



# Governance of Hakon Invest

The 2008 Annual General Meeting, which was held in Stockholm on April 22, re-elected all Board members apart from Olle Nyberg who had declined re-election. Magnus Moberg was elected as a new member of the Board. Lars Otterbeck continued as Chairman of the Board. The Board held a total of 16 meetings during 2008. Matters considered at these meetings included governance of the holdings and evaluation of new investment candidates.

Hakon Invest applies the Swedish Code of Corporate Governance (the Code). The Corporate Governance Report has not been reviewed by the company's auditors.

## Deviations from the Code

Hakon Invest has deviated from the part of the Code's rule 10.1 which stipulates that the Audit Committee shall comprise three members. Today, the Audit Committee consists of two members. In view of the fact that ICA AB constitutes the main holding in Hakon Invest and ICA AB has an Audit Committee in which Hakon Invest has three representatives, the company has decided that two members is a suitable size for the Audit Committee.

## Governance for value creation

Hakon Invest is a public company with its registered office in Stockholm, Sweden. Governance of the company is based on the Swedish Companies Act and Nasdaq OMX Stockholm's rules for issuers.

The internal framework for Hakon Invest's corporate governance comprises the articles of association, the Board's formal work plan, the instructions to the President, policies and attached guidelines.

Extracts from the policies are available on Hakon Invest's website ([www.hakoninvest.se](http://www.hakoninvest.se)).

Hakon Invest's President Claes-Göran Sylvén is responsible for ensuring that day-to-day administration of the company is carried out in accordance with the Board's guidelines and instructions. The President also compiles, in dialog with the Chairman and Deputy Chairman of the Board, an agenda for Board meetings and is responsible for providing information and basis for decision for the meetings. The President also ensures that Board members receive information about Hakon Invest's development so that they can reach well-founded decisions.

## Annual General Meeting

The 2008 Annual General Meeting was held at Grand Hôtel in Stockholm on April 22, 2008. In addition to shareholders, the meeting was attended by Hakon Invest's Board, Hakon Invest's Executive Management, employees, media representatives and a number of invited guests.

The Meeting resolved, among other things:

- to re-elect Lars Otterbeck, Cecilia Daun Wennborg, Anders Fredriksson, Jan-Olle Folkesson, Thomas Strindeborn and Jan Olofsson as members of the Board
- to elect Magnus Moberg as a new member of the Board
- a dividend for 2007 of SEK 6 per common share should be paid

The 2009 Annual General Meeting will be held on Wednesday, April 22 at Grand Hôtel, Stockholm. Shareholders who are registered in the share register as at April 16, 2009, and who have notified their attendance are entitled to attend the Annual General Meeting in person or through a proxy. In order to have a matter considered by the Annual General Meeting, shareholders in accordance with instructions on Hakon Invest's website must submit a request no later than March 4, 2009.

## Nomination Committee

The rules for Hakon Invest's Nomination Committee were adopted at the 2008 Annual General Meeting. The Nomination Committee is to consist of four members who represent the company's shareholders. Two of the members are appointed by the majority shareholder ICA-handlarnas Förbund and two members are appointed by the next largest owners, which at September 12, 2008, were SEB Fonder and Handelsbanken Fonder. ICA-handlarnas Förbund and SEB Fonder exercised their right to appoint Nomination Committee members. Since Handelsbanken Fonder declined its right to nominate a member, entitlement went to the next



Lars Otterbeck  
Chairman

Board work in Hakon Invest is exciting. There is a strong entrepreneurial spirit here combined with broad competence and experience within retail as well as a financial perspective and expertise.

We carefully monitor developments in the markets in which we have operations, as well as in the companies in which we have invested. There are always opportunities for new initiatives, entirely new or structural changes in operations where we are already represented.

Our board representatives in the holdings ensure that they make demands and take initiatives when required, naturally in addition to taking care of everything incumbent on these boards as regards corporate governance. We on Hakon Invest's Board feel that we are well informed about what is happening, and what market developments and the activities of competitors mean for the holdings.

