


HENNES & MAURITZ AB (H&M)

MEETING DATE	Tue, 03 May 2016 15:00 pm	TYPE	AGM	ISSUE DATE	Fri, 22 Apr 2016
MEETING LOCATION	Aula Medica, Erling Persson Hall, Nobels väg 6, Karolinska Institutet in Solna				
CURRENT INDICES	FTSE EuroFirst				
SECTOR	Apparel Retailers				

	PROPOSALS	ADVICE
1	Opening of the meeting Non-voting agenda item.	Non-Voting
2	Election of a Chairman for the AGM: Sven Unger Non-voting agenda item.	Non-Voting
3	Address by CEO Karl-Johan followed by an opportunity to ask questions about the Company Non-voting agenda item.	Non-Voting
4	Preparation and approval of the voting list Non-voting agenda item.	Non-Voting
5	Approve agenda of meeting Non-voting agenda item.	Non-Voting
6	Election of persons to check the minutes Non-voting agenda item.	Non-Voting
7	Examination of whether the meeting has been duly convened Non-voting agenda item.	Non-Voting
8.A	Presentation of the annual report Non-voting agenda item.	Non-Voting
8.B	Statement by the Company's auditor and the Chairman of the auditing committee Non-voting agenda item.	Non-Voting
8.C	Statement by the Chairman on the work of the Board Non-voting agenda item.	Non-Voting
8.D	Statement by the Chairman of the nomination committee on the work of the nomination committee Non-voting agenda item.	Non-Voting
9	Receive the Annual Report Disclosure is adequate. The financial statements were made available sufficiently before the meeting and have been audited and certified. No serious governance concerns have been identified.	For
9.B	Approve the Dividend Proposal to distribute a dividend of SEK 9.75 per share. Covered by earnings.	For
9.C	Discharge the Board Standard proposal. No serious governance concerns have been identified. Acceptable proposal.	For
10	Set the Number of Board Directors The Nomination Committee proposes to set the number of Directors to be elected on the Board to eight Directors no deputy members. This complies with the minimum requirement under Swedish Companies Act 8 Chap para. 46 of three Directors. Acceptable proposal.	For
11	Approve Fees Payable to the Board of Directors and the Auditor The Board is seeking approval for Board and Committee membership fees for Non-Executive Directors. No increase has been proposed. Acceptable proposal.	For

12	<p>Elect the members of the Board of Directors</p> <p>The Nomination Committee proposes the re-election of the following Directors: Anders Dahlvig, Lena Patriksson Keller, Stefan Persson, Melker Schörling, Christian Sievert and Niklas Zennström. As Lottie Knutson and Sussi Kvart will not stand for re-election, the Nomination Committee proposes the election of Stina Honkamaa Bergfors and Erica Wiking Häger as new members of the Board. There is sufficient independent representation on the Board. Acceptable proposal.</p>	For
13	<p>Elect the Nomination Committee and approve the guidelines</p> <p>Proposal to elect 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. There are concerns regarding its composition, as the Chairman of the Board is also the major shareholder and proposed as Chairman of the Nomination Committee, which deviates from the Swedish Code of Corporate Governance. Triodos opposes this resolution.</p>	Oppose
14	<p>Approve the remuneration to the senior executives</p> <p>It is proposed to approve the remuneration guidelines with a binding vote. Variable remuneration appears to be consistently capped, and the payout is in line with best practice. However, the Company has not disclosed quantified targets or performance criteria for its variable remuneration component, which may lead to overpayment against underperformance. In addition, there are no claw back clauses in place over the entirety of the variable remuneration component, which makes it unlikely for shareholders to reclaim that variable remuneration unfairly paid out.</p> <p>Based on the lack of quantified targets, Triodos opposes this resolution.</p>	Oppose
15	<p>Amend Articles: Item 15</p> <p>It is proposed to amend the Articles of Association to change the wording in relation to the object of the enterprise, auditor appointments, and general meeting agenda items. No serious corporate governance concerns have been identified. Acceptable proposal.</p>	For
16.1	<p>Shareholder Resolution: Adopt a zero vision with regard to anorexia within the industry</p> <p>Shareholder proposal to adopt a zero vision with regard to anorexia within the industry. Whilst the resolution seems commendable, the shareholder has not brought forward sufficient supporting information to justify it. Triodos opposes this resolution.</p>	Oppose
16.2	<p>Shareholder Resolution: Instruct the Board of Directors to appoint a working party to realise this zero vision as far as possible</p> <p>Shareholder proposal to instruct the Board of Directors to appoint a working party to realise this zero vision as far as possible. In light of the concerns noted in resolution 16.1, Triodos opposes this resolution.</p>	Oppose
16.3	<p>Shareholder Resolution: The result is to be reported to the AGM each year in writing</p> <p>Shareholder proposal to report the result of the zero vision at each AGM in writing. In light of the concerns noted in resolution 16.1, Triodos opposes this resolution.</p>	Oppose
16.4	<p>Shareholder Resolution: Adopt a vision of equality at all levels within the Company between men and women</p> <p>Shareholder proposal to adopt a vision of equality at all levels within the Company between men and women. It is noted that the Company has disclosed a very limited amount with regards to diversity targets, in light of which, a vision as described by the shareholder, would be commendable. Acceptable proposal.</p>	For
16.5	<p>Shareholder Resolution: Appointment of a working party to realise this vision in the longer term and to carefully monitor developments in the areas of both equality and ethnicity</p> <p>Shareholder proposal to instruct the Board of Directors to appoint a working party to realise the vision of equality in the longer term and to carefully monitor developments in the areas of both equality and ethnicity. The Proponent has not brought forward information on the potential costs involved in appointing such a party as well as a description of its relevance. Triodos supports this resolution.</p>	For

