

# H&M Group

## Press release

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6 April 2021

### **NOTICE OF ANNUAL GENERAL MEETING**

H & M Hennes & Mauritz AB (publ) (556042-7220) will hold its annual general meeting at 15.00 CEST on Thursday, 6 May 2021.

In view of the risk of spreading coronavirus and the instructions/advice given by the authorities to avoid gatherings, the board of directors has decided to hold the AGM in such a way that participants take part only remotely:

- digitally (online) from a computer or other internet-enabled device, or
- by postal voting.

#### **Digital participation**

Shareholders who wish to attend the AGM digitally must:

*both* be entered in the company's register of shareholders kept by Euroclear Sweden AB in their own name by Wednesday, 28 April 2021,  
*and* notify their intention to attend the annual general meeting no later than Thursday, 29 April 2021, either in writing to the address H & M Hennes & Mauritz AB, c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm (mark the envelope "Årsstämma 2020") or by telephone to +46 (0)8 402 90 48 between 9.00 – 17.00 CEST Monday to Friday, stating that it concerns notice of attendance at the AGM, or on the company's website at [hmgroup.com/agm](http://hmgroup.com/agm)

Shareholders must state in the notice their name, personal identity number or company registration number and their telephone number (daytime), as well as the number of shares held.

Participants will be sent passes as usual. The pass will contain instructions for how to log in to the meeting, make contributions and vote. Further details can be found in the paragraphs below and in the information sheet that is available on H&M's website [hmgroup.com/agm](http://hmgroup.com/agm), and will also be sent to participants when they notify their intention to attend the AGM.

Digital participation is being arranged by Euroclear Sweden and its subcontractor Lumi. To attend the meeting the participant must access the Lumi AGM website at <https://web.lumiagm.com>. This website can be accessed from most web browsers on a computer, laptop or other internet-enabled device such as a tablet or smartphone. To participate in the AGM in this way the participant must log in at <https://web.lumiagm.com> on the day of the AGM.

On logging into the AGM website <https://web.lumiagm.com> on the day of the AGM the participant will be asked to enter a Meeting ID, which is 137-968-845. The participant will then be prompted to enter their unique username and password. These can be found on the pass sent to the participant after they have notified their intention to attend the meeting as described above. Access to the meeting via the website will be available from 14.30 CEST on 6 May 2021. Please note that to be able to participate in and vote at the meeting, participants must have accessed the meeting no later than 15.00 CEST on 6 May 2021; after that time it will no longer be possible to log in. More detailed information on digital attendance at the meeting, including the form the voting procedure will take, is available at [hmgroup.com/agm](http://hmgroup.com/agm). To be able to participate in the AGM digitally it is the participant's responsibility to ensure that they have functioning internet connectivity for the duration of the AGM.

#### **Postal voting**

Shareholders who wish to participate in the AGM through postal voting must:

*both* be entered in the company's register of shareholders kept by Euroclear Sweden AB in their own name by Wednesday, 28 April 2021,  
*and* register their participation no later than 16.00 CEST on Wednesday, 5 May 2021 by submitting a completed and signed postal voting form by post to

H & M Hennes & Mauritz AB, c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm (mark the envelope "Årsstämma 2021") or by email to [GeneralMeetingService@euroclear.com](mailto:GeneralMeetingService@euroclear.com), so that the postal vote is received by Euroclear Sweden AB by the time stated. Shareholders that are natural persons may also cast their votes electronically, using BankID verification, on Euroclear Sweden AB's website <https://anmalan.vpc.se/EuroclearProxy/>. Such electronic votes must be cast by at latest 16.00 CEST on 5 May 2021.

A special form is to be used for postal voting. The form is available on the company's website at [hmgroup.com/agm](http://hmgroup.com/agm). Shareholders that are participating only through postal voting are not required to register for the meeting separately.

A power of attorney must be enclosed with the form if the shareholder is postal voting via a proxy. A power of attorney form will be provided by the company on request and is also available on the company's website at [hmgroup.com/agm](http://hmgroup.com/agm). If the shareholder is a legal entity, the form must also be accompanied by a registration certificate or other authorisation document indicating the authorised signatory.

Shareholders must not add any special instructions or conditions to their postal votes. If they do, the votes (i.e. the postal voting in its entirety) will be invalid. Further instructions and conditions can be found in the postal voting form and at <https://anmalan.vpc.se/euroclearproxy>.

