

Account of the work of H&M's Election Committee ahead of the 2014 Annual General Meeting

According to previously applied principles for the Election Committee, H&M shall have an Election 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 Election Committee was appointed at the 2013 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 Election Committee. The members of the Election Committee represent 75.4 percent of the votes in H & M Hennes & Mauritz AB as at 28 February 2014. The above Election Committee shall continue to exist until a new Election Committee is appointed.

Work of the Election Committee

Since the 2013 AGM the Election Committee has held two minuted meetings and the members have also been in contact on other occasions. At one of the meetings Stefan Persson gave a verbal report on the work of the Board, which has functioned well over the year. Since the last AGM the Election Committee has produced a proposal for two new proposed Board members, as announced in a press release issued on 19 December 2013.

Since the last AGM the Election Committee has received a letter from a shareholder expressing a desire for new people to be brought onto the Board, although the letter did not suggest any specific names of possible candidates.

Stefan Persson is the Election Committee's chairman. This deviates from section 2.4 of the Swedish Corporate Governance Code. The 2013 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 2014 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: Lena Patriksson Keller and Niklas Zennström.
Re-election of the following current Board members: Anders Dahlvig, Lottie Knutson, Sussi Kwart, Stefan Persson, Melker Schörling and Christian Sievert.

Bo Lundquist has declined re-election. Mia Brunell-Livfors left the Board of H&M at her own request as of the end of 2013.

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

Information on proposed new Board members:

Lena Patriksson Keller:

Born 1969

Main occupation: Executive Chairman at Patriksson Communication

Professional experience: has worked in the fashion industry for more than 20 years, focusing on branding and communications but also in buying, distribution and product range.

Board assignments: positions on the boards of WESC and Elite Hotels, and chairman of the board of ASFB, the industry organisation Association of Swedish Fashion Brands.

Own shareholding in H&M: 700 shares

Related parties' shareholdings in H&M: 9,450 shares

Niklas Zennström:

Born 1966

Main occupation: CEO of venture capital company Atomico, which focuses on fast-growing tech companies, and involved in Zennström Philanthropies, which supports organisations particularly associated with climate change, social entrepreneurship, the Baltic Sea environment and human rights.

Professional experience: co-founded companies including venture capital company Atomico, IP telephony company Skype, file sharing service Kazaa and internet video service Joost.

Board assignments: member of the board of Rovio, Atomico, Zennström Philanthropies, Fon, Fab and The Climate Change.

Shareholding in H&M: 0 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 Corporate Governance Code, i.e. that the proposed Board is characterised by diversity and breadth of expertise, experience, background and equal gender distribution. 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. It is felt that the new members proposed for election to the Board will bring in wide-ranging expertise and additional experience from the fashion industry and from IT and online operations.

The proposed composition meets the applicable requirements concerning the independence of members and stock market experience.

- The Election Committee proposes that the Board fees for each member elected by the general meeting are distributed as follows: Chairman of the Board SEK 1,500,000; members SEK 525,000; members of the Auditing Committee an extra SEK 100,000; and the chairman of the Auditing Committee an extra SEK 150,000.

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 5,525,000, which is an increase of SEK 500,000.

- It is proposed that, as previously, the auditor's 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 under Corporate Governance, Annual General Meeting.

March 2014

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'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 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 Election Committee's proposals for the election of members of the Election Committee are based on shareholdings as at 28 February 2014.

The Election Committee proposes that the 2014 Annual General Meeting passes the following resolutions.

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 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 2015 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 fees to the auditors
 - g) 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 that nominated Liselott Ledin, Jan Andersson or Anders Oscarsson notify the Election Committee that this shareholder wishes the person it nominated 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 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 Election Committee may resolve that the member nominated by that shareholder shall leave the Committee. In which case, and even in the event that the Election Committee resolves that the member concerned shall not leave the Committee, the Election 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 Election Committee to propose a member decline to make a proposal, the Election Committee shall invite the next largest shareholder that has not previously nominated a member of the Election Committee.
9. Changes to the composition of the Election Committee shall be published as soon as possible.