

The Board's report concerning the Remuneration Committee's evaluation in accordance with Item 9.1 of the Swedish Code of Corporate Governance

In accordance with Item 9.1 of the Swedish Code of Corporate Governance, Hakon Invest's Board's Remuneration Committee has monitored and evaluated current programs and those concluded during the year in respect of variable remuneration to Group Management as well as the application of the guidelines for remuneration of senior executives that by law the Annual General Meeting shall decide on as well as prevailing structures and remuneration levels in the Company.

The Board's report is based on the results achieved by the Company, supplemented by a questionnaire and interviews with the company's management and the Board's own observations during the year.

In addition, a follow-up was made of the outcome regarding other variable remuneration.

Prevailing guidelines

The 2010 Annual General Meeting resolved that the Company's forms of remuneration for senior executives shall be on market terms, be long-term and quantifiable, and promote Group unity. Improvements, particularly in earnings per share, should be rewarded and a ceiling should be placed on variable remuneration. Total remuneration was to comprise the following components: fixed salary, pension benefits, severance pay, bonus, share-related incentive program and other remuneration and benefits.

Fixed salary: The fixed salary should be on market terms and be based on competence, responsibility and performance.

Pension: The President and other senior executives should be covered by a defined-contribution pension plan, with the pension premiums amounting to a maximum of 35 percent of pensionable salary. The premiums are to be paid as long as employment in the Company continues.

This guideline represents a departure from currently applicable agreements for certain senior executives that were concluded prior to the 2006 Annual General Meeting, which provide the right to retire on a pension at the age of 62 with a defined-benefit pension during the period up to the conventional pension age of 65 years.

The current pension terms for the Company's President and other senior executives are reported on pages 92-94, Note 7 of the Company's 2010 Annual Report.

Severance pay, etc.: A mutual notice period of six (6) months shall apply to senior executives. Severance pay to senior executives shall be paid at up to 18 months of fixed cash salary should the Company terminate employment. The severance pay shall be deductible. In the event of notice of termination by the executive, if the Company decides in certain cases to impose a contractual competition restriction, the Company shall pay a maximum of 60

percent of the fixed salary during the time the competition restriction is applicable. Severance pay and remuneration during the period of competition restriction shall not be pensionable. This guideline represents a departure from the prevailing agreements for certain senior executives that were concluded prior to Hakon Invest's listing in 2005, which provide entitlement to nondeductible severance pay. The Company's President is not entitled to severance pay.

Bonus: The President and other senior executives shall be included in a performance-based incentive program designed to reward improvements in the Company's earnings, expressed as earnings per share. The size of the bonus is maximized per person per year at the equivalent of six (6) months' salary for the President and four (4) months' salary for other senior executives. The bonus is not pensionable. The bonus for 2011 will be triggered if the Company's earnings per share increase 15 percent compared with the preceding year and, for maximum payout, the Company's earnings per share must increase by at least 22 percent. The bonus is payable in cash.

The Board's reasoning as regards the bonus proposal is primarily as follows: For the Company to be able to recruit, motivate over the long term and retain senior executives, it is important to have a competitive remuneration package. This should focus on the Group and be linked to value generation and changes in shareholder value.

For 2010, the President and the other three senior executives are included in the possibility to receive a bonus. With the current employees and maximum payout, the cost of the 2010 bonus program, which is triggered with an increase in earnings per share of 15-22 percent, would correspond to an expense, including social security payments, of around SEK 5.38 M. In the case of the President, who has a gross salary framework, the calculated bonus-based monthly salary during 2010 amounts to SEK 338,000.