#### **Nominee-registered shares**

Shareholders whose shares are registered in the name of a nominee must re-register their shares in their own name in order to be entitled to participate in the AGM. Such registration may be temporary (known as voting right registration). Voting right registration that has been completed by 30 April 2021 will be taken into account when preparing the register of shareholders.

#### **Proxies**

As usual, it will be possible to be represented at the meeting by a proxy. A power of attorney form is available on the website at [hmgroup.com/agm](http://hmgroup.com/agm).

Digital attendance: If a complete power of attorney form has been received by the company in good time before the passes are sent out, the pass containing your unique username and password will be sent to the proxy. If a complete power of attorney form is not received by the company in good time before the passes are sent out, the pass will be sent to the shareholder.

#### **Information at the AGM**

The CEO will not address the meeting. However, an address by the CEO will be made available on H&M's website on the same day as the meeting takes place.

H&M is aware that many shareholders would like to ask questions about the company, and H&M welcomes such questions and encourages those who wish to raise general questions about the company to contact H&M at the following address: H & M Hennes & Mauritz AB, att Årsstämma 2021, 106 38 Stockholm, or by email to [HM6MAY@hm.com](mailto:HM6MAY@hm.com).

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 as follows:

by post:  
H & M Hennes & Mauritz AB  
Att: Årsstämman  
106 38 Stockholm

or

by email:  
[hm6may@hm.com](mailto:hm6may@hm.com)

## **Privacy policy for processing of personal data in conjunction with general meeting**

For information on how your personal data is processed, see:

<https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>

### **AGENDA**

1. Opening of the AGM.
2. Election of a chairman for the AGM.
3. Election of people to check the minutes.
4. Establishment and approval of voting list.
5. Approval of the agenda.
6. Examination of whether the meeting was duly convened.
7. 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 of senior executives applicable since the last AGM have been followed.
8. 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 sheet.
  - c. Discharge of the members of the board and CEO from liability to the company.
9. Establishment of the number of board members and auditors.
10. Establishment of fees to the board and auditors.
11. Election of board members and chairman of the board.

The nomination committee proposes:

  - 11.1. Stina Bergfors
  - 11.2. Anders Dahlvig
  - 11.3. Danica Kragic Jensfelt
  - 11.4. Lena Patriksson Keller
  - 11.5. Karl-Johan Persson
  - 11.6. Christian Sievert
  - 11.7. Erica Wiking Häger
  - 11.8. Niklas Zennström
  - 11.9. Chairman of the board: Karl-Johan Persson
12. Election of auditor.
13. Election of members of the nomination committee and establishment of principles for the nomination committee.
14. Approval of the board's remuneration report.
15. Resolution on guidelines for remuneration of senior executives.
16. Resolution on the board's proposed amendment to the articles of association
17. Shareholder's proposed amendment to the articles of association.
18. Proposal by shareholder that the company provide information on sustainability goals and disclose certain other information concerning, among other things, remuneration to senior executives.
19. Closing of the AGM.

### **Nomination committee**

The current nomination committee comprises Karl-Johan Persson, chairman of the board; Stefan Persson (Ramsbury Invest), chairman of the nomination committee; Lottie Tham; 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 3** – The nomination committee proposes that Jan Andersson (Swedbank Robur fonder) and Anders Oscarsson (AMF and AMF fonder) check the minutes of the meeting.

**Item 9** – The nomination committee proposes eight board members with no deputies. The nomination committee proposes that one auditor be elected.

**Item 10** – The nomination committee proposes that the board fees for each member elected by the general meeting remain unchanged from the previous year and are distributed as follows: chairman of

the board SEK 1,700,000; members SEK 650,000. It is proposed that the fees for work in the auditing committee are SEK 225,000 for the chairman and SEK 175,000 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 previously, the total fees will be unchanged from the previous year at SEK 6,825,000.

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

**Item 11** – The nomination committee proposes the following board of directors:

Re-election of current board members: Stina Bergfors, Anders Dahlvig, Danica Kragic Jensfelt, Lena Patriksson Keller, Karl-Johan Persson, Christian Sievert, Erica Wiking Häger, Niklas Zennström.

Chairman of the board: re-election of Karl-Johan Persson.