We also continuously analyze new acquisition proposals from our invest-

ment group and the market changes that can lead to new business ideas.

For us, it is a privilege to have an extensive retail business – above all through the ICA holding – that generates a surplus and at the same time has substantial resources available for new investments at a time when many others are forced to struggle with major loans and interest burdens.

Since Hakon Invest became a listed company, for each investment made we have analyzed and rejected some ten other portfolio company candidates. In view of the development we see today, it appears that we were right to be cautious. I believe, however, that the next two years will offer a number of attractive opportunities to be more aggressive. It is

good to have a strong financial position, a privilege that not everyone enjoys.

Earnings and the share price trend for 2008 are nothing to boast about. Possibly we can say that we are in good company. We are convinced, however, that we have a winning company and a winning concept and that with our strong balance sheet and the fine spirit of cooperation throughout Hakon Invest, together with our principal owner and our holdings, will create lasting and rising shareholder value in the years ahead, despite the difficult times we are experiencing today.

Lars Otterbeck

largest owner, Swedbank Robur funds which exercised its right to appoint a member. The composition of the Nomination Committee was announced on October 22, 2008.

#### The work of the Nomination Committee

The Nomination Committee held two meetings ahead of the 2009 Annual General Meeting. All members were present at these meetings with the exception of SEB's representative who was prevented from attending on one occasion. Hakon

Invest's General Counsel, Fredrik Hägglund, has been co-opted to the Nomination Committee's meetings as secretary. No fees were paid to the members of the Nomination Committee for their work.

At its initial meeting the Nomination Committee met the Chairman of the Board, Lars Otterbeck, and the President, Claes-Göran Sylvén each separately in order to be informed about Hakon Invest's operations and Board work. At the second meeting Cecilia Daun Wennborg, chairman of the Audit

#### Nomination Committee's composition ahead of 2009 Annual General Meeting

Member	Representative for	Holding in Hakon Invest at appointment of Nomination Committee
Håkan Olafsson, ICA retailer in Boden	ICA-handlarnas Förbund	67.35%
Claes Ottosson, ICA retailer in Hovås (Chairman)	ICA-handlarnas Förbund	67.35%
KG Lindvall, Swedbank Robur fonder	Swedbank Robur fonder	1.04%
Stefan Roos, SEB Asset Management	SEB Fonder	1.70%

Committee, gave an account of audit work and the finance function. The Chairman of the Board then presented the 2008 evaluation of the Board.

The Nomination Committee subsequently completed its evaluation of the Board, agreed on proposals to the Annual General Meeting and prepared a report on the work of the Nomination Committee.

The Nomination Committee's report, which describes this work in more detail, is available on Hakon Invest's website ([www.hakoninvest.se](http://www.hakoninvest.se)). The Nomination Committee's proposals ahead of the 2009 Annual General Meeting are specified in the notice of the meeting and on the website.

#### Composition of the Board

According to the Articles of Association, Hakon Invest's Board shall consist of between five and nine members. The present Board consists of seven members. At the Annual General Meeting, Lars Otterbeck was elected as the Chairman of the Board and at the statutory Board meeting, Anders Fredriksson was elected as Deputy Chairman. The President makes presentations at Board meetings and the General Counsel is the secretary to the Board.

#### Board's independence criteria

Four members of the Board, Lars Otterbeck, Cecilia Daun Wennborg, Jan-Olle Folkesson and Jan Olofsson, are independent in relation to both the company and its management and the company's major shareholders. Combined, they

have many years of experience from management and board work in various listed companies.

The other three Board members, Anders Fredriksson, Thomas Strindeborn and Magnus Moberg, are ICA retailers. Thomas Strindeborn and Magnus Moberg 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 Nasdaq OMX Stockholm's rules for issuers and the Code's rules on independence criteria for board members, these three members are independent in relation to Hakon Invest and the company's management but not in relation to the principal owner ICA-handlarnas Förbund.

