



REPORT OF
THE NOMINATION
COMMITTEE 2010

Report of the Nomination Committee prior to the Annual General Meeting to be held at 4.00 pm on April 14, 2011

Background

On October 7, 2010, Hakon Invest published the names of the members of the Nomination Committee in accordance with the procedural instructions for the Nomination Committee adopted at the 2010 Annual General Meeting.

The Nomination Committee shall comprise four members who represent the Company's shareholders. Two of the members are nominated by the Company's largest shareholder, which at present is ICA-handlarnas Förbund (the ICA retailers' organization), and two by the two subsequent largest shareholders, which at September 10, 2010 were SEB Fonder and Handelsbanken Fonder. At that time, these three owners represented approximately 70 percent of the share capital and the voting rights in Hakon Invest.

ICA-handlarnas Förbund appointed Claes Ottosson, an ICA retailer in Hovås, and Håkan Olofsson, an ICA retailer in Boden, as its members of the Nomination Committee. SEB Fonder appointed Hans Ek, CEO of SEB Investment Management, as its member of the Nomination Committee. Handelsbanken Fonder appointed Frank Larsson, Shareholder Representative of Handelsbanken Fonder, as its member of the Nomination Committee. Claes Ottosson was appointed within the Nomination Committee as Chairman.

Shareholders were provided with opportunity to submit proposals and comments regarding the work of the Nomination Committee up to and including Friday, February 18, 2011 in accordance with instructions provided on the Hakon Invest website.



Håkan Olofsson
ICA-handlarnas Förbund



Hans Ek
SEB Fonder



Frank Larsson
Handelsbanken Fonder



Claes Ottosson
ICA-handlarnas Förbund
Chairman of the
Nomination Committee

Nomination Committee's work

The Nomination Committee has held two meetings prior to the 2011 Annual General Meeting. In addition, the members have had contact with the management team, with the directors and with each other.

The duties of the Nomination Committee include evaluating the Board and its performance and presenting proposals to the Annual General Meeting for the Chairman and other members of the Board, for fees to be paid to the Board and, where applicable, candidates for auditors and fees to be paid to the auditors, as well as proposals for Chairman of the Annual General Meeting.

In order to be able to make proposals for the composition of the Board, the Nomination Committee must assess the degree to which the incumbent Board satisfies the demands that will be placed on the Board given the Company's situation and future direction, by studying the results of the completed evaluation of the Board's performance, establishing requirement profiles for any new members who, according to such evaluation, need to be recruited, and by implementing a systematic process of identifying candidates for the Board positions to be filled, proposals received from shareholders being taken into consideration. No proposals other than those from the Nomination Committee have been received.

At its initial meeting, the Nomination Committee met individually with the Chairman of the Board, Lars Otterbeck, and the President, Claes-Göran Sylvén, to obtain information about the Company's operations, the Board's work and future areas of focus. The Chairman of the Board also reviewed the 2010 evaluation of the Board. Evaluation of the Board occurred by having each of the Board members conduct a private conversation with the Chairman of the Board, who then summarized all viewpoints during a discussion at the Board meeting. The summary of the Board was presented to the Nomination Committee. This was a new evaluation method that was used and which fulfilled the Nomination Committee's need to evaluate the Board's qualifications and composition. In addition, Cecilia Daun Wennborg, the chair of the Audit Committee, and CFO Göran Blomberg gave an account of the audit work and of Hakon Invest's finance function.

The Nomination Committee's evaluation of the Board's work confirmed the Board's opinion that cooperation within the Board functions very well. Taking this into account, the Nomination Committee is unanimous that it should aim for continuity among the members. Apart from Thomas Strindeborn, who has declined to stand for reelection, the Nomination Committee considers that the sitting members should be proposed for reelection.

Since outgoing Board member Thomas Strindeborn is an ICA-retailer and also Chairman of the Board of the principal owner ICA-handlarnas Förbund, it is the opinion of the Nomination Committee that it is

in the long-term best interest of Hakon Invest and ownership control of, primarily, ICA AB, that the proposed chairman of ICA-handlarnas Förbund, Peter Berlin, also be included on the Board of Hakon Invest. Peter Berlin (born 1960) is an ICA-retailer with many years of experience in store operations. He has operated Anderssons ICA Kvantum in Södra Sandby outside of Lund since 1992. He has been a Board member of ICA-handlarnas Förbund since 1997. He served as Deputy Chairman for the past four years. Peter Berlin has also been a Board member of ICA AB since 2005. He holds a graduate business administration degree from Lund University. Peter Berlin will contribute with his extensive retail expertise and deep knowledge of ICA operations. A unanimous Nomination Committee proposes that Peter Berlin be elected member of Hakon Invest's Board of Directors.

The Nomination Committee believes that this proposal to the Board is well motivated considering the company's operations, development phase and the importance of ICA holdings for Hakon Invest's value as well as other conditions. In this way, the Board will have an appropriate composition, characterized by diversity and breadth in regards to its members' expertise, experience and backgrounds.

Four of the members of the Board – Lars Otterbeck, Cecilia Daun Wennborg, Jan Olofsson and Andrea Gisle Joosen – are independent in relation to the Company and its management as well as to the major shareholders in the Company. Combined, all of them have many years of experience of management and Board positions in various listed companies.

