



# HAKON INVEST

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REPORT OF THE NOMINATION COMMITTEE  
PRIOR TO THE 2013 ANNUAL GENERAL MEETING

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# REPORT OF THE NOMINATION COMMITTEE

prior to Hakon Invest's Annual General Meeting on the 20th of May 2013

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## BACKGROUND

On 2 October 2012 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 2012 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 31 August 2012 was ICA-handlarnas Förbund (the Association of ICA Retailers), and two by the two subsequent largest shareholders, which as of 31 August 2012 were SEB Fonder and Swedbank Robur Fonder. At that time, these three shareholders represented approximately 70% 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 Annika Andersson as its member of the Nomination Committee. Claes Ottosson was appointed within the Nomination Committee as chairman.

In view of the ownership changes that took place in Hakon Invest in March 2013, a new Nomination Committee of Hakon Invest was appointed on 25 March 2013.

As of 21 March 2013 Industrivärden held 10% of the shares in Hakon Invest, making it the second largest

shareholder after ICA-handlarnas Förbund. Industrivärden appointed Anders Nyberg, Executive Vice President and General Counsel of Industrivärden, as its member of the Nomination Committee. AMF, the next largest shareholder, appointed Anders Oscarsson, President of AMF Fonder, as its representative on the Nomination Committee.

ICA-handlarnas Förbund's representatives, Håkan Olofsson and Claes Ottosson, remained as members of the Nomination Committee after the ownership change.

Shareholders were provided with opportunity to submit proposals and comments regarding the work of the Nomination Committee up to and including Friday 2 April 2013 in accordance with instructions provided on Hakon Invest's website.



**Anders Nyberg**

Executive Vice President  
and General Counsel,  
Industrivärden



**Anders Oscarsson**

President, AMF Fonder



**Claes Ottosson**

ICA retailer Hovås  
ICA-handlarnas Förbund



**Håkan Olofsson**

ICA retailer Boden  
ICA-handlarnas Förbund

## THE NOMINATION COMMITTEE'S WORK

The Nomination Committee held a number of meetings prior to the 2013 Annual General Meeting, two with the Nomination Committee appointed on 2 October 2012 and one physical meeting and a number of telephone conferences among the Nomination Committee appointed on 25 March 2013.

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 a proposing a chairman for the Annual General Meeting.

At its initial meeting, the Nomination Committee met individually with the Chairman of the Board, Hannu Ryöppönen, and the CEO, Claes-Göran Sylvé, to obtain information about the company's operations, the Board's work and future areas of focus. 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. Jan Olofsson, who chairs the Investment Committee, reported on the work carried out by the Investment Committee.

The Chairman of the Board also reported to the Nomination Committee on the evaluation of the Board carried out. The Board was evaluated by each of the members completing a questionnaire and having an individual meeting with the Chairman of the Board. The Chairman of the Board then summarised all the viewpoints during a discussion at a Board meeting.

The above information that was 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 also dealt with comments received regarding the composition of the Board of Hakon Invest.

### Board members

The Nomination Committee is in agreement that efforts should be made to ensure continuity among the members, both those coming from ICA AB's current Board and those currently on the Board of Hakon Invest, and to safeguard as far as possible the expertise that currently exists within the two Boards.

In connection with the proposal for Board members the Nomination Committee has also considered the number of members that the Board has, and has arrived at the conclusion that ten members is an adequate number in the current circumstances. The members of the Nomination Committee are in agreement that future Nomination Committees should evaluate carefully the composition and size of the Board, its expertise and gender breakdown, with a view to creating the best possible conditions for appropriate and effective Board work.

The Nomination Committee proposes that Peter Berlin, Cecilia Daun Wennborg, Andrea Gisle Joosen, Magnus Moberg and Jan Olofsson are re-elected to the Board of Hakon Invest.

Hannu Ryöppönen and Anders Fredriksson have declined re-election.

The Nomination Committee further proposes that Claes-Göran Sylvé is elected to the Board and as Chairman of Hakon Invest's Board, and that Fredrik Hägglund and Göran Blomberg are elected as new Board members.

These three individuals are currently members of ICA AB's Board, of which Claes-Göran Sylvé is Chairman.

The Nomination Committee wishes to maintain continuity in the management of ICA AB and sees it as highly advantageous for Claes-Göran Sylvé, Fredrik Hägglund and Göran Blomberg, who are very familiar with the operations of Hakon Invest and ICA, to become members of the Board of the new ICA Gruppen.