#### The work of the Board

The work of the Board is led by a chairman and regulated by the formal work plan adopted by the Board as well as applicable laws and regulations. The Board has also prepared working instructions for its three committees, a work instruction for the President as well as other policy documents as guidelines for Hakon Invest's activities. Each year the Board reviews the adopted formal work plans. The present formal work plans and instructions were examined in September and formally adopted on September 30, 2008.

In addition to a statutory Board meeting in conjunction with the Annual General Meeting, the Board shall hold at least five meetings a year that are announced in advance.

#### Board members elected at the 2008 Annual General Meeting

Name	Elected	Position	Independent in relation to the company/owners	Committee work	Attendance at Board meetings	Remuneration for Board work/committee work (SEK 000s)
Cecilia Daun Wennborg	2005	Member	Yes/Yes	Audit Committee (Chairman)	15/16	220/50
Jan-Olle Folkesson	2005	Member	Yes/Yes	Investment Committee	13/16	220/25
Anders Fredriksson	1997	Deputy Chairman	Yes/No	Investment Committee Remuneration Committee	16/16	330/25/25
Magnus Moberg	2008	Member	Yes/No	Audit Committee	12/12	220/25
Jan Olofsson	2005	Member	Yes/Yes	Investment Committee	15/16	220/25
Lars Otterbeck	2005	Chairman	Yes/Yes	Investment Committee (Chairman) Remuneration Committee (Chairman)	14/16	550/50/25
Thomas Strindeborn	2006	Member	Yes/No	–	16/16	220

## Ownership and governance of Hakon Invest

**ANNUAL GENERAL MEETING** is Hakon Invest's highest decision-making body where shareholders can exercise their influence.

ICA-handlarnas Förbund  
(67%)

Others approximately 12,500  
shareholders (33%)

### Auditors

Appointed by the Annual General Meeting. Examine the annual accounts and inform the Meeting of their conclusions.

### The Nomination Committee

Proposes a Chairman of the Board and members of the Board.

**HAKON INVEST'S BOARD** has 7 members including the Chairman.

Audit Committee  
2 members

Remuneration Committee  
2 members

Investment Committee  
4 members

**HAKON INVEST'S MANAGEMENT GROUP** comprises 4 people including the President.

President appointed by the Board

CFO

General Counsel

Senior Vice President  
Investments & Portfolio  
Companies

### ACTIVE OWNERSHIP EVERY DAY

**HAKON INVEST'S HOLDINGS**

ICA AB (40%)

#### PORTFOLIO COMPANIES

- Forma (100%)
- Kjell & Company (50%)
- Hemma (89%)
- Cervera (81%)
- inkClub (50%)
- Hemtex (26.4%)

ICA AB's  
Audit Committee

An evaluation of the Board is carried out every year. Each Board member must complete a comprehensive questionnaire about the work of the Board. The evaluation is used both to develop the work of the Board and as a basis for the Nomination Committee's evaluation of the composition of the Board.

#### **Work of the Board in 2008**

During 2008 a total of 16 Board meetings were held, of which 12 were held by the present Board elected on April 22, 2008.

Significant issues dealt with during the year included:

- Acquisition candidates, including acquisition of 26.4% of the shares in Hemtex.
- Focused examination and corporate governance of ICA, particularly in view of development in the Norwegian operations and the reorganization carried out.
- Focused corporate governance and measures in the portfolio companies including the restructuring and new issues in Hemma which led to increased ownership.

#### **Board committees**

Hakon Invest's Board has set up three working committees: the Audit Committee, the Remuneration Committee and the Investment Committee. The work of the committees is reported to the Board on a regular basis.

The Audit Committee's key task is to supervise the accounts and financial reporting and obtain information about the auditing of Hakon Invest. The committee also monitors risk analyses within the company. The Audit Committee shall hold at least three meetings per year.

