

Unofficial translation of the Swedish original.

Minutes of the annual general meeting of H & M Hennes & Mauritz AB
(556042-7220) held in Solna on 3 May 2016

1. Opening of the AGM

The AGM was opened by Stefan Persson.

2. Election of a chairman for the AGM

Lawyer Sven Unger was appointed to lead the discussions as chairman of the meeting. It was noted that Lennart Lundahl served as secretary at the AGM.

The AGM decided that persons present in the meeting premises who were not shareholders, such as representatives of the press and other media, were welcome to be present at the AGM as guests and that photography, sound recording or video recording, other than the company's own recording, during the AGM discussions was not permitted.

The meeting appointed lawyer Eva Hägg as coordinator in the Berzelius Hall, where some of those attending the meeting were present.

3. Address by CEO Karl-Johan Persson followed by an opportunity to ask questions about the company

CEO Karl-Johan Persson gave an address and the meeting was then given opportunity to put questions to the company's management.

4. Establishment and approval of voting list

The list appended as Annex 1 was approved as the voting list at the AGM.

It was noted that the total number of shares at the meeting was 1,084,695,211 and the total number of votes 2,834,295,211.

The total number of shares in the company is 1,655,072,000 and the total number of votes 3,404,672,000.

5. Approval of the agenda

The AGM resolved to approve the proposed agenda stated in the notice of the AGM ([Annex 2](#)).

6. Election of people to check the minutes

Liselott Ledin (Alecta) and Åsa Nisell (Swedbank Robur fonder) were appointed to check the minutes of the meeting along with the chairman.

7. Examination of whether the meeting was duly convened

Notice of the AGM was published on 4 April 2016 in Post- och Inrikes Tidningar, Svenska Dagbladet and Dagens Nyheter. The notice was also issued as a press release on 30 March 2016, when it was also published on the company's website.

The meeting was declared to have been duly convened.

8 a. Presentation of the annual accounts and auditor's report as well as the consolidated accounts and consolidated auditor's report, and auditor's statement on whether the guidelines for remuneration to senior executives applicable since the last AGM have been followed

The annual report submitted by the board of directors and CEO for the financial year from 1 December 2014 to 30 November 2015 was presented, including the administration report, income statement and balance sheet and also the consolidated income statement and consolidated balance sheet. In addition, the auditor's report for the parent company and for the group for the said financial year was presented. Finally, a statement by the auditor concerning whether the guidelines for remuneration to senior executives applicable since the last AGM had been followed was presented.

8 b. Statement by the company's auditor and the chairman of the auditing committee

Åsa Lundvall commented on the audit in the group as background to the audit report and Christian Sievert reported on the work of the auditing committee.

8 c. Statement by the chairman of the board on the work of the board

Stefan Persson reported on the work of the board of directors.

8 d. Statement by the chairman of the nomination committee on the work of the nomination committee

Stefan Persson reported on the work of the nomination committee and the committee's proposals.

The meeting was then given opportunity to put questions to the company management.

9 a. Resolution on adoption of the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet

The AGM resolved to adopt the income statement and balance sheet for the parent company as well as the income statement and balance sheet for the group.

9 b. Resolution on disposal of the company's earnings in accordance with the adopted balance sheets, and record date

The AGM approved the proposal by the board and CEO that the earnings at the disposal of the AGM according to the adopted balance sheet be distributed as follows:

Dividend to the shareholders of SEK 9.75 per share

The remainder to be carried forward as retained earnings

The AGM resolved that the record date for the dividend should be 6 May 2016.

9 c. Resolution on discharge of the members of the board and CEO from liability to the company

In accordance with the auditor's report the AGM resolved to discharge the members of the board and the CEO from liability for the administration of the company's affairs in the past financial year.

It was noted that the members of the board and the CEO did not participate in the resolution made under 9 c.

10. Establishment of the number of board members and deputy board members

The AGM approved the nomination committee's proposal that the number of board members appointed for the period up to the end of the next annual general meeting should be eight (8) and that no deputy members should be appointed.

11. Establishment of fees to the board and auditors

The AGM approved the nomination committee's proposal that fees should be paid to the board members appointed by the AGM for the period until the end of the next AGM as follows:

SEK 1,625,000 to the chairman of the board,

SEK 575,000 to each of the other board members,

SEK 175,000 extra to the chairman of the auditing committee, and

SEK 125,000 extra to each of the other members of the auditing committee.