The three other members – Anders Fredriksson, Magnus Moberg and Peter Berlin – are ICA retailers. The last two named are also members of the Board of ICA AB. Magnus Moberg and Peter Berlin are also members of the Board of ICA-handlarnas Förbund. ICA-handlarnas Förbund is a non-profit association for Sweden's ICA retailers. According to the exact wording of the rules for issuers laid down by the NASDAQ OMX Stockholm exchange and the rules of the Swedish Code of Corporate Governance regarding the independence of Board members with respect to the listed company and to companies closely associated with it, Anders Fredriksson, Magnus Moberg and Peter Berlin, in their capacity as ICA retailers, are to be considered independent in relation to Hakon Invest and its management, but not independent in relation to the Company's principal owner, which is ICA-handlarnas Förbund.

The Nomination Committee proposes that the fees to the Board shall be unchanged from the previous year, thus amounting to SEK 1,980,000 in total, of which SEK 550,000 is to be paid to the Chairman of the Board, SEK 330,000 to the Vice Chairman and SEK 220,000 to each of the other members.

The Nomination Committee proposes that the total fees for committee work shall be increased with SEK 25,000 compared with the previous year, such that a provision of SEK 350,000 is made for committee work. For 2011 it is proposed that the fees are distributed as follows: For work in the Investment Committee, remuneration is to be paid in a total amount of SEK 100,000, representing a payment of SEK 25,000 to each of the members, including the Chairman. For work in the Audit Committee, remuneration is to be paid in a total amount of SEK 100,000, of which SEK 75,000 is to be paid to the Chairman and SEK 25,000 to the other member. For work in the Remuneration Committee, a total of SEK 50,000 is to be paid, or SEK 25,000 for each member. A total of SEK 100,000 is being reserved so that the Board has scope to appoint up to four additional members to committee work or create other committees within the Board. The Chairman of the Board has provided notice that the Board served as the investment committee throughout 2010 and that a discussion will be held regarding expanding the Audit Committee to three members.

The Nomination Committee has discussed the matter of the possibility for Board members to invoice their fees to a company. The Nomination Committee has no objections towards such a procedure, as long as the invoiced fees are cost neutral for Hakon Invest and that Board members fulfill the formal requirements posed for such invoicing to be possible.

The Nomination Committee believes that it is highly important that Board members own shares in the Company. Accordingly, the Nomination Committee wishes the Board to confirm that it will apply the same principles to Board members' share ownership in the Company as were adopted last year. These principles are:

- Board members should within a certain time acquire a shareholding in the Company that corresponds to at least one year's Board fee after tax;
- Board members shall retain a shareholding of at least such an amount as long as their Board assignment applies; and
- part of the Board fee shall be paid out early in the mandate period so that the Board members can use the Board fee to acquire shares in the Company as soon as possible after the election of the Board at the Annual General Meeting.

The Ernst & Young auditing firm was elected as auditor at the 2010 Annual General Meeting for a mandate period of four years up to the 2014 Annual General Meeting. Authorized public accountant Erik Åström is the auditor in charge.

The Nomination Committee's proposals to the 2011 Annual General Meeting are as follows:

- The Nomination Committee proposes the current Chairman of the Board Lars Otterbeck as the Chairman of the 2011 Annual General Meeting.
- The Nomination Committee proposes seven (7) regular Board members (unchanged).
- The Nomination Committee proposes the reelection of Lars Otterbeck, Cecilia Daun Wennborg, Anders Fredriksson, Magnus Moberg, Jan Olofsson and Andrea Gisle Joosen and the election of Peter Berlin as a new Board member. Information about the members proposed is available under the heading Corporate Governance on the Hakon Invest company website.
- The Nomination Committee proposes that Lars Otterbeck be reelected Chairman of the Board.
- The Nomination Committee proposes that the total fees to the Board shall be unchanged from the previous year, thus amounting to SEK 1,980,000 in total, of which SEK 550,000 is to be paid to the Chairman of the Board, SEK 330,000 to the Vice Chairman and SEK 220,000 to each of the other members.
- The Nomination Committee proposes that the total fees for committee work are increased with SEK 25,000, such that a provision of SEK 350,000 is made for committee work. For 2011 it is proposed that the fees are distributed as follows: For work in the Investment Committee, remuneration is to be paid in a total amount of SEK 100,000, representing a payment of SEK 25,000 to each of the members, including the Chairman. For work in the Audit Committee, remuneration is to be paid in a total amount of SEK 100,000, of which SEK 75,000 is to be paid to the Chairman and SEK 25,000 to the other member. For work in the Remuneration Committee, a total of SEK 50,000 is to be paid, or SEK 25,000 for each member. An amount of SEK 100,000 is reserved in order to facilitate the election of up to four more directors in the Committees or establish further committees within the Board.
- It is proposed that fees to the auditors be paid as per approved invoice.
- The Nomination Committee proposes an unchanged form of election of the Nomination Committee.
- Ersättning till revisorer föreslås utgå enligt godkänd räkning.
- Valberedningen förespråkar oförändrad form för val av valberedningen.

Any questions concerning the activities of the Nomination Committee may be directed to the Chairman of the Nomination Committee, Claes Ottosson, at claes.ottosson@kvantum.ica.se or +46 (0)70-268 76 25.