



REPORT OF THE
NOMINATION COMMITTEE

2011

Report of the Nomination Committee

prior to Hakon Invest's Annual General Meeting
to be held on April 19, 2012

Background

On October 12, 2011, 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 2011 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 as of September 9, 2011 was ICA-handlarnas Förbund (the Association of ICA Retailers), and two by the two subsequent largest shareholders, which as of September 9, 2011 were SEB Fonder and Swedbank Robur 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, Deputy CEO of SEB Investment Management, as its member of the Nomination Committee. Swedbank Robur Fonder appointed Evert Carlsson, who works at the School of Economics, Business and Law at the University of Gothenburg, as its member of the Nomination Committee. Claes Ottosson was appointed within the Nomination Committee as Chairman.



CLAES OTTOSSON
ICA-handlarnas Förbund
Chairman of the Nomination
Committee



HANS EK
SEB Fonder



HÅKAN OLOFSSON
ICA-handlarnas Förbund



EVERT CARLSSON
Swedbank Robur Fonder

Nomination Committee's work

The Nomination Committee has held four meetings prior to the 2012 Annual General Meeting. In addition, the members have had contacts with and have conducted interviews with the management team, the directors and 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 proposing a chairman for 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, including 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 2011 evaluation of the Board and gave his view of how well the Board had functioned. The Board was evaluated by having each of the Board members conduct a private conversation with the Chairman of the Board, who then summarized all the viewpoints during a discussion at the Board meeting. The summary of the Board was presented to the Nomination Committee. 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. Two members of the Nomination Committee conducted individual interviews with the members of the Board in order to gain deeper insight into how well the Board had functioned.

The abovementioned information received by the Nomination Committee provided the Nomination Committee with a good basis for its assessment of whether the composition of the Board is satisfactory, and whether there is any need for additional expertise and experience to be brought into the Board. 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 Lars Otterbeck, who has declined to stand for reelection, the Nomination Committee considers that the sitting members should be proposed for reelection.

Since Lars Otterbeck has declined reelection, the Nomi-

nation Committee discussed and arrived at a requirements profile for a new Chairman. The new Chairman shall (i) have investment expertise, (ii) have an understanding of the relationship between ICA, Hakon Invest and Ahold, (iii) have stock market experience, and (iv) be dynamic and process-oriented.

The Nomination Committee particularly analyzed the investment expertise within the Board, and states that this will remain important.

In view of the above, the Nomination Committee has proposed Hannu Ryöppönen as a new Board member and Chairman of the Board.

Hannu Ryöppönen (born 1952) was CFO and Deputy CEO of Stora Enso until 2009. Prior to that, he was CFO and Deputy CEO



of Royal Ahold from 2003 to 2005, at which time he also served on the Board of Directors of ICA AB. He was Finance Director of Industri Kapital from 1999 to 2003, and CFO of the IKEA Group from 1985 to 1999. Since 2009 Hannu Ryöppönen has served on a number of boards, including those of Neste Oil, Amers Sports, Rautaruukki, Novo Nordisk and Korsnäs. He is also Chairman of the Board of Altor's Jersey-based funds. Hannu

Ryöppönen graduated in Business Administration from Hanken School of Economics, Helsinki, Finland and is resident in England.

The Nomination Committee feels that Hannu Ryöppönen fulfils the requirements profile given above and is a suitable Chairman of the Board. In the Nomination Committee's assessment, Ryöppönen will be demanding of the Board and the organization, and will also bring his experience to Hakon Invest's operations and process work.

The Nomination Committee believes that this proposal for the Board is well motivated taking into consideration the company's operations, its development phase and the importance of ICA holdings for Hakon Invest's value, as well as other circumstances. As a result, the Board will have an appropriate composition, characterized by diversity and breadth as regards its members' expertise, experience and backgrounds.

Four of the proposed members of the Board – Hannu Ryöppönen, 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' experience of management and Board positions in various listed companies.

The three other members – Magnus Moberg, Peter Berlin and Anders Fredriksson – are ICA retailers. The latter is also a member of the Board of ICA AB. Magnus Moberg and Peter Berlin are members of the Board of ICA-handlarnas Förbund. ICA-handlarnas Förbund is a non-profit association for

The Nomination Committee's proposals

Sweden's ICA retailers. According to the 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 SEK 350,000 be allocated for committee work for 2012, which is unchanged from the previous year, to be distributed as follows: For work on the Investment Committee, remuneration totaling SEK 100,000 shall be paid, corresponding to SEK 50,000 for the Chairman and SEK 25,000 for each of the other members. For work on the Audit Committee, compensation totaling SEK 100,000 shall be paid, of which SEK 75,000 is to be paid to the Chairman and SEK 25,000 to the other member. For work on the Remuneration Committee, compensation totaling SEK 50,000 shall be paid, which is SEK 25,000 for each member. A total of SEK 100,000 is being held in reserve so that the Board will have capacity to appoint up to four additional members to committee work or create other Board committees.

The Nomination Committee believes that it is of great importance that Board members own shares in the company. Accordingly, the Nomination Committee would like to see the Board applying 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 for as long as they sit on the Board; 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 has been Hakon Invest's auditor in charge since 2005.

The Nomination Committee's proposals to the 2012 Annual General Meeting are as follows:

- *The Nomination Committee proposes the current Chairman of the Board Lars Otterbeck as the Chairman of the 2012 Annual General Meeting.*
- *The Nomination Committee proposes seven (7) regular Board members.*
- *The Nomination Committee proposes the reelection of Peter Berlin, Cecilia Daun Wennborg, Andrea Gisle Joosen, Anders Fredriksson, Magnus Moberg and Jan Olofsson, and the election of Hannu Ryöppönen. Information about the members proposed is available under Corporate Governance on the Hakon Invest company website.*
- *The Nomination Committee proposes that Hannu Ryöppönen be elected 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 SEK 350,000 be allocated for committee work, which is unchanged from the previous year. For 2012, it is proposed that the remuneration is distributed as follows: For work on the Investment Committee, remuneration totaling SEK 100,000 shall be paid, corresponding to SEK 50,000 to the Chairman and SEK 25,000 to each of the other members. For work on the Audit Committee, compensation totaling SEK 100,000 shall be paid, of which SEK 75,000 is to be paid to the Chairman and SEK 25,000 to the other member. For work on the Remuneration Committee, compensation totaling SEK 50,000 shall be paid, which is SEK 25,000 for each member. A total of SEK 100,000 is being held in reserve so that the Board will have capacity to appoint up to four additional members in committees or create additional Board committees.*
- *It is proposed that fees to the auditors be paid in accordance with approved invoices.*
- *The Nomination Committee proposes an unchanged form of election for the Nomination Committee.*

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.