Thorwald Arvidsson proposed that fees to the auditors should be paid based on approved invoices.

The AGM resolved in accordance with the proposal by the nomination committee, that the auditors' fees should be paid based on invoices submitted.

Thorwald Andersson dissented from the decision.

12. Election of board members and chairman of the board

In accordance with the nomination committee's proposal, the AGM elected the following persons for the period until the end of the next AGM:

Regular board members:

Stina Honkamaa Bergfors

Anders Dahlvig

Erica Wiking Häger

Lena Patriksson Keller

Stefan Persson

Melker Schörling

Christian Sievert

Niklas Zennström

Chairman of the board:

Stefan Persson

Stefan Persson and the meeting thanked the outgoing board members Lottie Knutson and Sussi Kvart.

It was noted that trade union organisations had appointed Margareta Welinder and Ingrid Godin as regular board members, and Alexandra Rosenqvist and Rita Hansson as deputy board members.

13. Establishment of principles for the nomination committee and election of members of the nomination committee

The AGM elected members of the nomination committee and established principles for the nomination committee in accordance with the nomination committee's proposal, as follows:

1. The annual general meeting appointed the chairman of the board and also 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.

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. The nomination committee shall submit proposals to the 2017 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) election of auditors
 - g) resolution on fees to the auditors
 - h) election of nomination committee, or resolution on principles for the establishment of the nomination committee, as well as resolution on instructions for the nomination committee.
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.

14. Resolution on guidelines for remuneration to senior executives

In accordance with the board's proposal, the AGM established the following guidelines for remuneration to senior executives.

General guidelines

The term "senior executives" covers the CEO, other members of executive management, country managers and certain key individuals. The number of individuals covered by the term senior executives is currently around 50.

Compensation for senior executives is based on factors such as work tasks, expertise, position, experience and performance. Senior executives are compensated at what are considered by the company to be competitive market rates. Senior executives are also entitled to the benefits provided under the H&M Incentive Program.

H&M is present in nearly 50 countries excluding franchise markets and levels of compensation may therefore vary from country to country. Senior executives receive a fixed salary, pension benefits and other benefits such as healthcare and car benefits. The largest portion of the remuneration consists of the fixed salary. For information on variable components, see the section below.

In addition to the ITP plan, executive management and certain key individuals are covered by either a defined benefit or defined contribution pension plan. The retirement age for these individuals varies between 60 and 65 years. Members of executive management and country managers who are employed by a subsidiary abroad are covered by local pension arrangements and a defined contribution plan. Other than the ITP plan, no defined benefit pension plans have been taken out for executive management since 2005. The retirement age for these is in accordance with local retirement age rules. The cost of these commitments is partly covered by separate insurance policies.

The period of notice for senior executives varies from three to twelve months. No severance pay agreements exist within H&M other than for the CEO.

Pension terms etc. for 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 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.

Variable remuneration

The CEO, country managers, certain senior executives and certain key individuals are included in a bonus scheme. The size of the bonus per person is based on the fulfilment of targets in their respective areas of responsibility. The result is linked to the measurable profit targets (qualitative, quantitative, general, individual) set in advance within their respective areas of responsibility. These targets also include measurable targets for sustainability. The targets within each area of responsibility are aimed at promoting H&M's development in both the short and the long term.

For the CEO the maximum bonus is SEK 0.9 m net after tax. For other senior executives the maximum bonus is SEK 0.3 m net after tax. Net after tax means that income tax and social security costs are not included in the calculation. The bonuses that are paid out must be invested entirely in shares in the company, which must be held for at least five years. Since H&M is present in markets with varying personal income tax rates, the net model has been chosen because it is considered fair that the recipients in the different countries should be able to purchase the same number of H&M shares for the amounts that are paid out.

In individual cases other members of executive management, key individuals and country managers may, at the discretion of the CEO and the chairman of the board, receive one-off payments of up to a maximum of 30 percent of their fixed yearly salary.

Supplementary guidelines

In addition to the general guidelines, the board has prepared supplementary guidelines for certain managers and other key individuals, such that these individuals are covered by both the general guidelines and the supplementary guidelines. The CEO is not, however, included in the supplementary guidelines.