The Remuneration Committee is responsible for the preparation of issues regarding remuneration and other terms of employment for Hakon Invest's Executive Management. The Remuneration Committee must hold at least two meetings per year, one of which must be held in December.

The Investment Committee has as its main task examining the decision-making basis with regard to acquisition matters, recommending decisions and ensuring compliance with Hakon Invest's investment policy. The number of meetings shall be at least one a year at which, among other things, the investment policy is evaluated. Additional meetings are called by the committee chairman when required.

The Audit Committee held five meetings until year-end. Three of the meetings were held after the 2008 Annual General Meeting. Erik Åström (the company's external auditor) was present at all meetings. The Remuneration Committee

held four meetings. The Investment Committee only met once during the year. In addition, investment matters were examined in the Board as a whole where all members attended all meetings. The members of each committee attended all committee meetings.

#### **President and Executive Management**

Hakon Invest's President, Claes-Göran Sylvén, is responsible for the day-to-day administration of the company. The Board has approved President Claes-Göran Sylvén's significant assignments and financial involvement outside the company, for example in ICA-handlarnas Förbund. An assessment of him has also been carried out without management being present. The Board's formal work plan and work instructions for the President govern in particular the handling of and decisions on matters related to agreements and other dealings between Hakon Invest and ICA-handlarnas Förbund.

In addition to the President Claes-Göran Sylvén, Hakon Invest's Executive Management comprises Legal Counsel Fredrik Häggglund and Stein Petter Ski, SVP Investments and Portfolio Companies. In spring 2009, Göran Blomberg will take up his position as CFO of Hakon Invest and be a member of Executive Management. Executive Management meets regularly to discuss the development of Hakon Invest and make decisions about matters of importance to the business.

Organizationally the company is divided into Investment, Finance, which is also responsible for Communication, and Legal Affairs.

The investment organization comprises one investment manager and two controllers headed by Stein Petter Ski who is also responsible for the portfolio companies. These work actively with both existing holdings and potential future investments. Taken overall the investment organization possesses broad retail-oriented and financial expertise.

The Finance and Treasury function comprises five people headed by the CFO and is responsible for the Group's financial statements. The unit also handles management of Hakon Invest's financial assets. The CFO is also responsible for the Group's external and internal communication. The Investor Relations Manager is responsible for investor relations and related issues.

Legal Affairs is headed by a legal counsel and is responsible for legal issues. The unit assists closely related companies when required with legal services on market terms. External legal expertise is engaged when required.

## BOARD OF DIRECTORS

**Lars Otterbeck**

Born 1942, Chairman

Lars Otterbeck, Chairman of the Board since the Annual General Meeting in 2005. He is Assistant Professor at the Stockholm School of Economics and is a Doctor of Economics. Lars Otterbeck was President and CEO of Alecta Pension Insurance during the period 2000 – 2004 and was previously President and CEO at D&D Dagligvaror AB

(now Axfood). Lars Otterbeck is Chairman of the Swedish Industry and Commerce Stock Exchange Committee and Försäkrings AB Skandia, Vice Chairman of the Third National Pension Fund and the Swedish Corporate Governance Board. He is also a member of the Boards of AB Svenska Spel and Old Mutual Plc.  
Shareholding: 1,800 shares

**Anders Fredriksson**

Born 1954, Deputy Chairman

Anders Fredriksson was elected to the Board at the Annual General Meeting in 1997. Anders Fredriksson was a Board member of ICA-handlarnas Förbund during the period 1997–2006. He was also Chairman of the Board

of ICA-handlarnas Förbund in 2001–2006. Anders Fredriksson is also an ICA retailer in ICA Kvantum Hjertbergs in Lidköping. Anders Fredriksson studied economics and law at university and has attended a number of courses at the ICA Academy.  
Shareholding: 362,800 shares