16.6	Shareholder Resolution: Annually submit a written report to the AGM Shareholder proposal to annually submit a written report to the AGM, through inclusion of the report in the printed annual report, with regards to equality targets. Acceptable proposal.	For
16.7	Shareholder Resolution: Shareholder's association in the Company Shareholder proposal to instruct the Board to take the necessary measures to bring about a shareholders association in the Company. There is already a Nomination Committee at the Company and, although not considered to be compliant with the Corporate Governance Code recommendations, it is believed that shareholders should try to amend its functions first, instead of creating a parallel and unclear (as to the scope) association of shareholders. Triodos opposes this resolution.	Oppose
16.8	Shareholder Resolution: Members of the Board shall not be permitted to invoice their Board fees via a legal entity, Swedish or foreign Shareholder proposal that a board member may not have a legal entity to invoice remuneration for work on the Board of Directors. There is no further disclosure on the rationale behind the proposal, and as such, Triodos opposes this resolution.	Oppose
16.9	Shareholder Resolution: Instruct the Board to draw attention, by contacting the relevant authority, to the need for a change in the rules in the area concerned Shareholder proposal to instruct the Board to draw attention, by contacting the relevant authority (the government and/or the Swedish Tax Agency), to the need for a change in the rules in the area concerned. There is no further disclosure on the rationale behind the proposal, and as such, Triodos opposes this resolution.	Oppose
16.10	Shareholder Resolution: Matters associated with ethics, gender and ethnicity Shareholder proposal that the Nomination Committee, in the performance of its tasks, is to pay particular regard to matters associated with ethics, gender and ethnicity. As there is minimal disclosure of issues and targets related to ethics, gender and ethnicity, Triodos supports this resolution.	For
16.11	Shareholder Resolution: Introduce a national so-called "politician quarantine" Shareholder proposal to instruct the Board to draw attention, by contacting the government, to the need to introduce a national so-called "politician quarantine". Proposal sound in principle, however writing to the government may be seen as lobbying, which has the potential of creating further governance concerns. Triodos opposes this resolution.	Oppose
16.12	Shareholder Resolution: Instruct the Board to draw up a proposal for representation of the small and medium sized shareholders on both the Company's Board of Directors and the nomination committee Shareholder proposal to instruct the Board to draw up a proposal for representation of the small and medium sized shareholders on both the Company's Board of Directors and the nomination committee, to be submitted to the 2017 AGM or an EGM convened before that. Whilst commendable, there is no further disclosure on the scope for such a procedure. Triodos opposes this resolution.	Oppose
16.13	Shareholder Resolution: Instruct the Board to draw attention to, by contacting the government, to the desirability of a change in the law such that the possibility of graduated voting rights in Swedish Limited Companies is abolished Shareholder proposal to instruct the Board to draw attention to, by contacting the government, to the desirability of a change in the law such that the possibility of graduated voting rights in Swedish Limited Companies is abolished. Proposal sound in principle, however writing to the government may be seen as lobbying, which has the potential of creating further governance concerns. Triodos opposes this resolution.	Oppose
17.1	Shareholder Resolution: Amend Article section 5 Shareholder proposal to remove multiple voting rights from the Bylaws. In accordance with one-share, one-vote. Acceptable proposal.	For