*Claes-Göran Sylvé (born 1959) has been President of ICA-handlarnas Förbund since 2003. From 2003 until 20 May 2013 Claes-Göran Sylvé was CEO of Hakon Invest AB. He is Chairman of the Board of ICA AB and a member of the Board of Svensk Handel. Claes-Göran Sylvé was originally an ICA retailer, and together with his family he owns ICA Kvantum Flygfyrén in Norrtälje. Claes-Göran Sylvé has attended a number of specialist courses at the ICA Academy.*

*Göran Blomberg (born 1962) is, with effect from 20 May, CFO of ICA-handlarnas Förbund and until 20 May 2013 was CFO of Hakon Invest, where he had been employed since 2009. He was previously CFO of RNB Retail and Brands AB during 1998-2009 and of Pronyx AB during 1994-1998. He is a member of the Board of ICA AB, Retail Finance Europe AB and Cervera AB. Göran Blomberg has previously been a board member of companies including Pronyx AB (publ), PowerIT AB (publ) and Rindi Energi AB (publ). Göran Blomberg has an MSc in Economics and Business Administration.*

*Fredrik Hägglund (born 1967) is Deputy CEO and General Counsel of ICA-handlarnas Förbund with effect from 20 May 2013. Until 20 May 2013*

1. With effect from 20 May 2013 Claes-Göran Sylvé, Fredrik Hägglund and Göran Blomberg will be employed by ICA-handlarnas Förbund.

he was General Counsel at Hakon Invest AB, where he had been employed as part of the management team since 2002. He worked as a lawyer at Clifford Chance, Brussels during 1999–2002 and as assistant lawyer at Linklaters during 1996–1999. He also worked in Anita Gradin's cabinet for the European Commission. Fredrik Hägglund is a Member of the Board of ICA AB, Eurocommerce and UGAL. He has been chairman of the Nomination Committee of Hemtex (publ) since 2009. He was previously a member of the board of the anti-corruption institute Institutet Mot Mutor. Fredrik Hägglund has a Bachelor of Law degree.

The Nomination Committee proposes that Bengt Kjell is elected to the Board. Bengt Kjell has extensive business experience and a solid background with Industrivärden. This expertise will make a valuable contribution to the work of Hakon Invest's Board.

**Bengt Kjell** (born 1954) is the Chief Executive Officer of AB Handel och Industri, an investment management company wholly owned by Svenska Handelsbanken. From 2002 to 2010 he was Deputy Chief Executive Officer of the listed investment company Industrivärden, where he was responsible for investment operations. Bengt Kjell is Chairman of the Board of Indutrade AB and Hemfosa Fastigheter AB, and a member of the boards of Pandox AB, Helsingborgs Dagblad AB, Swegon AB and Skånska Byggvaror AB. Bengt Kjell has an MSc in Economics and Business Administration.

The Nomination Committee proposes that Margot Wallström is elected to the Board. With her considerable experience and expertise, alongside her social commitment, Margot Wallström

will be a great asset to the Board of Hakon Invest.

**Margot Wallström** (born 1954) is Chair of the Board of Lund University. She is also a project director at the Swedish Postcode Lottery. Margot Wallström has been Minister for Culture, Minister for Social Affairs, Deputy Minister for Civil Affairs, First Vice President of the European Commission, European Commissioner for the Environment and a member of the Swedish parliament. In February 2010 she was appointed by the UN as Special Representative on Sexual Violence in Conflict, leaving the position in May 2012. Margot Wallström has honorary doctorates from Chalmers University of Technology, Mälardalen University, Umeå University and the University of Massachusetts. She is a director of the Swedish Postcode Foundation and of the Institute for Humans Rights and Business. Margot Wallström graduated from high school (upper secondary level).

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 the ICA holding for Hakon Invest's value, as well as other circumstances. As a result, the Board will have an appropriate composition characterised by diversity and breadth as regards its members' expertise, experience and backgrounds.

Four of the proposed members of the Board – Cecilia Daun Wennborg, Andrea Gisle Joosen, Jan Olofsson and Margot Wallström – 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.

Board members Magnus Moberg and Peter Berlin are ICA retailers and members of the Board of ICA-handlarnas Förbund. ICA-handlarnas Förbund is a non-profit association for Sweden's ICA retailers. According to 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, 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.

Up to and including 20 May 2013 Claes-Göran Sylvén, Fredrik Hägglund and Göran Blomberg were members of Hakon Invest's management. Under the Swedish Code of Corporate Governance, therefore, they are not considered to be independent in relation to the company and its management. As employees of ICA-handlarnas Förbund, they are also not considered to be independent in relation to the company's principal owner, ICA-handlarnas Förbund.