**Item 12** – The nomination committee proposes, in accordance with the recommendation by the auditing committee that has been approved by the whole board as a recommendation, that registered accounting firm Deloitte AB be elected as auditor of the company until the conclusion of the 2022 annual general meeting. Deloitte AB has notified that if the AGM approves the proposal, authorised public accountant Didrik Roos will be the auditor-in-charge.

#### **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 owners measured by voting rights, as far as can be ascertained from the register of shareholders. 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 26 February 2021.*

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

The nomination committee proposes that the 2021 annual general meeting passes the following resolution.

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

1. That the annual general meeting appoint the chairman of the board Karl-Johan Persson as well as Stefan Persson (nominated by Ramsbury Invest AB), Lottie Tham, Jan Andersson (nominated by Swedbank Robur fonder) and Erik Durhan (nominated by Nordea 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 NOMINATION 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 owner measured by voting rights.

4.1. The nomination committee shall submit proposals to the 2022 annual general meeting for the following:

- a) election of a chairman for 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 owners measured by voting rights. The four largest owners 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 a member of the nomination committee 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 four largest owners of the company measured by voting rights.

7. Should a shareholder that nominated a member of the nomination committee no longer be one of the four largest owners of the company measured by voting rights, 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 four largest owners measured by voting rights.

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 owners measured by voting rights” 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, item 8 b**

The board of directors proposes to the 2021 annual general meeting that no dividend is paid and that the funds at the disposal of the general meeting are carried forward.

### **Dividend comment**

The board aims for the H&M group to have sustainable and profitable growth, thereby allowing a good return to the shareholders. The company’s financial position remains strong and the board’s assessment is that there will be good prospects of a cash dividend in autumn 2021. However, since it is not currently possible to get a full overview of the consequences of the ongoing pandemic, and since the company received government assistance in the first quarter of 2021, the board is currently proposing to the annual general meeting that no dividend be paid. The board will come back later in the year with a proposed date and level for resuming the dividend.

### **APPROVAL OF THE BOARD’S REMUNERATION REPORT, item 14**

The board proposes that the annual general meeting approve the board’s remuneration report.

### **THE BOARD’S PROPOSAL TO THE 2021 AGM FOR GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES, item 15**

The guidelines cover remuneration to the CEO, remuneration to board members (aside from board fees) and remuneration to other senior executives. Senior executives means members of the executive management team apart from the CEO. The executive management team comprises the individuals who report directly to the CEO.

The long-term variable remuneration, which applies only to the executive management team including the CEO, will be measured over a five-year period in order to reward long-term value creation for H&M.

#### **How the guidelines contribute to the company's business strategy, long-term interests and sustainability**

The H&M group's business plan aims to deliver long-term, sustainable and profitable growth. The business plan builds on the company's ongoing transformation work and is illustrated by a number of objectives to which the company's sustainability efforts and digital transformation contribute. These objectives are to continue improving the customer offering for all the brands, to build long-term and value-creating customer relationships, to offer an inspiring experience with integrated digital and physical channels, to adapt the supply chain so that it is faster and more flexible based on demand, and to add more revenue streams based on new emerging business models and innovations. Moving successfully towards these objectives is expected to result in finances remaining sound and sustainable, in accordance with the H&M group's target of a strong capital structure with good liquidity and financial flexibility, allowing continued freedom of action for growth and investments.

The board considers it important that senior executives are paid competitive remuneration at a market level, as regards both fixed and variable compensation, based on responsibilities and performance. To work successfully according to the company's business plan and safeguard the company's long-term interests the company needs to be able to recruit, motivate and retain talented, committed employees. Senior executives shall be compensated at what are considered by the company to be competitive market rates, based partly on industry comparisons. Levels of compensation shall be based partly on the significance of the duties performed, i.e. the ability to affect the overall development of the group, and partly on the employee's competencies, experience and performance. Together these decide the level of remuneration for the individual concerned. Over time, the largest portion of the remuneration shall consist of the fixed basic 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.

#### **Types of remuneration etc.**

The total remuneration may consist of the following components:

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

#### *Fixed basic cash 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 fixed basic cash salary shall reflect the individual's area of responsibility, competencies and experience and requires the individual to work in a committed manner at a high professional level.

