

## **Account of the work of H&M's Election Committee ahead of the 2011 Annual General Meeting**

According to the principles for the Election Committee passed at the 2010 Annual General Meeting, H&M shall have an Election Committee made up of the Chairman of the Board plus four other members representing each of 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 Election Committee was appointed at the 2010 Annual General Meeting:

Stefan Persson, Chairman of the Board  
Lottie Tham representing Lottie Tham  
Liselott Ledin representing Alecta  
Jan Andersson representing Swedbank Robur Fonder  
Anders Oscarsson\*, representing AMF and AMF Fonder

\*Peter Lindell was elected at the AGM, but left AMF shortly afterwards and was therefore replaced by Anders Oscarsson of AMF and AMF Fonder with effect from June 2010.

Stefan Persson has been chairman of the Election Committee. The members of the Election Committee represent 75.8 percent of the votes in H & M Hennes & Mauritz AB as at 28 February 2011. The above Election Committee shall continue to exist until a new Election Committee is appointed.

### **Work of the Election Committee**

Since the 2010 AGM the Election Committee has held one minuted meeting and the members have also been in contact on other occasions. At the meeting Stefan Persson gave a verbal report on the work of the Board, which has functioned well over the year.

The Election Committee has received no external proposals.

Stefan Persson is the Election Committee's chairman. This deviates from section 2.4 of the Swedish Code of Corporate Governance. The 2010 AGM resolved that unless the members of the Election Committee agree otherwise, the chairman of the Election Committee shall be the member representing the largest shareholder. The Election Committee has found no reason to decide otherwise. The Election Committee was unanimous that Stefan Persson, in his capacity as both Chairman of the Board and principal shareholder, is the natural choice for chairman.

### **The Election Committee's proposed resolutions**

The Election Committee proposes the following resolutions to the 2011 AGM:

- Lawyer Sven Unger as chairman of the meeting.
- Eight Board members and no deputies.
- The Election Committee proposes the following Board of Directors:  
Re-election of current Board members: Mia Brunell Livfors, Anders Dahlvig, Lottie Knutson, Sussi Kvarn, Bo Lundquist, Stefan Persson, Melker Schörling and Christian Sievert.  
Chairman of the Board: re-election of Stefan Persson.

Reasoning for the composition of the Board:

The Election Committee judges that the proposed composition of the Board of Directors accords well with section 4.1 of the Swedish Code of Corporate Governance, i.e. that the proposed Board is characterised by diversity and breadth of expertise, experience, background and equal gender distribution. Last year Anders Dahlvig and Christian Sievert were elected as new members, which broadened the composition of the Board further and brought in additional specialist expertise. 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 proposed composition meets the applicable requirements concerning the independence of members and stock market experience.

- It is proposed that the Board fees for each member elected by the general meeting be divided as follows (previous year's figures in parentheses):  
Chairman of the Board SEK 1,350,000 (1,350,000)  
Board member elected by the general meeting SEK 450,000 (SEK 375,000)  
Chairman of the Auditing Committee SEK 150,000 (125,000)  
Member of the Auditing Committee SEK 100,000 (75,000)

If the meeting approves the Election 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 4,850,000. The proposed total Board fees represent an increase of SEK 600,000 compared with the previous year.

- It is proposed that, as previously, the auditors' fees be paid based on the invoices submitted.
- Establishment of principles for the Election Committee and election of members of the Election Committee. See Annex 1.

More detailed information on the proposed Board members can be found at [www.hm.com](http://www.hm.com) under Investor Relations, Corporate Governance, Board of Directors.

March 2011  
The Election Committee of H & M Hennes & Mauritz AB

## **Annex 1**

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

The Election Committee proposes that the 2011 Annual General Meeting passes the following resolutions.

1. That the Annual General Meeting appoint the Chairman of the Board plus Lottie Tham representing Lottie Tham, Liselott Ledin representing Alecta, Jan Andersson representing Swedbank Robur Fonder and Anders Oscarsson representing AMF and AMF Fonder as the Election Committee. This Election Committee shall take up its duties immediately. Its term of office shall continue until a new Election Committee is appointed.
2. No fees shall be paid to the members of the Election Committee. The Election Committee may charge to the company any reasonable costs for travel expenses and investigations.
3. Unless the members of the Election Committee agree otherwise, the chairman of the Election Committee shall be the member representing the largest shareholder.
4. The Election Committee shall submit proposals to the 2012 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
  - d) resolution on remuneration for work on the Board committee
  - e) election of Board members
  - f) election of Chairman of the Board
  - g) resolution on fees to the auditors
  - h) election of Election Committee, or resolution on principles for the establishment of the Election Committee, as well as resolution on instructions for the Election Committee.
5. Should a shareholder represented by Lottie Tham, Liselott Ledin, Jan Andersson or Anders Oscarsson notify the Election Committee that this shareholder wishes its representative to be replaced (e.g. because the person concerned is no longer employed), the Election Committee shall resolve that the person concerned shall leave the Committee.
6. Should a member leave the Election Committee before its work is complete and the Election Committee deems it necessary to replace this member, the Election Committee shall appoint a new member; in the first instance, a representative of the shareholder that was represented by the departing member, provided that the shareholder remains one of the five largest shareholders in the company.
7. Should a shareholder represented by Lottie Tham, Liselott Ledin, Jan Andersson or Anders Oscarsson no longer be one of the five largest shareholders in the company, the Election Committee may resolve that the member representing the shareholder shall leave the Committee. In which case, and even in the event that the Election Committee resolves that the member shall not leave the Committee, the Election Committee may appoint a new, or additional, member; in the first instance, a representative of the shareholder that has become one of the five largest shareholders.
8. Should a shareholder invited by the Election Committee to propose a member decline to make a proposal, the Election Committee shall invite the next largest shareholder that did not previously have a representative on the Election Committee.
9. Changes to the composition of the Election Committee shall be published as soon as possible.

*Comments: The Election Committee's proposal for members is based on previously applied principles for the composition of the Election Committee, namely that the Election Committee shall consist of the Chairman of the Board plus four other members representing each of 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 Election Committee's proposals for the election of members of the Election Committee are based on shareholdings as at 28 February 2011.*