Bengt Kjell is independent in relation to the company and its management, but not independent in relation to Industrivärden, which holds 10% of the shares in Hakon Invest.

## Fees

The Nomination Committee proposes that the fees to the Board shall amount to SEK 3,550,000 (1,980,000) in total, which is an increase of SEK 1,570,000 compared with 2012. The Nomination Committee proposes that the fees are distributed as follows: SEK 850,000 (550,000) to the Chairman of the Board and SEK 300,000 (220,000) to each of the other members.



The Nomination Committee proposes that SEK 825,000 (350,000) is allocated for committee work in the following way. For work on the Audit Committee, compensation totalling SEK 300,000 (100,000) shall be paid, of which SEK 150,000 (75,000) to the Chairman and SEK 75,000 (25,000) to each of the other members. For work on the Remuneration Committee, fees totalling SEK 175,000 (50,000) shall be paid, of which SEK 75,000 to the Chairman and SEK 50,000 to each of the other members. For work on the Investment Committee, compensation totalling SEK 175,000 shall be paid, of which SEK 75,000 to the Chairman and SEK 50,000 to each of the other members. A total of SEK 175,000 (100,000) is held in reserve to give the Board the scope to appoint up to three additional members to committees or to create other Board committees.

Hakon Invest's acquisition of the remaining shares in ICA AB will create one of the largest listed retail companies in the Nordic region. The Nomination Committee has therefore compared the Board fees with those of other listed companies and concluded that the Board fees should be increased and that the Nomination Committee's proposal will bring the fees in line with market levels.

### Members' own investment

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 reasonably possible after the election of the Board at the Annual General Meeting.

The accounting firm Ernst & Young was elected as auditor at the 2010 Annual General Meeting for a mandate period of four years up to the 2014 Annual General Meeting. Authorised public accountant Thomas Forslund is Hakon Invest's auditor-in-charge.

### Proposals to the Annual General Meeting

The Nomination Committee's proposals to the 2013 Annual General Meeting are as follows:

- The Nomination Committee proposes the current Chairman of the Board Hannu Ryöppönen as chairman of the 2013 Annual General Meeting.
- The Nomination Committee proposes ten regular Board members.
- The Nomination Committee proposes the re-election of Peter Berlin, Cecilia Daun Wennborg, Andrea Gisle Joosen, Magnus Moberg and Jan Olofsson, and the election of Göran Blomberg, Fredrik Häggglund, Bengt Kjell, Claes-Göran Sylvén and Margot Wallström. Information on all the members proposed is available under Corporate Governance on Hakon Invest's website.
- The Nomination Committee proposes that Claes-Göran Sylvén is elected as Chairman of the Board.
- The Nomination Committee proposes that the total fees to the Board shall amount to SEK 3,550,000 (1,980,000) overall. The Nomination Committee proposes that the fees are distributed as follows: SEK 850,000 (550,000) to the Chairman of the Board and SEK 300,000 (220,000) to each of the other members.
- The Nomination Committee proposes that SEK 825,000 (350,000) is allocated for committee work. It is proposed that these fees are distributed in the following way. For work on the Audit Committee, compensation totalling SEK 300,000 (100,000) shall be paid, of which SEK 150,000 (75,000) to the chairman and SEK 75,000 (25,000) to each of the other members. For work on the Remuneration Committee, compensation totalling SEK 175,000 (50,000) shall be paid, of which SEK 75,000 (25,000) to the chairman and SEK 50,000 (25,000) to each of the other members. For work on the Investment Committee, remuneration is to be paid in a total amount of SEK 175,000, of which SEK 75,000 is to be paid to the chairman and SEK 50,000 to each of the other members. A total of SEK 175,000 (100,000) will be held in reserve to leave the Board scope to appoint up to three additional committee members or to create additional Board committees.
- It is proposed that fees to the auditors are paid in accordance with approved invoices.
- The Nomination Committee proposes that the Nomination Committee is elected in the same way as previously.

Any questions concerning the activities of the Nomination Committee may be directed to the chairman of the Nomination Committee, Claes Ottosson (claes.ottosson@kvantum.ica.se).



Hakon Invest AB (publ), Box 1508, SE-171 29 Solna, Sweden  
Visiting address: Svetsarvägen 12. Telephone: +46 8 55 33 99 00. [www.hakoninvest.se](http://www.hakoninvest.se)