Share-related incentive program: The President and other senior executives are included in a combined share matching and performance-based share program that requires investment to be made by the employee, subject to a three-year vesting period. The program involves participants actively buying new shares ("Saving Shares") at market price and locking in the Saving Shares for a period of three years. Assuming that the participants remain employed and still hold their Saving Shares, a right will be allotted that entitles the participant to obtain free of charge what are known as Matching Shares. If certain clearly defined performance requirements have been met, further rights will be allotted entitling the participant to obtain free of charge what are known as Performance-based Shares. Allotment of shares supported by Rights is made no earlier than the day after public announcement of the Interim Report for January –March 2013 and no later than 45 days thereafter as the decided by the Board. The maximum number of Saving Shares is 2,000 for the President and 1,500 each for other senior executives; the maximum number of Matching Shares is 2,000 for the President and 1,500 each for other senior executives; and the maximum number of Performance-based Shares is 8,000 for the President and 6,000 each for other senior executives. The total number of Matching and Performance-based Shares is maximized at 32,500. The total IFRS 2 cost of the program for the President and other senior executives is calculated at SEK 1.6 M and social security payments at SEK 1.0 M, i.e. SEK 2.6 M in total.

Other remuneration and benefits: Other remuneration and benefits shall have a limited value in relation to total remuneration and correspond to what is normal on the market. The Board shall have the right to deviate from the guidelines proposed above if there is

particular reason to do so.

Evaluation of applicable guidelines as well as remuneration structure and remuneration levels

During the year, the Remuneration Committee reviewed and evaluated how the remuneration paid by the Company complies with the guidelines adopted at the Annual General Meeting and it states that the guidelines were followed well.

The fixed salary expense for the President amounted to SEK 5,705,000 in 2009. Prior to the salary review for 2010, the Remuneration Committee conducted a detailed market comparison of the remuneration paid to presidents of comparable companies, as a result of which the Board increased the gross salary limit for 2010 to SEK 7,405,000. The decided gross salary limit for 2011 is unchanged compared with 2010.

Salaries paid to other senior executives during 2009 totaled SEK 5,491,000. During 2010, the combined salaries were increased by 3 percent compared with 2009. The Remuneration Committee considers that this remuneration level is at a market level and can be justified based on the executives' expertise, responsibility and performance.

A bonus system was established for the first time at the 2006 Annual General Meeting, the structure of which was adopted at each successive Meeting. Since then, bonus has been paid as follows. For 2006, 2007 and 2009, the outcome was the maximum since the requirement of an increase in earnings per share by 22 percent was achieved. No bonus was paid for 2008 and 2010.

In summary, the Remuneration Committee considers that the remuneration structure and remuneration levels are well-balanced and comply with the adopted guidelines.

Follow-up and evaluation of incentive programs

2006, 2007 and 2008 programs

A remuneration system linked to the Company's earnings trend was decided at the 2006, 2007 and 2008 Annual General Meetings based on the reasoning that such a system would be significant in attracting and retaining qualified employees and in other respects as regards the Company's development. Linking employee pay to the Company's earnings and value trend gives priority to long-term growth and means that the employees concerned and the shareholders have the same goal. Consequently, it was decided to introduce a long-term bonus program that is conditional on and linked to the Company's earnings trend per share. The Board considered that it was a significant benefit for the shareholders that senior executives share a joint interest with shareholders in ensuring a positive trend in the share price.

During the aforementioned years, the cash bonus and options programs were linked in such a manner that the earnings-based bonus was to be used to acquire call options within the framework for the options program. In addition to this, the senior executives could purchase additional call options at market price within the framework of the options program.

In the 2006 program, a total of 128,200 call options were acquired by all the entitled employees. The price of the options was to represent a market price and was set at SEK 17.30 per option by an independent bank in accordance with a generally accepted valuation model (Black and Scholes). The exercise price for the options was set at SEK 164, corresponding to 110 percent of the average price of the Hakon Invest share during the period February 22-28, 2007. The options were fully transferrable and after acquisition were not linked to employment. The options were exercisable during the period September 2009 through March 2010. Since the price of the Hakon Invest share during the exercise period never exceeded the exercise price, all options expired without exercise.

