

PRESS RELEASE

31 March 2017



NOTICE OF H&M'S ANNUAL GENERAL MEETING 2017

Shareholders in H & M Hennes & Mauritz AB (publ) are hereby invited to the annual general meeting (AGM) to be held at 15.00 CET on Wednesday 10 May 2017 in the Erling Persson Hall at Aula Medica, Karolinska Institutet, Nobels väg 6 in Solna. We recommend using public transport to travel to and from Aula Medica.

NOTICE OF ATTENDANCE

Shareholders who wish to attend the AGM shall

- both* be entered in the company's register of shareholders kept by Euroclear Sweden AB in their own name (not nominee-registered) by Thursday 4 May 2017
- and* notify their intention to attend the annual general meeting by Thursday 4 May 2017 at the latest, in writing to the address H & M Hennes & Mauritz AB, Annual General Meeting, 106 38 Stockholm, Sweden, by telephone to +46 (0)8 796 55 00 between 8.00 - 17.00 CET Monday to Friday, stating that it concerns notice of attendance at the AGM, by fax to +46 (0)8 796 55 44 or on the company's website at www.hm.com/aggm. The attendance of any assistants (maximum two) is to be notified to the same addresses by the same date.

Shareholders must state in the notice their name, civil identity number or corporate registration number, telephone number (daytime) as well as the number of shares held. In order to attend the meeting shareholders whose shares are nominee-registered must have their shares registered directly with Euroclear Sweden AB in their own name. Such re-registration must be effected by Thursday 4 May 2017. In order to re-register shares in time, shareholders should make the request via their nominee in good time before this date. Such registration may be temporary. Passes for those attending will be sent out from 5 May onwards.

A proxy form is available on the company's website at www.hm.com/aggm.

AGENDA

1. Opening of the AGM.
2. Election of a chairman for the AGM.
3. Address by CEO Karl-Johan Persson.
4. Establishment and approval of voting list.
5. Approval of the agenda
6. Election of people to check the minutes.
7. Examination of whether the meeting was duly convened.
8. a. Presentation of the annual accounts and auditors' report as well as the consolidated accounts and the consolidated auditors' report, and auditors' statement on whether the guidelines for remuneration to senior executives applicable since the last AGM have been followed.
b. Statement by the company's auditor and the chairman of the auditing committee.
c. Statement by the chairman of the board on the work of the board.
d. Statement by the chairman of the nomination committee on the work of the nomination committee.
9. Resolutions
 - a. Adoption of the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet.
 - b. Disposal of the company's earnings in accordance with the adopted balance sheets, and record date.
 - c. Discharge of the members of the board and CEO from liability to the company.
10. Establishment of the number of board members and auditors.

11. Establishment of fees to the board and auditors.
12. Election of board members and chairman of the board.

The nomination committee proposes:

- 12.1 Stina Bergfors
- 12.2 Anders Dahlvig
- 12.3 Lena Patriksson Keller
- 12.4 Stefan Persson
- 12.5 Christian Sievert
- 12.6 Erica Wiking Häger
- 12.7 Niklas Zennström

Chairman of the board: Stefan Persson

13. Election of auditor.
14. Establishment of principles for the nomination committee and election of members of the nomination committee.
15. Resolution on guidelines for remuneration to senior executives.
16. Resolutions on the following matters initiated by shareholder Thorwald Arvidsson, proposing that the meeting resolve:
 - 16.1 to adopt a zero vision with regard to anorexia within the industry;
 - 16.2 to instruct the board of directors to appoint a working party to realise this zero vision as far as possible;
 - 16.3 that the results are to be reported back to the annual general meeting each year in writing, preferably through inclusion of the report in the printed annual report;
 - 16.4 to adopt a vision of absolute equality between men and women at all levels within the company;
 - 16.5 to instruct the board of directors to appoint a working party to realise this vision in the longer term and to carefully monitor developments in the areas of both equality and ethnicity;
 - 16.6 to annually submit a written report to the annual general meeting, preferably through inclusion of the report in the printed annual report;
 - 16.7 to instruct the board to take the necessary measures to bring about a shareholders' association in the company;
 - 16.8 that members of the board shall not be permitted to invoice their board fees via a legal entity, Swedish or foreign;
 - 16.9 to instruct the board to draw attention, by contacting the relevant authority (the government and/or the Swedish Tax Agency), to the need for a change in the rules in the area concerned;
 - 16.10 that in the performance of its duties, the nomination committee shall pay particular regard to matters associated with ethics, gender and ethnicity;
 - 16.11 to instruct the board to draw attention, by contacting the government, to the need to introduce a national so-called "politician quarantine"; and
 - 16.12 to instruct the board to draw up a proposal for representation of the small and medium-sized shareholders on both the company's board of directors and the nomination committee, to be submitted to the 2017 annual general meeting or an extraordinary general meeting convened before that.
 - 16.13 to instruct the board to draw attention, by contacting the government, to the desirability of a change in the law such that the possibility of so-called graduated voting rights in Swedish limited companies is abolished.
17. Resolution on proposal by shareholder Thorwald Arvidsson to amend the articles of association.
 - 17.1 Amending § 5 as follows: "Both series A shares and series B shares shall be entitled to one vote. In other respects..."
 - 17.2 Supplementing § 7 with a second paragraph: "Persons who were previously government ministers must not be appointed as members of the board until two years have passed since the person concerned left their ministerial position.
Other full-time politicians paid from the public purse must not be appointed as members of the board until one year has passed since the person concerned left their position, except where there is particular reason to allow otherwise."
18. Closing of the AGM.

