75 per share. The board of directors proposes that the dividend is to be paid in two instalments during the year – in May and in November. The record date proposed for the first dividend payment of SEK 4.90 per share is 11 May 2018. If the resolution is passed, the first dividend payment is expected to be made by Euroclear Sweden AB on 16 May 2018. The record date proposed for the second dividend payment of SEK 4.85 per share is 13 November 2018. If the resolution is passed, the second dividend payment is expected to be made by Euroclear Sweden AB on 16 November 2018.

#### **PROPOSED RESOLUTION ON GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES, item 15**

*The board considers it of the utmost importance that senior executives are paid competitive remuneration at a market level, as regards both fixed and variable compensation, based on responsibilities and performance. The board’s proposed remuneration is in the best interests of the company and its shareholders from a growth perspective, since it helps motivate and retain talented and committed senior executives.*

The board is proposing the following guidelines for remuneration of senior executives to the annual general meeting on 8 May 2018. The guidelines basically accord with the guidelines adopted at the 2017 annual general meeting.

In addition to the CEO, the board’s proposed new guidelines for senior executives cover members of the executive management team and those responsible for other group-wide functions; overall, this amounts to nearly 20 individuals. The guidelines are based on industry comparisons.

Senior executives shall be compensated at what are considered by the company to be competitive market rates. The criteria used to set levels of compensation shall be based partly on the significance of the duties performed and partly on the employee’s skills, experience and performance. Over time, the largest portion of the total remuneration shall consist of the fixed salary. The forms of compensation shall motivate senior executives to do their utmost to ensure the good financial and sustainable development of the H&M group.

The total annual remuneration may consist of the following components:

- fixed basic salary
- short-term variable remuneration
- long-term variable remuneration
- pension benefits
- other benefits

### **Fixed basic salary**

Senior executives shall have a fixed basic cash salary that is at a market level based on each position's significance for the company as a whole. The basic salary shall reflect the individual's area of responsibility, skills and experience and requires the individual to work in a committed manner at a high professional level.

### **Variable remuneration**

There shall be a clear link between the level of variable remuneration paid and the H&M group's financial and sustainable development. From time to time, therefore, senior executives are entitled to variable remuneration that depends on the fulfilment of targets – which include group-wide financial targets such as pre-set targets for profits and sales, sustainability targets, and individual targets within that person's area of responsibility. The targets are aimed at promoting the H&M group's development in both the short and the long term.

At individual level it is the position's significance and opportunity to influence the overall development of the group that decides the level of the variable remuneration. The CEO decides the maximum possible outcome for each position, but always within the framework of these guidelines. Variable remuneration is not paid if the individual has given notice to terminate his/her employment.

The variable remuneration may consist of:

**Short-term variable remuneration**, which is the possibility of a cash payment provided that the target criteria that were set in advance for both the group and the individual have been fulfilled. Half of the payment shall be invested in H&M shares that must be held for at least three years. Short-term variable remuneration must never exceed the fixed basic salary for each individual.

**Long-term variable remuneration**, which is based on performance relative to set targets, but is also conditional upon the senior executive remaining employed within the H&M group for at least five years. The board's reasoning is – in view of H&M's strong expansion and the important stage of development that H&M is at, including within multi-brand and omni-channel developments – to ensure that these key individuals in senior positions remain with the H&M group during this important development phase. The five-year rule applies with effect from the year that the annual general meeting adopted this rule, which was at the annual general meeting in spring 2014 (when it was referred to as supplementary guidelines), up to and including the month of May five years later, i.e. in 2019. At individual level, the remuneration may vary between SEK 0.5 m and SEK 5 m net after tax; the exact distribution per individual will be decided by the CEO and the chairman of the board. The total cost to the group is estimated at around SEK 30 m per year including social security costs over five years.

In a few cases senior executives may, at the discretion of the CEO and the chairman of the board, receive one-off payments of up to an extra year's fixed basic salary. Discretionary one-off amounts may also be paid to other key individuals.

