

## Account of the work of the H&M group's nomination committee ahead of the 2020 annual general meeting

According to previously applied principles for the nomination committee that were adopted at the 2019 annual general meeting, the H&M group has 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 nomination committee, which was elected by the annual general meeting on the basis of principles for the nomination committee, changed its composition during the year as there were changes in the shareholdings of the largest shareholders which affected the size order of the five largest shareholders, based on the register of shareholders. As authorised by the annual general meeting, the nomination committee was therefore expanded in autumn 2019 to include an additional member.

At present the nomination committee consists of:

Stefan Persson, chairman of the board  
Lottie Tham  
Jan Andersson (Swedbank Robur fonder)  
Anders Oscarsson (AMF and AMF fonder)  
Erik Durhan (Nordea fonder)  
Thomas Wuolikainen (Fjärde AP-fonden – Fourth Swedish National Pension Fund)

Stefan Persson is chairman of the nomination committee. The members of the nomination committee represent around 79.4 percent of the votes in H & M Hennes & Mauritz AB as at 29 February 2020. The above nomination committee shall continue to exist until a new nomination committee is appointed.

### Work of the nomination committee

Since the 2019 annual general meeting the nomination committee has held two minuted meetings and the members have also been in ongoing contact between meetings.

The nomination committee's decision to appoint Stefan Persson as chairman is in line with the basic rule in the principles established for the nomination committee by the annual general meeting. This deviates from section 2.4 of the Swedish Corporate Governance Code. However, 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.

As a basis for its work ahead of the 2020 annual general meeting the nomination committee studied the report by the chairman of the board on the work of the board of directors and also conducted interviews in autumn 2019 with all other board members elected by the annual general meeting, as a basis for analysing the composition of the board. This provided a foundation for the nomination committee's proposals to the 2020 annual general meeting.

The proposal to the annual general meeting arrived at by the nomination committee is for the re-election of the current board members: Stina Bergfors, Anders Dahlvig, Danica Kragic Jensfelt, Lena Patriksson Keller, Christian Sievert, Erica Wiking Häger and Niklas Zennström; and the election of Karl-Johan Persson as a new board member.

Chairman of the board: Election of Karl-Johan Persson as new chairman of the board.

### Information on the proposed new board member:

**Karl-Johan Persson:** born 1975.

Main occupation: President and CEO of H & M Hennes & Mauritz AB during the period 1 July 2009 to 30 January 2020.

Education: BA in Business Administration from the European Business School in London.  
Current board positions: Ramsbury Invest AB, the GoodCause Foundation and the H&M Foundation.

Shareholding: 12,136,289 class B shares.

Related party shareholdings: 0

Karl-Johan Persson is also a shareholder in Ramsbury Invest AB.

More detailed information about Karl-Johan Persson and the other proposed board members can be found on the company's website.

### **Resolutions proposed by the nomination committee**

The nomination committee proposes the following resolutions to the 2020 AGM:

- Lawyer Sven Unger as chairman of the meeting.
- The nomination committee proposes eight board members with no deputies. The nomination committee proposes that one auditor be elected.
- Re-election of the following board members: Stina Bergfors, Anders Dahlvig, Danica Kragic Jensfelt, Lena Patriksson Keller, Christian Sievert, Erica Wiking Häger and Niklas Zennström. Election of Karl-Johan Persson as a new board member.
- Chairman of the board: Election of Karl-Johan Persson as new chairman of the board.

See [about.hm.com](http://about.hm.com) for more information on the proposed board members.

- Election of auditor. The nomination committee proposes that the accounting firm Ernst & Young be elected as auditor for the period until the conclusion of the 2021 annual general meeting, as recommended by the auditing committee.
- 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 1,700,000; members SEK 650,000. It is proposed that the fees for work in the auditing committee remain unchanged at SEK 225,000 for the chairman and SEK 175,000 for each of the other members.

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 in the previous year, the total fees will be unchanged from the previous year at SEK 6,825,000.

- It is proposed that the auditor's fees be paid based on approved invoices.
- Election of members of the nomination committee and establishment of principles for 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.

As Stefan Persson has advised that he wishes to step down from H&M's board of directors after more than 20 years as chairman of the board, the nomination committee considers it natural to propose Karl-Johan Persson as the new chairman of the board. This in view of the fact that Karl-Johan Persson has been CEO of the H&M group for more than 10 years and that as chairman of the board he will ensure that there remains a strong link with the company's main shareholder.

Over the past 10 years the H&M group – under Karl-Johan Persson's leadership – has moved from one brand to become a multi-brand company with currently nine brands. In recent years substantial and necessary investments have been made in the group's shared infrastructure, including in logistics, tech, data and AI; investments that now are starting to pay off in terms of increased customer satisfaction, sales and profits.

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, four are women and four are men (corresponding to 50 percent women and 50 percent men). The board thus achieves with a 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.

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 and auditing expertise.

Stockholm, April 2020

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

## **Annex 1**

### **Proposal for election of and principles for 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 2020.*

### **ELECTION OF MEMBERS OF THE NOMINATION COMMITTEE AND ESTABLISHMENT OF PRINCIPLES FOR THE NOMINATION COMMITTEE**

The nomination committee proposes that the 2020 annual general meeting passes the following resolution.

#### **A. ELECTION OF NOMINATION COMMITTEE**

1. That the annual general meeting appoint the chairman of the board as well as Stefan Persson (nominated by Ramsbury Invest), Lottie Tham, Jan Andersson (nominated by Swedbank Robur Fonder) and Erik Durhan (nominated by Nordea 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.

#### **B. ESTABLISHMENT OF PRINCIPLES FOR THE NOMINATION COMMITTEE**

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.

4.1. The nomination committee shall submit proposals to the 2021 annual general meeting for the following:

- a) election of a chairman for 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 auditor(s)
- h) election of auditor(s)
- i) election of nomination committee, or resolution on principles for the establishment of the nomination committee, as well as resolution on principles for the nomination committee.

4.2. In its proposal for the election of a nomination committee the nomination committee is to apply the following principle.

The nomination committee shall consist of the chairman of the board plus four others nominated by the four largest shareholders measured by voting rights, not including the shareholder that the chairman of the board may represent. The four largest shareholders measured by voting rights are to be determined based on the shareholder statistics that the company receives from Euroclear Sweden AB as of the last banking day in February in the year that the nomination committee presents its proposal. The shareholder statistics that are to be used shall be sorted by voting rights (in ownership groups) and shall include the 25 largest registered shareholders in Sweden, i.e.

shareholders holding an account with Euroclear Sweden AB in their own name or shareholders holding a custody account with a manager that has given the name of the shareholder to Euroclear Sweden AB.

5. Should a shareholder that nominated Stefan Persson, Jan Andersson or Erik Durhan 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 Stefan Persson, Jan Andersson or Erik Durhan 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.

10. In these principles the term shareholder or owner in expressions such as “the four largest shareholders measured by voting rights”, “the five largest shareholders” or “the next largest shareholder” shall refer to shareholders as recorded in the shareholder statistics stated in 4.2 above.