

Account of the work of H&M's nomination committee ahead of the 2017 annual general meeting

According to previously applied principles for the nomination committee, H&M shall have a nomination committee made up of the chairman of the board plus four other members nominated by the four largest shareholders in terms of the number of votes, not including the shareholder that the chairman of the board may represent.

The following nomination committee was appointed at the 2016 annual general meeting:

Stefan Persson, chairman of the board
Lottie Tham
Liselott Ledin (Alecta)
Jan Andersson (Swedbank Robur fonder)
Anders Oscarsson (AMF and AMF Fonder)

Stefan Persson is chairman of the nomination committee. The members of the nomination committee represent 74.4 percent of the votes in H & M Hennes & Mauritz AB as at 28 February 2017. The above nomination committee shall continue to exist until a new nomination committee is appointed.

Work of the nomination committee

Since the 2016 AGM the nomination committee has held one minuted meeting and the members have also been in ongoing contact.

The 2016 AGM resolved that unless the members of the nomination committee agree otherwise, the chairman of the nomination committee shall be the member representing the largest shareholder. The nomination committee accordingly appointed Stefan Persson as chairman. This deviates from section 2.4 of the Swedish Corporate Governance Code. The nomination committee was unanimous that Stefan Persson, in his capacity as both chairman of the board and principal shareholder, is the natural choice for chairman.

Stefan Persson gave a verbal report to the nomination committee on the work of the board, which has functioned well over the year.

The board member Melker Schörling has notified the nomination committee that, for health reasons, he is not standing for re-election at the 2017 AGM. In view of the large changes in the composition of the board of directors that have taken place over the past three years, with nearly half of the members of the board being newly elected, the nomination committee has decided to prioritise continuity in the board work. The nomination committee therefore proposes to the AGM that for the time being, the board is reduced by one person to seven members.

Since the last annual general meeting the nomination committee has received an open letter from the Swedish Shareholders' Association emphasising the importance of careful consideration of whether the proposed candidates have the time required to attend to the interests of the company and its owners. H&M's nomination committee assesses that the proposed members are able to devote the time and care required to their position on the board of H&M.

The nomination committee's proposed resolutions

The nomination committee proposes the following resolutions to the 2017 AGM:

- Lawyer Sven Unger as chairman of the meeting.
- Seven board members elected by the general meeting, with no deputies.
- Re-election of the following board members: Stina Bergfors, Anders Dahlvig, Lena Patriksson Keller, Stefan Persson, Christian Sievert, Erica Wiking Häger and Niklas

Zennström.
Melker Schörling is not standing for re-election.

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

See hm.com for more information on the proposed board members.

- Election of auditor. The nomination committee proposes that the accounting firm Ernst & Young (EY) be elected as auditor for the period until the conclusion of the 2018 annual general meeting, as recommended by the auditing committee.
- The nomination committee proposes that board fees are paid to each member elected by the general meeting as follows (previous year's figures in parentheses): chairman of the board SEK 1,675,000 (1,625,000); members SEK 600,000 (575,000). It is proposed that the chairman of the auditing committee receives an extra fee of SEK 200,000 (175,000) and the other members of the auditing committee SEK 150,000 (125,000) each.

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 5,775,000.

- It is proposed that the auditor's fees be paid based on approved invoices.
- Establishment of principles for the nomination committee and election of members of the nomination committee. See Annex 1.

The nomination committee's reasoning for the composition of the board

The nomination committee judges that the proposed board of directors accords well with section 4.1 of the Swedish Corporate Governance Code, which the nomination committee applies as a diversity policy. In the nomination committee's opinion, the proposed board is characterised by diversity and breadth as regards expertise, experience, background and gender balance.

Members Stina Bergfors and Erica Wiking Häger, who were elected to the board at the 2016 AGM, have brought with them valuable expertise and experience particularly within media, digitalisation, entrepreneurship, commercial law, sustainability and risk management, complementing and enhancing very well the expertise provided by the rest of the board.

The nomination committee has continued to aim for gender balance, which H&M's board has had for many years. Of the board members currently proposed for election by the AGM, three are women and four are men (corresponding to 43 percent and 57 percent respectively). The board thus achieves with a good margin the ambition communicated by the Swedish Corporate Governance Board, which wants owners to speed up developments towards a share of around 40 percent for the less well represented gender on the boards of major listed companies by 2020. For 2017, the goal has been set at 35 percent.

The nomination committee has also discussed the board members' independence and assessed that the proposed board composition satisfies current requirements in respect of the members' independence, stock market experience and accounting or auditing expertise.

Stockholm, March 2017

The Nomination Committee of H & M Hennes & Mauritz AB (publ)

Annex 1

ESTABLISHMENT OF PRINCIPLES FOR THE NOMINATION COMMITTEE AND ELECTION OF MEMBERS OF 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 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 2017.

The nomination committee proposes that the 2017 annual general meeting passes the following resolution.

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 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 2018 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 the number of auditors
- g) resolution on fees to the auditors
- h) election of auditor
- i) 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.