17.2	Shareholder Resolution: Amend Article section 7 Shareholder proposal to amend the Bylaws to supplementing Article 7 with a second paragraph stating that "Persons who were previously government ministers must not be appointed as members of the board until two years have passed since the person concerned left their ministerial position. Other full-time politicians paid from the public purse must not be appointed as members of the board until one year has passed since the person concerned left their position, except where there is particular reason to allow otherwise." The proposal is sound; however the proponent has not disclosed further information on the rationale behind it. Triodos opposes this resolution.	Oppose
18	Closing of the meeting Non-voting agenda item.	Non-Voting

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 9 - Receive the Annual Report

In November 2014, the Directive 2014/95/EU was published and Member States will have until end of 2016 to transpose the Directive into national legislation and companies will start reporting as of their financial year 2017. The Directive has legislative relevance for all the European Economic Area and as such should be implemented also by members of the European Free Trade Association. Under the Directive, companies should provide disclosure of non-financial information (policy and practice) in the annual report or on a separate report, made available at the latest 6 months after the date of the balance sheet. The European Commission has been tasked with publishing non-binding reporting guidelines by December 2016. Although the provisions contained in the Directive are not yet binding, they are considered to set the bar of best practice. PIRC maintains that corporations should not passively abide by minimum standards set in regulation, but actively exceed minimum thresholds and seek best practice. PIRC will accurately monitor the presence and the quality of non-financial information.

Proposal 12 - Elect the members of the Board of Directors

It is common practice for Board members in Sweden to be elected using a slate system. Slate elections are evaluated taking into consideration the balance of independent representation on the Board. An oppose vote is recommended where an insufficient number of independent Directors are included.

The election of directors based on slate of candidates prevents shareholders from having voice over individual candidates in particular situations. In regards to this issue, shareholders of Swedish companies have the right to request individual director election and automatic vote count. However, there are a number of hurdles against a more direct participation of shareholders in electing directors. First, shareholders who wish to present the request at the meeting must either attend in person, or appoint a proxy. Shareholders that have voted through custodian will not be able to submit individual votes due to voting deadlines for proxy voting (this applies especially for international investors). Secondly, it is unclear at this point whether shareholders can submit candidates directly or have to do it indirectly, by asking the Nomination Committee to include candidates for individual election (however, the latter seems to be the most common, with the Committee not being obliged to submit to vote all the proposals it receives). Thirdly, the Swedish Companies Act at Section 16 mandates that shareholder proposals must be addressed at the meeting only if they arrive in time for the inclusion in the agenda (seven week prior to the meeting) and that only the resolutions in the notice of meeting can be submitted to a vote. In practice, if the Articles do not provide that individual election of directors could be inserted in the agenda at the meeting, shareholders must request it in advance and include it in the notice, or may be prevented from including individual election at the meeting. The introduction of new procedures for individual election of directors has been however discarded in a policy paper in October 2015 during the 2015 review of the Corporate Governance Code.

Proposal 13 - Elect the Nomination Committee and approve the guidelines

According to the recommendations of the Corporate Governance Code as of November 2015, the Nomination Committee is to have at least three members, one of whom is to be appointed committee chair. The majority of the members of the Nomination Committee are to be independent of the company and its executive management. At least one member of the Nomination Committee is to be independent of the company's largest shareholder in terms of votes or any group of shareholders who act in concert in the governance of the company. Neither the chief executive officer nor other members of the executive management are to be members of the Nomination Committee. Neither the Chairman of the board nor

any other member of the Board may chair the Nomination Committee. If more than one member of the board is on the Nomination Committee, no more than one of these may be dependent of a major shareholder in the Company.

Proposal 16.1 - Shareholder Resolution: Adopt a zero vision with regard to anorexia within the industry

All shareholder proposals have been brought forward by Thorwald Arvidsson.

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Researcher: Sika Coovi
Email: pircresearcheu@pirc.co.uk

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Pensions & Investment Research Consultants Limited
8th Floor, Suite 8.02, Exchange Tower
2 Harbour Exchange Square
E14 9GE

Tel: 020 7247 2323
Fax: 020 7247 2457
<http://www.pirc.co.uk>

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