

Account of the work of H&M's nomination committee ahead of the 2015 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 2014 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 75.3 percent of the votes in H & M Hennes & Mauritz AB as at 28 February 2015. The above nomination committee shall continue to exist until a new nomination committee is appointed.

Work of the nomination committee

Since the 2014 AGM the nomination committee has held one minuted meeting and the members have also been in contact on other occasions. Stefan Persson gave a verbal report on the work of the board, which has functioned well over the year.

Ahead of the 2014 AGM the nomination committee produced a proposal for two new board members, Lena Patriksson Keller and Niklas Zennström, who were elected to H&M's board at the AGM held on 29 April 2014. The new board members have added valuable expertise and experience – particularly within fashion and communications, IT and online operations – that complements the expertise provided by the rest of the board. Since this substantial change to the board took place in conjunction with the 2014 AGM, the nomination committee does not consider there to be any need to refresh the board further at present. The nomination committee ahead of the 2015 AGM will thus propose to the AGM that all the current board members are re-elected.

Since the last AGM the nomination committee has received a letter from a shareholder proposing a new board member. The nomination committee has given consideration to this proposal, but refers to its reasoning above in respect of the proposed composition of the board.

Stefan Persson is the nomination committee's chairman. This deviates from section 2.4 of the Swedish Corporate Governance Code. The 2014 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 has found no reason to decide otherwise. 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.

The nomination committee's proposed resolutions

The nomination committee proposes the following resolutions to the 2015 AGM:

- Lawyer Sven Unger as chairman of the meeting.
- Eight board members and no deputies.
- The nomination committee proposes the following board of directors. Re-election of the following current board members: Anders Dahlvig, Lottie Knutson, Sussi Kvart, Lena Patriksson Keller, Stefan Persson, Melker Schörling, Christian Sievert and Niklas Zennström.

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

- The nomination committee proposes that the board fees for each member elected by the general meeting are distributed as follows: chairman of the board SEK 1,550,000; members SEK 550,000; members of the auditing committee an extra SEK 125,000; and the chairman of the auditing committee an extra SEK 175,000.

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 5,825,000, which is an increase of SEK 300,000.

- It is proposed that, as previously, the auditor's fees be paid based on the invoices submitted.
- 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 composition of the board of directors accords well with section 4.1 of the Swedish Corporate Governance Code, i.e. that the proposed board is characterised by diversity and breadth of expertise, experience, background and gender balance.

It is felt that the proposed composition of the board more than satisfies the requirements made of expertise and experience, taking into account the company's operations and future development.

The nomination committee aims for gender balance and H&M's board has had a good gender balance for many years. Of the board members currently proposed, three are women and five are men (corresponding to 37.5 percent and 62.5 percent respectively, excluding employee representatives). The Swedish Corporate Governance Board wants owners to speed up the development towards achieving a share of around 40 percent for the less well represented gender overall on the boards of listed companies in 2020. Large companies should have achieved around 35 percent on average already in 2017. The board of H&M thus meets the Corporate Governance Board's level of ambition for major companies for 2017. To achieve continued gender balance H&M's nomination committee discusses this each year and accordingly identifies future board candidates with relevant backgrounds and experience on a continuous basis.

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

Last year the board had a major refresh as two new members were elected, which broadened the board's expertise in the following areas: fashion, communications, IT and online operations. In view of this, the nomination committee felt that continuity of board work is important this year and at present sees no need for further changes; it and has thus proposed to the 2015 AGM that the composition of the board remains unchanged.

More detailed information on the proposed board members can be found at www.hm.com under Corporate Governance, AGM.

March 2015

The Nomination Committee of H & M Hennes & Mauritz AB

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 2015.

The nomination committee proposes that the 2015 annual general meeting passes the following resolutions.

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 expenses 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 2016 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 fees to the auditors
- g) 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.