

## PRESS RELEASE

25 March 2015



## NOTICE OF H&M's ANNUAL GENERAL MEETING 2015

Shareholders of H & M Hennes & Mauritz AB (publ) are hereby invited to the annual general meeting (AGM) on Wednesday 29 April 2015 at 3 p.m., at Victoriahallen, Stockholmsmässan, Älvsjö in Stockholm.

### 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 Thursday 23 April 2015

*and* notify their intention to attend the annual general meeting by Thursday 23 April 2015 at the latest, in writing to the address H & M Hennes & Mauritz AB, Carola Ardéhn, 106 38 Stockholm, Sweden, by telephone to +46 (0)8 796 55 00, by fax to +46 (0)8 796 55 44 or on the company's website at [www.hm.com/agm](http://www.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 temporarily registered with Euroclear Sweden AB in their own name. Such re-registration must be effected by Thursday 23 April 2015. 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 24 April onwards.

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

### AGENDA

1. Opening of the AGM.
2. Election of a chairman for the AGM.
3. Address by CEO Karl-Johan Persson followed by an opportunity to ask questions about the company.
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 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.
  - 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 deputy board members.
- 11. Establishment of fees to the board and auditors.
- 12. Election of board members and chairman of the board.
- 13. Establishment of principles for the nomination committee and election of members of the nomination committee.
- 14. Resolution on guidelines for remuneration to senior executives.
- 15. Resolutions on the following matters initiated by shareholder Thorwald Arvidsson:
  - a) Amendment of the articles of association as follows (section 5): Both series A shares and series B shares shall be entitled to one vote.
  - b) Instruct the board to write to the government petitioning that as soon as possible write to the government requesting that an investigation is established with the task of speedily preparing a proposal to amend the Companies Act such that the possibility of differences in voting powers is abolished and that this must be done as soon as possible.
  - c) Instruct the board to take the necessary measures to – if possible – bring about a shareholders' association in the company.
- 16. 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 eight board members with no deputies (previous year eight board members and no deputies).

**Item 11** – The nomination committee proposes that the board fees for each member elected by the general meeting are distributed as follows: chairman of the board SEK 1,550,000; members SEK 550,000; members of the auditing committee an extra SEK 125,000; and the chairman of the auditing committee an extra SEK 175,000.

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 5,825,000, which is an increase of SEK 300,000.

It is proposed that, as previously, the auditor's fees be paid based on the invoices submitted.

**Item 12** – The nomination committee proposes the following board of directors. Re-election of all current board members: Anders Dahlvig, Lottie Knutson, Sussi Kwart, Lena Patriksson Keller, Stefan Persson, Melker Schörling, Christian Sievert and Niklas Zennström.

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

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

### **ESTABLISHMENT OF PRINCIPLES FOR THE NOMINATION COMMITTEE AND ELECTION OF MEMBERS OF THE NOMINATION COMMITTEE, item 13**

*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 2015.*

The nomination committee proposes that the 2015 annual general meeting passes the following resolutions.

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.
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 expenses 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 2016 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 fees to the auditors
  - g) 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.

**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 has proposed Monday 4 May 2015 as the record date. If the resolution is passed, dividends are expected to be paid out by Euroclear Sweden AB on Thursday 7 May 2015.

**PROPOSED RESOLUTION ON GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES, item 14**

The board's proposal to the annual general meeting on 29 April 2015 in respect of guidelines for remuneration of senior executives is essentially the same as the guidelines adopted at the 2014 annual general meeting.

*The board considers it of the utmost importance that senior executives are paid competitive, attractive 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.*

*Like the guidelines adopted at the 2014 annual general meeting, the board's proposal to the 2015 annual general meeting for guidelines for remuneration of senior executives is divided into two parts: general guidelines and supplementary guidelines.*

*The general guidelines are aimed at a group of around 50 senior executives and are based on performance in the previous year, linked to certain quantifiable targets set in advance. The supplementary guidelines are aimed at some of these individuals. The supplementary guidelines are based on performance compared with targets set, but are also conditional upon the senior executive remaining employed by the H&M group for at least five years.*

*The board's reasoning for the supplementary guidelines is as follows: in view of H&M's strong expansion phase and the important development phase that H&M is in, including multi-brand and multi-channel developments, the aim is to ensure that these key individuals in senior positions remain with the H&M group during this important development phase.*

*Below is a more detailed account of the board's proposal to the 2015 AGM for general and supplementary guidelines:*

**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 more than 40 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 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.

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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: Carola Ardéhn  
106 38 Stockholm  
Sweden

Or by e-mail: [hm29april@hm.com](mailto:hm29april@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 2014 will be published at [www.hm.com](http://www.hm.com) on 27 March 2015. 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.

Stockholm, March 2015  
*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 [www.hm.com](http://www.hm.com)

The information in this notice is that which H & M Hennes & Mauritz AB (publ) is required to disclose under stock market rules. It was released for publication at 08:00 (CET) on 25 March 2015.

The notice of the annual general meeting will be published on 25 March 2015 on the company's website [www.hm.com/agm](http://www.hm.com/agm) and on 27 March 2015 in the newspapers DN and SvD, as well as in Post- och Inrikes Tidningar on the website of Bolagsverket, the Swedish Companies Registration Office.

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H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. The company's business concept is to offer fashion and quality at the best price. In addition to H&M, the Group includes the brands COS, Monki, Weekday, Cheap Monday and Other Stories as well as H&M Home. Today the H&M Group has more than 3,500 stores in 57 markets, including franchise markets. In 2014, sales including VAT amounted to just over SEK 176 billion and the number of employees was more than 132,000. For further information, visit [www.hm.com](http://www.hm.com).