Nomination committee

The current nomination committee comprises Stefan Persson, chairman of the board and also chairman of the nomination committee, Lottie Tham, Liselott Ledin (Alecta), Jan Andersson (Swedbank Robur Fonder) and Anders Oscarsson (AMF and AMF Fonder).

Resolutions proposed by the nomination committee

Item 2 – Proposed by the nomination committee: the lawyer Sven Unger is proposed as chairman of the AGM.

Item 10 – The nomination committee proposes seven board members with no deputies (previous year eight board members and no deputies).

The nomination committee proposes that one auditor be elected.

Item 11 – The nomination committee proposes that the board fees for each member elected by the general meeting are distributed 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); members of the auditing committee an extra SEK 150,000 (125,000); and the chairman of the auditing committee an extra SEK 200,000 (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 5,775,000.

It is proposed that the auditor's fees be paid based on approved invoices.

Item 12 – The nomination committee proposes the following board of directors.

Re-election of the following current 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.

More information on the proposed board members can be found at hm.com.

Item 13 – The nomination committee proposes that the registered accounting firm Ernst & Young AB (EY) be elected as auditor of the company for the period until the conclusion of the 2018 annual general meeting, as recommended by the auditing committee. Ernst & Young AB has notified that if the AGM approves the proposal, authorised public accountant Åsa Lundvall will be the auditor-in-charge.

ESTABLISHMENT OF PRINCIPLES FOR THE NOMINATION COMMITTEE AND ELECTION OF MEMBERS OF THE NOMINATION COMMITTEE, item 14

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.

Resolutions proposed by the board

DIVIDEND AND RECORD DATE, item 9 b

The board has proposed a dividend to the shareholders of SEK 9.75 per share. The board of directors proposes that the dividend is to be paid in two instalments during the year – in May and in November. The record date proposed for the first dividend payment of SEK 4.90 per share is 12 May 2017. If the resolution is passed, the first dividend payment is expected to be made by Euroclear Sweden AB on 17 May 2017. The record date proposed for the second dividend payment of SEK 4.85 per share is 14 November 2017. If the resolution is passed, the second dividend payment is expected to be made by Euroclear Sweden AB on 17 November 2017.

PROPOSED RESOLUTION ON GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES, item 15

The board is proposing the following guidelines for remuneration of senior executives to the annual general meeting on 10 May 2017.

The board considers it of the utmost importance that senior executives are paid competitive remuneration at a market level, as regards both fixed and variable compensation, based on responsibilities and performance. The board's proposed remuneration is in the best interests of the company and its shareholders from a growth perspective, since it helps motivate and retain talented and committed senior executives.

Guidelines for remuneration of senior executives were re-examined in conjunction with the review of the organisation and its composition carried out in 2016. Below are the board's proposed new guidelines for senior executives, which in addition to the CEO include members of the executive management team and those responsible for other group-wide functions; overall, this amounts to nearly 20 individuals. The guidelines are based on industry comparisons.

Senior executives shall be compensated at what are considered by the company to be competitive market rates. The criteria used to set levels of compensation shall be based partly on the significance of the duties performed and partly on the employee's skills, experience and performance. Over time, the largest portion of the total remuneration shall consist of the fixed salary. The forms of compensation shall motivate senior executives to do their utmost to ensure the good financial and sustainable development of the H&M group.

The total annual remuneration may consist of the following components:

- fixed basic salary
- short-term variable remuneration
- long-term variable remuneration
- pension benefits
- other benefits

Fixed basic salary

Senior executives shall have a fixed basic cash salary that is at a market level based on each position's significance for the company as a whole. The basic salary shall reflect the individual's area of responsibility, skills and experience and requires the individual to work in a committed manner at a high professional level.

Variable remuneration

There shall be a clear link between the level of variable remuneration paid and the H&M group's financial and sustainable development. From time to time, therefore, senior executives are entitled to variable remuneration that depends on the fulfilment of targets – which include group-wide financial targets such as pre-set targets for profits and sales, sustainability targets, and individual targets within that person's area of responsibility. The targets are aimed at promoting H&M's development in both the short and the long term.

At individual level it is the position's significance and opportunity to influence the overall development of the group that decides the level of the variable remuneration. The CEO decides the maximum possible outcome for each position, but always within the framework of these guidelines. Variable remuneration is not paid if the individual has given notice to terminate his/her employment.