### **Pension benefits**

By far the majority of senior executives are covered by a premium-based pension plan, in addition to the ITP plan. Other than the ITP plan, no defined benefit pension plans have been taken out for senior executives since 2005. The retirement age for senior executives varies between 60 and 65 years. The cost of these commitments is partly covered by separate insurance policies.

### **Other benefits**

Senior executives receive other benefits such as healthcare and car allowances. Senior executives are also entitled to the benefits accruing under the profit-sharing programme known as the H&M Incentive Program, which is for all employees of the H&M group.

### **Information concerning the CEO**

The retirement age for the CEO is 65. The CEO is covered by the ITP plan and a defined contribution plan. The total pension cost shall amount in total to 30 percent of the CEO's fixed basic salary. The CEO is entitled to 12 months' notice. In the event that the company cancels the CEO's employment contract, the CEO will also receive severance pay of an extra year's salary.

The board of directors sets the CEO's total remuneration. The CEO is not included in the long-term variable remuneration, i.e. what was previously referred to as supplementary guidelines.

### **Other**

The period of notice for senior executives varies from three to twelve months.

The board of directors may deviate from the guidelines for remuneration of senior executives in individual cases where there is a particular reason for doing so.

Where a board member performs work for the company in addition to his or her board work, a separate fee may be paid for this. This also applies if the work is performed by a company wholly or partly owned by the board member.

### **Other proposed resolutions under item 9 b**

Shareholder Steffan H.B. Jensen proposes that no dividend is paid.

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### **Information at the AGM**

Shareholders are entitled to certain information at the AGM. The board of directors and the CEO shall, if any shareholder so requests and the board of directors believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that may affect the assessment of the financial situation of the company or its subsidiaries, and the company's relations with another company within the group.

Anyone wishing to submit questions in advance may do so to:

H & M Hennes & Mauritz AB  
The Board of Directors  
Att: Annual General Meeting  
106 38 Stockholm  
Sweden  
Or by e-mail: [hm8may@hm.com](mailto:hm8may@hm.com)

### **Number of shares and votes**

There are 194,400,000 class A shares in the company with ten votes per share and 1,460,672,000 class B shares with one vote per share, with the result that the total number of shares in H&M is 1,655,072,000 and the total number of votes is 3,404,672,000.

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The annual report for 2017 will be published at [about.hm.com](http://about.hm.com) on 28 March 2018. It will then be available at H&M's head office, Mäster Samuelsgatan 46A, 106 38 Stockholm and will be sent out to shareholders submitting such a request and stating their postal address. The annual report will be presented at the meeting, as will the auditor's report, auditor's statement and the board's reasoned statement concerning payment of dividend, and the correspondence from those proposing resolutions in items 16 and 17.

Stockholm, March 2018  
The Board of Directors

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### **Contacts:**

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Press images and background information for editorial use can be downloaded from [about.hm.com](http://about.hm.com)

The notice of the annual general meeting will be published on 28 March 2018 on the company's website [about.hm.com/agm](http://about.hm.com/agm). On 4 April 2018, the notice will be published in Post- och Inrikes Tidningar (the 7 Swedish Official Gazette) on the website of Bolagsverket, the Swedish Companies Registration Office. On the same date, an advertisement will appear in Dagens Nyheter and Svenska Dagbladet stating that the meeting has been convened.

*H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. H&M's business idea is to offer fashion and quality at the best price in a sustainable way. In addition to H&M, the group includes the brands COS, Monki, Weekday, Cheap Monday, & Other Stories and H&M Home as well as ARKET. The H&M group has 45 online markets and more than 4,700 stores in 69 markets including franchise markets. In 2017, sales including VAT were SEK 232 billion. The number of employees amounts to more than 171,000. For further information, visit [about.hm.com](http://about.hm.com).*

