

## Account of the work of H&M's nomination committee ahead of the 2018 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 2017 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 75.2 percent of the votes in H & M Hennes & Mauritz AB as at 28 February 2018. The above nomination committee shall continue to exist until a new nomination committee is appointed.

### Work of the nomination committee

Since the 2017 AGM the nomination committee has held three 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 CEO's description of the company's development and strategies as well as the report by the chairman of the board on the work of the board of directors, which has functioned well.

The starting point of the nomination committee's work ahead of the 2018 AGM was to supplement the board of directors with a further member. The nomination committee also noted that this was a wish expressed by Aktiespararna (the Swedish Shareholders' Association) at the 2017 AGM. In this process the nomination committee studied a number of different skills profiles based on the company's expected challenges in a medium-term perspective. After initial discussions, however, the nomination committee decided not to nominate a new member at the present time.

### The nomination committee's proposed resolutions

The nomination committee proposes the following resolutions to the 2018 AGM:

- Lawyer Sven Unger as chairman of the meeting.
- Seven 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.

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

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 2019 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 (1,675,000); members SEK 615,000 (600,000). It is proposed that the fees for work in the auditing committee are unchanged at SEK 200,000 for the chairman and SEK 150,000 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 before, the total fees will be SEK 5,890,000 – an increase of 2 percent.

- 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.

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, three are women and four are men (corresponding to 43 percent and 57 percent respectively). 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 2018

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 voting rights, 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 2018.*

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

The nomination committee proposes that the 2018 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 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.

#### **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 2019 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 principle 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 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.

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.