

## **Account of the work of H&M's Election Committee ahead of the 2010 Annual General Meeting**

According to the principles for the Election Committee passed at the 2009 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 2009 Annual General Meeting:

Stefan Persson, Chairman of the Board  
Lottie Tham representing Lottie Tham  
Staffan Greffbäck representing Alecta  
Jan Andersson representing Swedbank Robur Fonder  
Peter Lindell representing AMF Pension

Stefan Persson has been chairman of the Election Committee. The members of the Election Committee represent 74.6 percent of the votes in H & M Hennes & Mauritz AB as at 28 February 2010. The above Election Committee shall continue to exist until a new Election Committee is appointed.

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

Since the 2009 AGM the Election Committee has held two minuted meetings and the members have also been in contact on other occasions. At the meetings Stefan Persson has given 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 has been the Election Committee's chairman. This deviates from section 2.4 of the Swedish Code of Corporate Governance, but the Election Committee was unanimous that Stefan Persson, in his capacity as both Chairman of the Board and principal shareholder, was the natural choice for chairman.

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

The Election Committee proposes the following resolutions to the 2010 AGM:

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

Stig Nordfelt has declined re-election.

Information on proposed new Board members:

Anders Dahlvig: born 1957

Primary occupation: Board assignments

Former working experience: CEO and President of the IKEA Group

Significant board assignments: Chairman of the New Wave Group, Member of the board of Kingfisher plc

Shareholding in H&M: 4,500 shares

Christian Sievert: born 1969

Primary occupation: CEO of Segulah

Significant board assignments: Member of the boards of AB Segulah, Segulah Advisor AB, Gunnebo Industrier and deputy member in Infocare

Shareholding in H&M: 300 shares

Shares held by related parties: 300 shares

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. It is judged that the new members proposed will bring in wide-ranging expertise and additional experience from similar operations as well as from other areas of retail, both nationally and internationally.

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 shall be unchanged:

Chairman of the Board SEK 1,350,000

Board member elected by the general meeting SEK 375,000

Chairman of the Auditing Committee SEK 125,000

Member of the Auditing Committee SEK 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 4,250,000. The proposed total Board fees represent an increase of SEK 375,000 compared with the previous year since it is proposed that the Board be expanded by an additional member.

- 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 2010

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 2010 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 Peter Lindell representing AMF Pension 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 2011 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 Peter Lindell 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 Peter Lindell 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, the Election Committee may appoint a new 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 that 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 2010.*