

## **Unauthorized translation of the Swedish original**

Minutes of the Annual General Meeting of  
H & M Hennes & Mauritz AB (556042-7220) held in  
Stockholm on 29 April 2014

### **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.

### **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 1,116,504,869 and the total number of votes 2,866,104,869. 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.

## **6. Election of people to check the minutes**

Liselott Ledin (Alecta) and Jan Andersson (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 1 April 2014 in Post- och Inrikes Tidningar, Svenska Dagbladet and Dagens Nyheter, and also on the company's website on 28 March 2014. A press release concerning the notice was issued on 28 March 2014.

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 the 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 2012 to 30 November 2013 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 Bo Lundquist 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 Election Committee on the work of the Election Committee**

Stefan Persson reported on the work of the Election 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 sheet, and on 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 9.50/share

The remainder to be carried forward as retained earnings

The AGM resolved that the record date for the dividend should be 5 May 2014.

**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 Election 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 Election 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 1,500,000 to the Chairman of the Board,

SEK 525,000 to each of the other Board members,

SEK 150,000 extra to the chairman of the Auditing Committee, and

SEK 100,000 extra to each of the other members of the Auditing Committee.

The Election Committee proposed that the auditors' fees should be paid based on invoices submitted, as previously.

Thorvald Arvidsson proposed that the auditors should be paid in accordance with approved invoices.

The AGM resolved that the auditors' fees should be paid based on invoices submitted. Thorvald Andersson dissented from the decision.

## **12. Election of Board members and Chairman of the Board**

In accordance with the Election Committee's proposal the AGM elected the following persons for the period until the end of the next AGM:

### Regular Board members:

Anders Dahlvig

Lena Patriksson Keller

Lottie Knutson

Sussi Kwart

Stefan Persson

Melker Schörling

Christian Sievert

Niklas Zennström

### Chairman of the Board:

Stefan Persson

## **13. Establishment of principles for the Election Committee and election of members of the Election Committee**

The Election Committee's proposal in respect of principles for the Election Committee and election of members of the Election Committee was presented.

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

1. The AGM appointed the Chairman of the Board plus 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 Election Committee. This Election Committee shall take up its duties immediately.

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

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

4. The Election Committee shall submit proposals to the 2015 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 on the Board committees)

d) election of Board members

e) election of Chairman of the Board

f) resolution on fees to the auditors

g) election of Election Committee, or resolution on principles for the establishment of the Election Committee, as well as resolution on instructions for the Election Committee.

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

6. Should a member leave the Election Committee before its work is complete and the Election Committee deems it necessary to replace this member, the Election 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 Election Committee may resolve that the member nominated by that shareholder shall leave the Committee. In which case, and even in the event that the Election Committee resolves that the member concerned shall not leave the Committee, the Election 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 Election Committee to propose a member decline to make a proposal, the Election Committee shall invite the next largest shareholder that has not previously nominated a member of the Election Committee.

9. Changes to the composition of the Election Committee shall be published as soon as possible.

Thorvald Andersson proposed the following addition to the Election Committee's proposal: When performing their duties on the Election Committee, the members should attach particular importance to matters related to gender and ethnicity.

The AGM resolved not to approve the proposed addition. Thorvald Andersson dissented from the decision.

#### **14. Resolution on guidelines for remuneration to senior executives**

The AGM established the following guidelines for remuneration to senior executives.

##### **GENERAL GUIDELINES**

The term "senior executives" covers the Chief Executive Officer, 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. 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 Chief Executive Officer.

#### *Pension terms etc. for the Chief Executive Officer*

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

#### *Variable remuneration*

The Chief Executive Officer, 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 Chief Executive Officer 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 Chief Executive Officer and the Chairman of the Board, receive one-off payments 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, which are primarily aimed at executive management but also at certain other key individuals. The Chief Executive Officer is not, however, included in the supplementary guidelines. Overall, around a third of the senior executives who are covered by the above mentioned general guidelines are also covered by the supplementary guidelines.

The supplementary guidelines are based on a "stay on board" principle, which means that the remuneration linked to the supplementary guidelines is conditional upon the senior executive remaining employed within the H&M Group for at least five years. Provided that the 2014 AGM approves the programme, the five-year rule applies from and including May 2014 up to and including May 2019.

*Cash remuneration in 2019*

Provided that the “stay on board” principle is fulfilled, the senior executives covered by the supplementary guidelines are 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.

**15. Closing of the AGM**

On behalf of the company Stefan Persson thanked the outgoing Board members Bo Lundquist and Mia Brunell Livfors for their valuable contributions to the company.

The chairman of the meeting declared the meeting closed.

Minutes taken by:

Lennart Lundahl

Checked by:

Sven Unger

Liselott Ledin

Jan Andersson