

Account of the work of H&M's nomination committee ahead of the 2016 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 2015 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 75.1 percent of the votes in H & M Hennes & Mauritz AB as at 29 February 2016. The above nomination committee shall continue to exist until a new nomination committee is appointed.

Work of the nomination committee

Since the 2015 AGM the nomination committee has held three minuted meetings 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.

In advance of the annual general meeting the nomination committee prepared proposals for refreshing the composition of the board of directors, it being felt that two new board members – Stina Honkamaa Bergfors and Erica Wiking Häger – will make valuable contributions to the works of the board through their respective areas of expertise and experience.

Stina Honkamaa Bergfors, through her positions with companies such as Google and IKEA, has sound and valuable expertise within media, digitalisation, entrepreneurship and scalable business models.

Erica Wiking Häger, in her capacity as a lawyer and in addition to specialising in sustainability and risk management, has also gained a reputation as a highly valued advisor to companies with large-scale international operations, particularly within areas such as e-commerce, digital services and data protection.

Stefan Persson is the nomination committee's chairman. This deviates from section 2.4 of the Swedish Corporate Governance Code. The 2015 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.

Since the last annual general meeting the nomination committee has received a letter from a shareholder proposing that the nomination committee should ensure that the attendance of the members of the board is as high as possible and proposing that technical equipment is to be used where a member cannot be physically present. The nomination committee replied to the shareholder concerned stating that there is a very high level of attendance at H&M's board meetings and that various technical solutions are used to ensure the greatest possible participation, including by members who cannot be physically present.

The nomination committee's proposed resolutions

The nomination committee proposes the following resolutions to the 2016 AGM:

- Lawyer Sven Unger as chairman of the meeting.
- Eight board members and no deputies.
- The nomination committee proposes the following board of directors: election of Stina Honkamaa Bergfors and Erica Wiking Häger as new members; re-election of the current board members Anders Dahlvig, Lena Patriksson Keller, Stefan Persson, Melker Schörling, Christian Sievert and Niklas Zennström. Lottie Knutson and Sussi Kvart are not standing for re-election.

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

See below for more information on the proposed new board members.

- 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 1,625,000; members SEK 575,000; 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 6,075,000, which is an increase of SEK 250,000.

- 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.

Information on the proposed new board members:

Stina Honkamaa Bergfors: Born 1972.

Primary occupation: Co-founder of the digital media company United Screens, where she currently works on strategic matters and business development.

Education: Bachelor's degree in business and economics, honorary doctorate from Luleå University of Technology.

Stina has been honoured several times for her leadership and strategic thinking within the media industry. Stina is a member of the Swedish Fashion Council's advisory board, the Swedish Media Commission's group of experts and is also involved in the Prince Daniel Fellowship at the Royal Swedish Academy of Engineering Sciences (IVA).

Board positions: Member of Ikea's global board of directors and a member of the board of Eniro.

Shareholding: 1,000. Shares held by related parties: 3,000.

Erica Wiking Häger: Born 1970.

Primary occupation: Partner at Mannheimer Swartling Advokatbyrå and chair of Mannheimer Swartling's Corporate Sustainability & Risk Management practice group.

Erica has 15 years' experience of qualified business law work in an international context in areas such as commercial contracts, international expansion and data privacy.

Education: Master of Laws from Uppsala University, LL.M. from Harvard Law School in the US and supplementary studies at the University of Oklahoma in the US and Ruprecht-Karls-Universität Heidelberg in Germany.

Shareholding: 0. Shares held by related parties: 835.

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 two new board members proposed will broaden the board's expertise further within the following areas: media, digitalisation, entrepreneurship, commercial law, sustainability and risk management. Detailed information on all the proposed board members can be found at www.hm.com under Corporate Governance, AGM.

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 by 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 assessed that the proposed board composition satisfies current requirements in respect of the members' independence, stock market experience and accounting or auditing expertise.

March 2016

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 29 February 2016.

The nomination committee proposes that the 2016 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 2017 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) election of auditors
 - g) resolution on fees to the auditors
 - h) 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.