**Cecilia Daun Wennborg**

Born 1963

Cecilia Daun Wennborg was elected to the Board at the 2005 Annual General Meeting. She is CEO of Carema Vård och Omsorg AB. Until April 2005, Cecilia Daun Wennborg was Acting President of Skandiabanken and

was previously in charge of Skandia's Swedish operations, President of SkandiaLink Livförsäkrings AB and Financial and Administrative Director of SkandiaLink Livförsäkrings AB. She holds a degree in economics, with supplementary studies in journalism and languages.  
Shareholding: 2,500 shares

**Jan-Olle Folkesson**

Born 1939

Jan-Olle Folkesson was elected to the Board at the Annual General Meeting in 2005. He is also Chairman of the Board of Sahlgrenska International Care AB and Board member of Wallenstam AB. He also has a number of other directorships. Jan-Olle Folkesson has extensive experience

of ICA's operations, gained in the capacity of President of ICA EOL in 1986–1990 and President of ICA Företagen in 1990–1991. He is a graduate of the Swedish Retail Federation's School of Retailing in Malmö and has attended a number of courses at ICA.  
Shareholding: 600 shares

**Magnus Moberg**

Born 1966

Magnus Moberg was elected to the Board at the Annual General Meeting in 2008. Magnus Moberg is an ICA retailer in ICA Köpet Supermarket in Sandared. He has also been a Board member of ICA-handlarnas Förbund since

2006. He was also a Board member of ICA-handlarnas Förbund during the period 2002–2005. Magnus Moberg has attended a number of courses at the ICA Academy.  
Shareholding: 23,500 shares

**Jan Olofsson**

Born 1948

Jan Olofsson was elected to the Board at the 2005 Annual General Meeting. Jan Olofsson is a bank director and senior adviser at Handelsbanken Capital Markets. During the period 1992–2006 he was Head of M&A at Handelsbanken. Prior to that, he held several senior executive

positions at Esselte AB, most recently in 1985–1991 as Executive Vice President and Deputy Chief Executive Officer. Jan Olofsson is also Chairman of Initt AB, Bindomatic AB and Printley AB. He holds a degree in business administration.  
Shareholding: 2,400 shares

**Thomas Strindeborn**

Born 1961

Thomas Strindeborn was elected as a member of the Hakon Invest Board of Directors at the 2006 Annual General Meeting. Thomas Strindeborn is an ICA retailer in Maxi ICA Stormarknad in Partille, Gothenburg, and

has been an ICA retailer since 1986. He has attended a number of courses at the ICA Academy. Thomas Strindeborn was elected Chairman of the Board of ICA-handlarnas Förbund at the 2006 Annual Meeting.  
Shareholding: 67,140 shares

**EXECUTIVE MANAGEMENT****Claes-Göran Sylvén**

Born 1959, President

Claes-Göran Sylvén has been employed at Hakon Invest since 2003. Claes-Göran Sylvén is President of ICA-handlarnas Förbund, Chairman of the Board of ICA AB and Forma Publishing Group AB and a Member of the Board of Svensk Handel and UGAL. Claes-Göran Sylvén was originally an ICA retailer, and together with his family he owns ICA Kvantum Flygfyren in Norrtälje.

Shareholding:

Shares: 433,196

Call options (2010): 60,000

Call options I (2011): 34,000

Call options II (2011): 5,000

**Göran Blomberg**

Born 1962, CFO

Göran Blomberg has been employed at Hakon Invest since 2009. Göran Blomberg was previously CFO at RNB Retail and Brands AB, Portwear AB and Pronyx AB. He is a member of the Board of Rindi Energi AB. Göran Blomberg is an M.Sc. Econ.