Remuneration according to the supplementary guidelines is based on performance compared with targets set, but is also conditional upon the senior executive remaining employed by the H&M group for at least five years. The five-year rule applies with effect from the year that the annual general meeting adopted the arrangement – which was at the annual general meeting in spring 2014 – up to and including the month of May five years later, i.e. in 2019.

Provided that the abovementioned criteria are met, the senior executives covered by the supplementary guidelines are thus entitled to a cash payment after five years.

At individual level, the cash payment 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.

Cost to H&M: The total cost to the company is estimated at around SEK 30 m per year including social security costs over five years.

Miscellaneous

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.

15. Resolution on the board's proposed amendments to the articles of association

The AGM approved the board's proposal to amend the articles of association as follows*.

Former wording

§ 2 The object of the enterprise is to carry on retail trading in textiles and ready-to-wear clothing, shoes, watches and pens, accessories for the home principally textiles, cosmetics and other similar goods.

§ 9 The company shall have one or two auditors and an equivalent number of deputies or one or two registered auditing companies. The auditor shall serve until the close of the annual general meeting that is held during the fourth financial year after that in which the auditor was appointed.

§ 12 The notice to attend the general meeting shall be published in Post- och Inrikes Tidningar (the Swedish Official Gazette) and in the national daily newspapers Svenska Dagbladet and Dagens Nyheter, and the notice shall also be made available on the company's website.

§ 14 The Annual General Meeting shall address the following items of business:

1 Election of a chairman for the meeting;

7 Resolutions:

- a. Approval of the income statement and balance sheet and approval of the consolidated income statement and consolidated balance sheet;
- b. Allocations in respect of the company's profit or loss according to the approved balance sheet;
- c. Discharging the members of the board of directors and the managing director from liability;

9 Determining the fees payable to the board of directors and the auditors, if

Amended wording

§ 2 The object of the enterprise is, directly or indirectly,

- to carry on trading in textiles and ready-to-wear clothing, shoes, accessories, cosmetics, watches, pens, accessories for the home – principally textiles, and other similar goods;
- to carry on trading in groceries and to carry on café and restaurant operations;
- to own and manage securities, equipment and real estate;
- to conduct financing activities within the context of the operations stated above; and
- to provide services associated with the activities stated above.

§ 9 The company shall have one or two auditors and an equivalent number of deputies or one or two registered auditing companies.

§ 12 The notice to attend the general meeting shall be published in Post- och Inrikes Tidningar (the Swedish Official Gazette) and on the company's website. The fact that the meeting has been convened shall be advertised in Svenska Dagbladet and Dagens Nyheter.

§ 14 The Annual General Meeting shall address the following items of business:

1 Election of a chairman for the meeting;

7 Resolutions:

- a Approval of the income statement and balance sheet and approval of the consolidated income statement and consolidated balance sheet;
- b Allocations in respect of the company's profit or loss according to the approved balance sheet;
- c Discharging the members of the board of directors and the chief executive officer from liability;

9 Determining the fees payable to the board of directors and to the auditors;

applicable;

10 Election of the board of directors and, if applicable, the auditors and deputy auditors;

11 Any other business to be dealt with by the general meeting in accordance with the Swedish Companies Act or the company's Articles of Association.

10 Election of the board of directors and election of the auditors and deputy auditors;

11 Establishment of guidelines for remuneration to senior executives;

12 Any other business to be dealt with by the general meeting in accordance with the Swedish Companies Act or the company's Articles of Association.

*The English text is a translation of the Swedish articles of association. In case of any discrepancy, the Swedish original will prevail.

It was noted that the proposal was supported by shareholders representing at least two thirds of both the votes cast and the shares represented at the meeting.

16. Proposals by shareholder Thorwald Arvidsson

The AGM rejected the proposals in items 16.1, 16.4 and 16.7–16.13. It was noted that the proposals in items 16.2, 16.3, 16.5 and 16.6 lapse with the rejection of items 16.1 and 16.4. Thorvald Andersson dissented from the decision.

17. Proposal by shareholder Thorwald Arvidsson to amend the articles of association

The AGM rejected the proposals in items 17.1 and 17.2. Thorvald Andersson dissented from the decision.

18. Closing of the AGM

The chairman of the meeting declared the meeting closed.

Minutes taken by:

Lennart Lundahl

Checked by:

Sven Unger

Liselott Ledin

Åsa Nisell