In the 2007 program, a total of 97,100 call options were acquired by all the entitled employees. The price of the options was to represent a market price and was set at SEK 13.20 per option by an independent bank in accordance with a generally accepted valuation model (Black and Scholes). The exercise price for the options was set at SEK 129, corresponding to 110 percent of the average price of the Hakon Invest share during the period February 21-27, 2008. The options are fully transferable and, after acquisition, are not linked to employment. The options are exercisable during the period September 2010 through March 2011 but lack any value.

In the 2008 options program, the President and other members of Group Management were offered an opportunity to acquire call options at market price. The price of the options was intended to represent a market price and was set at SEK 6.00 per option. The exercise price per option was set at SEK 85.60. No call options were acquired in the 2008 options program.

The Remuneration Committee concluded that the 2006, 2007 and 2008 programs in one respect fulfilled their purpose in that the participants experienced that they promote long-term value growth and they consider, to a greater extent than previously, that they gained the same interest as other shareholders in ensuring a positive share price trend. However, the participants consider that the program was much too risky. The private investments made during the aforementioned programs were lost. In summary, the Remuneration Committee considered that the risk in proportion to the possible outcome was too high, whereby the Board proposed a new program to the 2009 Annual General Meeting.

2009 and 2010 programs

A new incentive program in the form of a combined share matching and performance-share program was adopted at the 2009 Annual General Meeting.

As justification for the program, it was stated that a remuneration system linked to the Company's earnings trend is essential if the Company is to attract and retain skilled employees, as well as otherwise for the Company's development. Linking employees' pay with the Company's earnings and value trend will encourage long-term value growth and provide employees and shareholders with the same goals. At the same time, the Company considers it a significant advantage for shareholders if senior executives have a shared interest in the positive share price trend. The Board also considers that the incentive program for the President and other senior executives should be weighted more towards performance within the investment process and corporate governance in the portfolio companies. The Board also noted that a number of large companies listed on Nasdaq OMX had established similar programs.

The 2009 program involved participants buying common shares in Hakon Invest during May 2009 at market price on the Nasdaq OMX Stockholm Exchange and holding these for a minimum period of two years (“Saving Shares”). Shares already held could not be designated as Saving Shares. For each Saving Share that the participant acquires, the participant is allotted a right (“A Right”) that entitles the participant to acquire free of charge one common share in Hakon Invest at some future point in time for an exercise price of SEK 10 (“Matching Share”) as well as further rights (“B, C, D and E Rights”) that entitle the participant at some future point in time – subject to specific performance requirements being met – to acquire free of charge one further common share in Hakon Invest at an exercise price of SEK 10 per share for each such Right (“Performance-based Shares”). The President may acquire a maximum of 2,000 Saving Shares at market price and the other three senior executives a maximum of 1,500 Saving Shares each, providing entitlement to a maximum of 2,000 and a maximum of 1,500 A, B, C, D and E Rights respectively.

The Matching Share program (A) actually only makes management shareholders and thereby functions as an incentive for a positive share price trend.

The performance requirement for exercising allotted B Rights is that the average annual total return including reinvested dividends for the 2009 and 2010 fiscal years must be equal to or exceed the average annual development of the total return SIX Return Index (“SIXRX”) during the corresponding period.

The performance requirement for exercising allotted C Rights is that the average annual growth in earnings per share after tax during the 2009 and 2010 fiscal years must be equal to or greater than the average development of the Consumer Price Index (“CPI”) issued by Statistics Sweden plus 6 percentage points. If the minimum level – CPI plus 2 percentage points – is not achieved, all C Rights shall lapse. If the minimum level is achieved, it is proposed that 20 percent of allotted C Rights shall provide entitlement to Performance-based Shares. Between these levels the allotment shall be determined proportionately by linear interpolation.

The performance requirement for exercising all the allotted D Rights is that the average annual internal rate of return (“IRR”) for investments in the portfolio companies during the 2009 and 2010 fiscal years must be equal to or greater than 20 percent. If the minimum level – an IRR of 10 percent – is not achieved, all D Rights shall lapse. If the minimum level is achieved, it is proposed that 20 percent of allotted D Rights shall provide entitlement to Performance-based Shares. Between these levels the allotment shall be determined proportionately by linear interpolation.