#### *Variable remuneration*

The variable remuneration may consist of a short-term and a long-term portion.

There shall be a clear link between the level of performance-based variable remuneration paid and the H&M group's financial and sustainable development. Senior executives' variable remuneration shall therefore depend on the fulfilment of targets. The targets shall aim to promote the H&M group's development in both the short and the long term.

**Short-term variable remuneration:** Fulfilment of targets shall be measured over a period of one year. The short-term variable remuneration shall be based on fulfilment of targets in the following areas:

- the H&M group's total sales
- the H&M group's total operating profit
- fulfilment of the objectives in the various areas of the business plan, which include sustainability and
- assessment of leadership and compliance with values

For the last two performance parameters it is the individual's performance within their own area of responsibility that is assessed. For the financial targets, the assessment is to be based on the most recent financial year. The board of directors is responsible for this assessment in the case of short-term variable remuneration to the CEO. In the case of short-term variable remuneration to other senior executives, the CEO is responsible for the assessment.

Each of these four predetermined performance parameters has equal weighting, i.e. each represents a quarter of the total target fulfilment. However, there is a threshold value for the second parameter, i.e. operating profit, which means that if this value is not reached then no short-term variable remuneration will be paid regardless of target fulfilment for the other three parameters. The short-term variable remuneration, which at individual level is based on the extent to which the person's duties and position influence the overall development of the group, may amount to 0-3 months' salary, 0-6 months' salary or 0-12 months' salary. Monthly salary refers to fixed basic cash salary. If the target levels set by the board are fulfilled, half of the maximum remuneration in each range shall be paid. To receive a payment in the higher part of the range within the set framework, therefore, the predetermined target levels are required to be exceeded.

Half of the remuneration payment shall be invested in H&M shares that must be held for at least three years. Each year the board will set target levels for each of the four performance parameters for the coming year.

*Long-term variable remuneration:* The long-term variable remuneration shall be based on target fulfilment measured over five financial years starting from the current 2021 financial year and ending at the close of the 2025 financial year. This period, i.e. 1 Dec 2020 – 30 Nov 2025, is known as the measurement period. The long-term variable remuneration – which shall apply only to the executive management team including the CEO, totalling 15 individuals – shall be based on fulfilment of targets within the following areas:

- the H&M group's total sales
- the H&M group's total operating profit
- fulfilment of the objectives in the various areas of the business plan in total, which include sustainability,
- and
- assessment of leadership and compliance with values.

Each of these four predetermined performance parameters shall have equal weighting, i.e. each represents a quarter of the total target fulfilment. For the long-term variable remuneration the assessment of the financial targets shall be based on a summing up of the past five financial years, with fulfilment of the annual target levels in the short-term arrangement – i.e. within sales and profit – forming the basis for target fulfilment in the long-term arrangement. For the other two performance parameters – i.e. fulfilment of the business plan, and leadership and compliance with values – an overall assessment is to be made of the total for the H&M group for the entire measurement period. After the measurement period has ended the board is responsible for an overall assessment based on the four performance parameters and for deciding the long-term variable remuneration that will be paid to the CEO. The long-term variable remuneration to be paid to other senior executives will be established by the board in consultation with the CEO.

A precondition for receiving the long-term portion shall be that the participants make an initial investment of their own in H&M shares, amounting to around 10 percent of their fixed basic annual cash salary after tax, close to the 2021 annual general meeting. These shares shall then be held for the entire measurement period. After three years, provided they remain employed by the group, the initial investment will be matched by the receipt of a cash amount after tax equal to two times their own initial outlay. This sum is to be invested in H&M shares as soon as possible. These shares are also to be held for the entire measurement period.

The aim of the initial investment of their own in H&M shares as well as the investment of the matching sum in H&M shares is to build up their own shareholding in H&M in order thereby to further align the interests of the executive management team with the interests of the shareholders in the good, long-term development of the company.

The maximum total remuneration within the framework of the long-term variable remuneration arrangement for the entire measurement period, which includes both the matching amount in year 3 and the remuneration in year 5 after the measurement period has ended, may vary between SEK 1.75 million net after tax and SEK 7 million net after tax depending on the individual's duties and the extent to which their position affects the overall development of the group.

The H&M group's total cost, including social security costs, for the long-term variable remuneration is expected to amount to a maximum of around SEK 150 million. A provision of SEK 30 million per year is expected to be made for a total of five years.

