

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

In accordance with section 9.1 of the Swedish Code of Corporate Governance, the Remuneration Committee of Hakon Invest's Board of Directors has monitored and evaluated the application of the guidelines for remuneration of senior executives that by law the Annual General Meeting shall decide on, the prevailing structures and remuneration levels in the company, and also current programs and those concluded during the year in respect of variable remuneration to Executive Management. In addition, the outcome in respect of other variable remuneration was followed up.

The Board's evaluation 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.

Current guidelines

The 2011 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 shall promote Group unity. Improvements, particularly in earnings per share, shall be rewarded and there shall be a ceiling 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. A more detailed description of the current guidelines can be found in the documentation for item 18 in the notice convening the 2011 Annual General Meeting.

Follow-up and evaluation of current guidelines, remuneration structure and remuneration levels

During the year, the Remuneration Committee reviewed and evaluated how well the remuneration paid by the company complies with the guidelines adopted at the Annual General Meeting. The Remuneration Committee states that the guidelines were followed, with certain adjustments as regards bonuses. See below for the Board's reasons for this.

Salaries:

The fixed gross salary framework approved for the President for 2011 was SEK 7.4 M, which will be unchanged in 2012. The gross salary framework includes salary, holiday pay, social security payments, pension expenses and other expenses such as company car, etc. For other senior executives¹ the fixed

¹ Other senior executives refers to the people who, together with the President, make up the Executive Management

salary expense for 2011 amounts to SEK 6,432,000 in total. For 2012, the fixed salary level for other senior executives has been increased by 7.3 percent.

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.

Bonuses

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. A bonus is paid if the company's earnings per share increase by 15 percent compared with the previous year, and for maximum payout the company's earnings per share must increase by at least 22 percent.

The maximum bonus was paid for 2006, 2007 and 2009. No bonuses were paid for 2008 and 2010. For fiscal year 2011, 50 percent of the maximum bonuses were paid to the President and other senior executives. The Board of Directors gives the following reasons for its decision on bonus payments for fiscal year 2011:

Earnings per share for continuing operations increased by more than 22 percent compared with average earnings per share in 2008, 2009 and 2010. However, the Board felt that earnings attributable to discontinued operations should also be taken into account when calculating earnings per share in this context. On this basis, the Board decided that the 50 percent of the maximum bonus should be paid.

In its deliberations the Board took into account the fact that Hakon Invest's earnings for 2011 were significantly negatively affected by a nonrecurring item relating to impairment of goodwill for ICA Norway. The need for impairment was not known or foreseeable at the time of the 2011 Annual General Meeting, when the guidelines were adopted. Neither is the nature of the impairment such that the management of Hakon Invest could have affected it.

The Board has also decided that, in future, it shall be made clear that earnings per share refers to both continuing and discontinued operations.

The Remuneration Committee has approved the Board's statement and considers that the Board's reasoning for the bonus payment was soundly based and reasonable.

The Remuneration Committee has evaluated the existing bonus system and finds that it produces volatile results that are linked not just to Hakon Invest's underlying business, but also to one-off factors such as a number of extraordinary items that were brought up to date in ICA AB and that directly

affected Hakon Invest's results. The Remuneration Committee has noted that the extraordinary items also derive from times when members of Hakon Invest's management were not employed in the company.

The Remuneration Committee has therefore proposed a new bonus principle for the Board of Directors. The Board has approved this proposal and submitted a proposal to the 2012 Annual General Meeting; refer to item 18 of the notice convening Hakon Invest's 2012 Annual General Meeting.

In summary, the Remuneration Committee considers that the remuneration structure and remuneration levels are well-balanced, are on market terms and comply with the adopted guidelines, taking into account how the bonuses for the 2011 fiscal year have been dealt with and the proposal for amended bonus principles.

Follow-up and evaluation of 2006, 2007 and 2008 programs

The 2006, 2007 and 2008 Annual General Meetings adopted a remuneration system in which the cash bonus and the options programs were linked in such a manner that half of the earnings-based bonus was to be used to acquire call options at market price. In addition, senior executives could purchase additional call options at market price.

The 2006 and 2007 programs expired without exercise, because the price of Hakon Invest shares during the exercise period never exceeded the exercise price. No call options were acquired in the 2008 program. This program has also expired.

When these programs were assessed, the Remuneration Committee felt that, in summary, the risk in proportion to the possible outcome had been too high, as a result of which the participants lost their private investments. The Board therefore proposed a new program to the 2009 Annual General Meeting.

Follow-up and evaluation of 2009, 2010 and 2011 programs

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

Linking employees' pay with the company's earnings and value development is intended to encourage long-term value growth and to give employees and shareholders similar goals. At the same time, the company felt it would be a significant advantage for shareholders if senior executives had a shared interest in the positive development of the share price, and that the incentive program 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 combined share matching and performance based share program also required employees also to make investments themselves. The vesting period was two years, and the redemption period one year. The program required participants to actively purchase new shares (“Saving Shares”) at market price and to lock in these Saving Shares for a period of two years. Assuming that the participants remained employed and still held their Saving Shares, a number of rights could be exercised to redeem “Matching Shares” for an exercise price of SEK 10 per share. If certain clearly defined performance requirements were met, further rights could be exercised to redeem “Performance Based Shares” for an exercise price of SEK 10 per share. Redemption of rights from the 2009 program can take place during the period May 5, 2011 to May 31, 2012 and rights have been exercised by the President and other senior executives.

The total number of Matching Shares and Performance Based Shares in the 2009 program was maximized at 32,500 for the President and other senior executives. Since all 6,500 Saving Shares were subscribed for, this resulted in 6,500 Matching Shares being awarded. The performance requirements for the B, C and D rights were not met. The performance requirements for E rights were partly met, with the result that 2,990 Performance Based Shares were awarded. This means that in total, 29.2 percent of the total number of Matching Shares and Performance Based Shares that the President and other senior executives could have received at maximum outcome were awarded.

The 2010 and 2011 Annual General Meetings adopted share-related incentive programs that are essentially the same as the 2009 program. One difference is that the vesting period for the 2010 and 2011 programs was extended from two to three years. Moreover, Matching Shares and Performance Based Shares are received at no cost in the 2010 and 2011 programs, in contrast to the 2009 program in which the exercise price was SEK 10 per share. The shares in the 2010 and 2011 programs will be allotted on a date determined by the Board that is no earlier than the day after publication of the interim report for Q1 2013 and 2014 respectively, and no later than 45 days thereafter. A total of 6,500 Saving Shares have been acquired under the 2010 and 2011 programs.

The Remuneration Committee has concluded that the 2009, 2010 and 2011 programs, as designed, fulfill the purpose as presented to the Annual General Meetings through their focus on value growth and on the investment process. However, in its evaluation the Remuneration Committee concluded that it had been difficult to influence certain parameters, and that therefore they had not fulfilled their aim of rewarding long-term value growth in the company.

Hakon Invest’s Board has therefore proposed a share-related incentive program for 2012 with slightly different performance requirements to those established in previous years’ programs; for details, refer to item 19 of the notice convening Hakon Invest’s 2012 Annual General Meeting.

Stockholm, March 13, 2012

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