The performance requirement for exercising all allotted E Rights is that the average EBIT margin for ICA AB must be equal to or greater than 4 percent in the 2009 and 2010 fiscal years. If the minimum level – an EBIT margin of 2.5 percent – is not achieved, all E Rights shall lapse. If the minimum level is achieved, it is proposed that 20 percent of allotted E Rights shall provide entitlement to Performance-based Shares. Between these levels the allotment shall be determined proportionately by linear interpolation.

The 2009 incentive program for the President and other senior executives encompasses a maximum of 6,500 Saving Shares, 6,500 A Rights for 6,500 Matching Shares and 26,000 B-E Rights for 26,000 Performance-based Shares; that is, a total of 32,500 Matching and

Performance-based Shares. Fulfillment of the performance requirements was determined by the Remuneration Committee following publication of the financial results for the 2010 fiscal year.

The A-E Rights were allotted free of charge in June 2009. They cannot be transferred, pledged or sold. The right of participants to exercise A-E Rights is conditional upon the participant – with certain exceptions – continuing to be employed within the Hakon Invest Group during an initial two-year qualification period through the date of publication of Hakon Invest's interim report for the period January – March 2011, and upon the participant having held for the duration of this period all the Saving Shares designated as such under the incentive program. The lifetime for the A-E Rights is through May 31, 2012, that is, about three years including the initial two-year qualification period.

The Board is entitled to make other adjustments should significant changes occur within Hakon Invest, its subsidiaries or associate companies or in the outside world that would render the approved terms for allotment and the possibility to exercise Rights in accordance with the incentive programs no longer appropriate.

The participants' maximum gain is limited to SEK 256.50 per Right (three times the average closing price of Hakon Invest shares during January 2009). If the value at exercise exceeds SEK 256.50 the exercise price of the Rights will be increased by a corresponding amount.

At the 2010 Annual General Meeting, a share-based incentive program was decided that is largely the same as the 2009 program. One difference is that the vesting period for the 2010 without payment has been extended from two to three years. Furthermore, Matching and Performance Shares are received at no cost in the 2010 program, in contrast to the 2009 program in which the exercise price was SEK 10 per share. The shares in the 2010 program will be allotted on a date determined by the Board that is no earlier than the day after public announcement of the interim report for the first quarter of 2013 and no later than 45 days thereafter. In the 2009 program, the participants could redeem shares at any time that was no earlier than the day after the public announcement of the interim report for the first quarter and not later than March 31, 2012.

The Remuneration Committee concludes that the 2009 and 2010 program, as designed, fulfill the purpose as presented to the Annual General Meetings through their focusing on value growth and on the investment process. The performance requirements are also perceived as understandable, relevant and influenceable.

The Remuneration Committee notes that in the 2009 program 6,500 Saving shares were subscribed for, resulting in redemption of 6,500 Matching Shares and 2,998 Performance Shares, corresponding to 29.2 percent of the total number of Matching and Performance Shares that the President and other senior executives could receive at maximum outcome. In the 2010 program, 6,500 Saving Shares were acquired.

The Remuneration Committee concludes that the remuneration structure as a whole, the estimated cost for the Company and other circumstances indicate that the 2009 and 2010 programs function well.

Other programs

In conjunction with the listing of common shares in the Company in December 2005, all employees of the Company were offered the opportunity to acquire call options in the Company from its principal shareholder ICA-handlarnas Förbund. When the options expired on December 31, 2008, the program was renewed on unchanged redemption terms and an exercise price of SEK 97.50 per option at exercise between September 2010 and March 2011. In total, 70,000 call options were subscribed for, with the President subscribing for 5,000 options and other senior executives for 20,000 options in total. The call options do not result in any expense or payout on the part of the Company.

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