### **Pension benefits**

In the case of the CEO, pension benefits – including sickness insurance – are to be on a defined contribution basis. Variable cash remuneration shall not be pensionable. The pension premiums for the year must not exceed 30 percent of the CEO's annual fixed basic salary.

In the case of other senior executives, pension benefits – including sickness insurance – are to be on a defined contribution basis unless the executive is covered by a defined benefit pension plan under the mandatory provisions of collective bargaining agreements. The pension premiums for the year must not exceed 40 percent of the senior executive's annual fixed basic salary.

The cost of the present commitments is partly covered by separate insurance policies.

The retirement age for the CEO is 65.

The retirement age for other senior executives varies between 62 and 65 years.

### *Other benefits*

Senior executives may receive other benefits such as wellness subsidies, car allowances and medical insurance. The total annual costs associated with other benefits must not exceed 20 percent of the individual's annual fixed basic salary.

### **Termination of employment**

The period of notice for senior executives may vary between three and 12 months. Variable remuneration is not to be paid if the individual has given notice to terminate their employment.

The CEO is entitled to 12 months' notice. In the event that the company terminates the CEO's employment contract, a year's fixed basic cash salary may also be paid to the CEO as severance pay. No other severance pay is payable.

### **Salary and employment terms for other employees of the company**

When preparing the board's proposed guidelines for remuneration to senior executives consideration was given to the salary and employment terms of the company's other employees by using information concerning the employees' total remuneration, the components of the remuneration and the increase in and rate of increase in the remuneration over time as part of the basis on which the board assessed whether the guidelines, and the resulting limitations, are reasonable.

### **Consultancy fees**

Where a board member performs work for the company (including through a wholly owned company) in addition to their board work, a separate fee may be paid for this (consultancy fee). Such fee shall not exceed the board fee paid to the member concerned. The fee is to be based on the current market rate and be proportionate to the benefit for the company and the extent to which such work contributes to the good financial and sustainable development of the H&M group.

### **Decision process for establishment, review and implementation of the guidelines**

The company has no remuneration committee, since the board of directors deems it more appropriate for the entire board to carry out the tasks of a remuneration committee. The board prepares proposed guidelines for remuneration to senior executives and these proposals are presented at the annual general meetings. The board is to prepare a proposal for new guidelines at least every four years and submit the proposal for decision by the annual general meeting. The guidelines shall apply until new guidelines have been adopted by the annual general meeting. The board shall also monitor and evaluate programmes for variable remuneration to the company's management and the application of the guidelines for remuneration to senior executives, as well as current remuneration structures and levels in the company. The board shall further decide on the CEO's salary in accordance with the guidelines in effect and shall continually evaluate the work of the CEO. Once a year this matter is to be discussed separately in conjunction with the setting of the CEO's remuneration for the coming year. To avoid conflicts of interest, no member of the company's management is to be present when the board discusses remuneration matters.

## **Other**

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. The programme was adopted by a previous annual general meeting and is not covered by these guidelines.

Regarding employment terms falling under rules other than Swedish rules, in the case of pension benefits and other benefits the guidelines are to be adapted as appropriate to comply with any such mandatory rules or established local practice, while fulfilling the general aim of the guidelines as far as possible.

The board may decide to temporarily deviate from the guidelines in full or in part if there is particular reason to do so in an individual case and this is necessary in order to provide for the company's long-term interests and sustainability or to ensure the financial viability of the company.

## **Description of significant changes to the guidelines and how shareholders' views have been taken into account**

The pandemic has speeded up many changes in society and the industry that were already driving the H&M group's transformation. Digitalisation has accelerated and awareness of the importance of sustainable development has increased. In the H&M group's ongoing transformation it is important to have a good balance between short-term and long-term decisions. The proposed guidelines therefore include supplementary long-term variable remuneration for the executive management team while also clarifying the performance parameters for the short-term variable remuneration. In addition, the relationship between variable and fixed remuneration has been made clearer, and certain other changes have been made. The changes are in line with views presented by shareholders.

## **RESOLUTION ON AMENDMENT OF THE ARTICLES OF ASSOCIATION, item 16**

The board of directors proposes the following amendment to the articles of association.