The variable remuneration may consist of:

Short-term variable remuneration, which is the possibility of a cash payment provided that the target criteria that were set in advance for both the group and the individual have been fulfilled. Half of the payment shall be invested in H&M shares that must be held for at least three years. Short-term variable remuneration must never exceed the fixed basic salary for each individual.

Long-term variable remuneration, which is based on performance relative to set targets, but is also conditional upon the senior executive remaining employed within the H&M group for at least five years. The board's reasoning is – in view of H&M's strong expansion and the important stage of development that H&M is at, including within multi-brand and omni-channel developments – to ensure that these key individuals in senior positions remain with the H&M group during this important development phase. The five-year rule applies with effect from the year that the annual general meeting adopted this rule, which was at the annual general meeting in spring 2014 (when it was referred to as supplementary guidelines), up to and including the month of May five years later, i.e. in 2019. At individual level, the remuneration may vary between SEK 0.5 m and SEK 5 m net after tax; the exact distribution per individual will be decided by the CEO and the chairman of the board. The total cost to the group is estimated at around SEK 30 m per year including social security costs over five years.

In addition to this, in a few cases senior executives may, at the discretion of the CEO and the chairman of the board, receive one-off payments of up to an extra year's fixed basic salary. Discretionary one-off amounts may also be paid to other key individuals.

Pension benefits

By far the majority of senior executives are covered by a premium-based pension plan, in addition to the ITP plan. Other than the ITP plan, no defined benefit pension plans have been taken out for senior executives since 2005. The retirement age for senior executives varies between 60 and 65 years. The cost of these commitments is partly covered by separate insurance policies.

Other benefits

Senior executives receive other benefits such as healthcare and car allowances. Senior executives are

also entitled to the benefits accruing under the profit-sharing programme known as the H&M Incentive Program, which is for all employees of the H&M group.

Information concerning the CEO

The retirement age for the CEO is 65. The CEO is covered by the ITP plan and a defined contribution plan. The total pension cost shall amount in total to 30 percent of the CEO's fixed basic salary. The CEO is entitled to 12 months' notice. In the event that the company cancels the CEO's employment contract, the CEO will also receive severance pay of an extra year's salary.

The board of directors sets the CEO's total remuneration. The CEO is not included in the long-term variable remuneration, i.e. what was previously referred to as supplementary guidelines.

Other

The period of notice for senior executives varies from three to twelve months.

The board of directors may deviate from the guidelines for remuneration of senior executives in individual cases where there is a particular reason for doing so.

Where a board member performs work for the company in addition to his or her board work, a separate fee may be paid for this. This also applies if the work is performed by a company wholly or partly owned by the board member.

Information at the AGM

Shareholders are entitled to certain information at the AGM. The board of directors and the CEO shall, if any shareholder so requests and the board of directors believes that it can be done without material harm to the company, provide information regarding circumstances that may affect the assessment of an item on the agenda, circumstances that may affect the assessment of the financial situation of the company or its subsidiaries, and the company's relations with another company within the group.

Anyone wishing to submit questions in advance may do so to:

H & M Hennes & Mauritz AB
The Board of Directors
Att: Annual General Meeting
106 38 Stockholm
Sweden
Or by e-mail: hm10may@hm.com

Number of shares and votes

There are 194,400,000 class A shares in the company with ten votes per share and 1,460,672,000 class B shares with one vote per share, with the result that the total number of shares in H&M is 1,655,072,000 and the total number of votes is 3,404,672,000.

The annual report for 2016 will be published at www.hm.com on 31 March 2017. It will then be available at H&M's head office, Mäster Samuelsgatan 46A, 106 38 Stockholm and will be sent out to shareholders submitting such a request and stating their postal address. The annual report will be presented at the meeting, as will the auditor's report, auditor's statement and the board's reasoned statement concerning payment of dividend.

Stockholm, March 2017
The Board of Directors

Contacts:

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Press images and background information for editorial use can be downloaded from www.hm.com

The notice of the annual general meeting will be published on 31 March 2017 on the company's website www.hm.com/agm. On 4 April 2017 the notice will be published in Post- och Inrikes Tidningar (the

Swedish Official Gazette) on the website of Bolagsverket, the Swedish Companies Registration Office. On the same date an advertisement will appear in Dagens Nyheter and Svenska Dagbladet stating that the meeting has been convened.

H & M Hennes & Mauritz AB (publ) was founded in Sweden in 1947 and is quoted on Nasdaq Stockholm. H&M's business concept is to offer fashion and quality at the best price in a sustainable way. In addition to H&M, the group includes the brands & Other Stories, Cheap Monday, COS, Monki and Weekday as well as H&M Home. Today the group has more than 4,400 stores in 65 markets including franchise markets. In 2016 sales including VAT were SEK 223 billion. The number of group employees is more than 161,000. For further information, visit hm.com.