

Account of the work of the H&M group's nomination committee ahead of the 2019 annual general meeting

According to previously applied principles for the nomination committee, the H&M group 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 nomination committee, which is elected by the annual general meeting on the basis of principles for the nomination committee (see Annex 1), may change its composition during the year if there are changes in the shareholdings of the largest shareholders which affect the size order of the five largest shareholders, based on the register of shareholders.

At present the nomination committee consists of:

Stefan Persson, chairman of the board
Lottie Tham
Liselott Ledin (Alecta)
Jan Andersson (Swedbank Robur fonder)
Thomas Wuolikainen (Fjärde AP-fonden - Fourth Swedish National Pension Fund)

Thomas Wuolikainen replaced Anders Oscarsson (AMF) in October 2018 when Fjärde AP-fonden became the H&M group's fifth largest shareholder according to the register of shareholders.

Stefan Persson is chairman of the nomination committee. The members of the nomination committee represent around 78 percent of the votes in H & M Hennes & Mauritz AB as at 28 February 2019. The above nomination committee shall continue to exist until a new nomination committee is appointed.

Work of the nomination committee

Since the 2018 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 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 2018 with all other board members elected by the annual general meeting, as a basis for analysing the composition of the board and profiles for supplementary board candidates. This provided a foundation for the nomination committee's proposals to the 2019 annual general meeting.

The nomination committee arrived at a proposal to the annual general meeting that all the current board members are re-elected and that Danica Kragic Jensfelt is elected as a new member of the board. Danica, who is a Professor of Computer Science at KTH Royal Institute of Technology in Stockholm conducting research in the fields of computer vision and robotics, has unique expertise within computer science and AI and how this can be used in robotisation, logistics and recycling as well as within fashion and the shopping experience. In view of the great transition that is taking place in fashion retail as a result of increasing digitalisation, Danica's knowledge will be very valuable to the H&M group in the time ahead.

The nomination committee's proposed resolutions

The nomination committee proposes the following resolutions to the 2019 annual general meeting:

- Lawyer Sven Unger as chairman of the meeting.
- Eight 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.
Election of Danica Kragic Jensfelt as a new board member.

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

See 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 2020 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 1,700,000 (1,700,000); members SEK 650,000 (615,000). It is proposed that the fees for work in the auditing committee amount to SEK 225,000 (200,000) for the chairman and SEK 175,000 (150,000) for each of the other members.

If the meeting approves the nomination committee's proposal for the composition of the board, i.e. with one more member than in the previous year, and if the number of members of the auditing committee remains as before, the total fees will be SEK 6,825,000 (5,890,000). For comparison, with the same number of people this would be a 4.8 percent increase in fees compared with the previous year.

- 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.

Information on the proposed new board member:

Danica Kragic Jensfelt, born 1971

Main occupation: Professor of Computer Science at KTH Royal Institute of Technology conducting research in the fields of computer vision and robotics. The aim of the research is to use sensors to build future systems that interact with people and their environment in a natural way.

Education: MSc in Mechanical Engineering from the Technical University of Rijeka, Croatia. Danica was awarded a PhD in robotics by KTH Royal Institute of Technology, Stockholm in 2001. Honorary doctorate from Lappeenranta University of Technology in Finland and member of the Royal Swedish Academy of Sciences and the Royal Swedish Academy of Engineering Sciences (IVA).

Current board positions: Member of the Royal Swedish Academy of Sciences and the Royal Swedish Academy of Engineering Sciences (IVA) and board member at FAM, SAAB and the Institute for Future Studies.

Shareholding in H&M: 2,500 shares. Related party shareholdings in H&M amount to 120 shares.

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.

The proposed new board member is considered to broaden the expertise of the board in the following areas: AI, advanced data analytics, computer science, robotisation and tech. Detailed information on all the proposed board members can be found at www.hm.com under Corporate Governance, AGM.

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 or auditing expertise.

Stockholm, March 2019

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 28 February 2019.

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

The nomination committee proposes that the 2019 annual general meeting passes the following resolution.

A. ELECTION OF NOMINATION COMMITTEE

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 Thomas Wuolikainen (nominated by Fjärde AP-fonden) 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 ELECTION 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 2020 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 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 Liselott Ledin, Jan Andersson or Thomas Wuolikainen 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 Thomas Wuolikainen 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.