Chapter 7 § 4 of the Swedish Companies Act (2005:551) states that the board may collect powers of attorney prior to a general meeting if this is laid down in the articles of association. Chapter 7 § 4 of the Companies Act further states that the articles of association may state that prior to a general meeting, the board of directors may resolve that the shareholders shall be entitled to exercise their voting rights by post prior to the general meeting.

The board proposes that a new § 15, with the wording below, is introduced into the articles of association and that the numbering of the articles of association is changed so that the current § 15 becomes § 16.

### **§ 15**

#### ***Proposed wording***

The board may collect powers of attorney in accordance with the procedure set out in Chapter 7 § 4 second paragraph of the Swedish Companies Act (2005:551). Prior to a general meeting, the board of directors may resolve that the shareholders shall be entitled to exercise their voting rights by post prior to the general meeting in accordance with what is stated in Chapter 7 § 4a of the Swedish Companies Act (2005:551).

## **Required majority**

Under the Swedish Companies Act (2005:551) the meeting's resolution on amendment of the articles of association must be supported by shareholders holding not less than two thirds of both the votes cast and the shares represented at the general meeting.

## **Other proposed resolutions etc.**

### **Item 8 b**

The shareholder Clean Clothes Campaign International Office ("CCC") proposes that the annual general meeting call on the company's board of directors to pay no dividend for this financial year. The company's earnings shall instead be used to ensure all workers in H&M's supply chain are paid remuneration equal to, or greater than, what they were paid at the time before the Covid-19 pandemic started. In addition, those workers who have lost their jobs shall receive the severance pay to which they are entitled. For this reason, CCC asks H&M to sign up to the guarantee fund for severance pay for workers ("the Severance Guarantee Fund") which more than 200 civil society organisations and trade unions are demanding be established.

### **Item 17**

The shareholder Fondazione Finanza Etica proposes that § 14 of the articles of association be amended by adding the following item:

Item 12. Annual proxy vote and report on climate change. The annual corporate proxy statement shall include a proposal requiring an advisory vote by the shareholders expressing non-binding advisory approval or disapproval of the company's public climate policies and strategies, taking into account key climate-related benchmarks.

The board of directors is authorised to include in the company's annual corporate proxy statement, or in another publication, a report that characterises the scale and pace of its responsive measures associated with climate change, including referring – according to the board's assessment – to the company's alignment with climate-related benchmarks.

Nothing in this section shall be construed as constraining the board's or the management's discretionary powers as regards disclosing or managing issues related to a climate transition.

### **Item 18**

The shareholder Fondazione Finanza Etica proposes that H&M:

- fully reports the sustainability goals that must be achieved in order for variable remuneration to be paid to senior executives and annually reports the performance of senior executives against those goals;
- discloses precisely the executives to which the abovementioned goals apply;
- publishes the ratios of fixed to variable pay for the group's CEO and chairman as well as the average ratio of fixed to variable pay for the company's senior executives;
- indicates what part of the variable remuneration is based on sustainability criteria that are linked to a long-term incentive plan; and, where applicable, explains whether other comparable companies' remuneration systems have been taken into account when establishing the remuneration system for senior executives; and
- provides information on whether external advisors took part in the developing the remuneration system and, if so, which advisors these are.

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### **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 company urges shareholders to monitor the information provided by the Public Health Agency of Sweden and the communications about the AGM on H&M's website at [hmgroup.com/agm](http://hmgroup.com/agm).

The annual report for 2020 was published at [hmgroup.com/agm](http://hmgroup.com/agm) on 6 April 2021. It is 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 and auditor's statement, the board's remuneration report and the correspondence from shareholders proposing the resolutions in items 8b, 17 and 18.

Stockholm, April 2021  
H & M Hennes & Mauritz AB (publ)  
The Board of Directors

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

The notice of the annual general meeting is being published on 6 April 2021 on the company's website [hmgroup.com/agm](https://hmgroup.com/agm).

On 7 April 2021 the notice will be published in Post- och Inrikes Tidningar (the 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, & Other Stories, H&M HOME and ARKET as well as Afound. The H&M group has 53 online markets and approximately 4,950 stores in 74 markets including franchise markets. In 2020, net sales were SEK 187 billion. The number of employees amounts to approximately 153,000. For further information, visit [hmgroup.com](https://hmgroup.com).*

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