

Errands to H & M Hennes & Mauritz Annual general meeting 2020

Other proposals

Punkt 14

Shareholder proposal from Fondazione Finanza Etica

As long-term shareholders, we believe that compensation metrics should incentivise the creation of sustainable, long term value. Furthermore, we believe that disclosing sustainability targets for the remuneration of senior executives would increase company responsiveness to shareholders who are seeking information about the company's response to the current social and environmental challenges in the apparel and footwear sector. Lastly, overall transparency of remuneration policies is crucial for a comprehensive evaluation of managers' performance by shareholders, in order to rein in excessive levels of executive compensation while encouraging boards to adopt compensation structures that tie executive pay more closely to performance.

Be it resolved that H&M

- fully discloses the sustainability targets that must be fulfilled by all members of the senior executive team to trigger variable remuneration and annually reports the performance of senior executives against those targets;
- discloses precisely the members of the executive management team and responsible for other group functions to which the above mentioned targets apply;
- discloses 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 senior executive team;
- indicates and, where applicable, explains whether comparable companies have been taken into account in order to establish the company's remuneration policy for the senior executive team;
- provides information on whether any external advisors took part in the definition of the remuneration policy and, if so, their identity.

Supporting statement we recommend that the above mentioned sustainability targets and further details on H&M's remuneration policy:

- are disclosed in the board's proposals to the AGM for guidelines for remuneration of senior executives or, in alternative, in the H&M group sustainability report;
- include precise targets on the improvement of worker health, safety and wage practices along the group's supply chain with specific targets related to living wage.