Shareholding:

Shares: –

Call options II (2011): 10,000

**Fredrik Häggglund**

Born 1967, General Counsel

Fredrik Häggglund has been employed at Hakon Invest since 2002. He has a Bachelor of Law degree and worked as a lawyer at Clifford Chance, Brussels in 1999–2002 and as assistant lawyer at linklaters in 1996–1999. Fredrik Häggglund also worked in Anita Gradin's cabinet for the European Commission. Fredrik Häggglund is a Member of the ICA AB Board and of the Board of Directors of Eurocommerce and Institutet Mot Mutor (Anti-bribery Institute).

Shareholding:

Shares: 3,200

Call options (2010): 15,000

Call options I (2011): 15,000

Call options II (2011): 5,000

**Stein Petter Ski**

Born 1967, SVP Investments &amp; Portfolio Companies

Stein Petter Ski has been employed at Hakon Invest since 2005 and in 2003–2005 was a partner at ABG Sundal Collier specialized in Corporate Finance. In 2001–2002 he worked within the Swedish Ministry of Enterprise, Energy and Communications and prior to that he held various positions within Enskilda Securities 1989–2001. Stein Petter Ski is a member of the Board of Kjell & Co Elektronik AB, Cervera Holding AB and Hemmabutikerna.

Shareholding:

Shares: 18,000

Call options (2010): 10,000

Call options I (2011): 15,000

Call options II (2011): 5,000

**Work on auditing and accounting**

The Board has drawn up formal working routines to ensure that work with auditing and accounting issues functions smoothly. It has adopted work procedures and instructions for the President, Board of Directors and committees in order to maintain good control and appropriate relations with the company's auditors.

**Internal control of financial reporting**

During 2008 Hakon Invest intensified its control to ensure that its operations are appropriate and efficient and that financial reporting is reliable. In the internal control process the company applies the internationally accepted COSO model.

This model is based on five control components:

- Control environment
- Risk assessment
- Control activities
- Information
- Monitoring

The COSO model is established in Hakon Invest and its wholly owned subsidiary Forma Publishing Group, and it will also apply to Hemma and Cervera now that they are subsidiaries. As part of intensified internal control, the company has made active efforts for the COSO model to also be applied in the other portfolio companies.

Hakon Invest's risk management activities are described in the section "Balance between opportunities and risks" on pages 18–20 of the annual report.



### Control environment

In the Board's formal work plan and instructions for the President and Board committees, a clear role and responsibility distribution is ensured in the interests of the efficient management of operational risks. The Board has also adopted a number of basic guidelines of significance for the work on internal control where the formal work plans for the Investment Committee, investment policy and finance policy are the most important elements.

Executive Management reports regularly to the Board in line with fixed routines. In addition, there are reports from the Audit Committee's work. Executive Management is responsible for the system of internal controls required to handle significant risks in the day-to-day operations. These include guidelines for the authority of different employees. They clarify the importance of their particular roles which leads to good internal control.

### Risk assessment

By applying the COSO model, Hakon Invest identifies a number of items in the income statement and balance sheet that may be associated with increased risk.

### Control activities

Risk assessment results in a number of control activities. Hakon Invest places particular emphasis on checks designed to prevent, reveal and correct inadequacies in the income statement and balance sheet items that might be associated with increased risk.

### Information and communication

Efficient and correct dissemination of information, both internally and externally, is important in order to safeguard financial control within Hakon Invest. Policies, routines, handbooks and other items of significance for financial reporting are updated and communicated to the parties involved on an ongoing basis.

Hakon Invest's employees provide relevant information to Executive Management and the Board through both formal and informal information channels. The communications policy and associated guidelines ensure that external communication is correct and meets the requirements placed on companies that are listed on Nasdaq OMX Stockholm.

Financial information is provided regularly through annual reports, interim reports, press releases and notices on the website. Since the interim report for January–September 2007, Hakon Invest's press conferences can be accessed via webcasts.

### Follow-up

The Board continually assesses the information submitted by Executive Management and the Audit Committee.

The Audit Committee's work in monitoring the efficiency of Executive Management's internal control is of particular importance. This follow-up includes ensuring that action is taken to deal with any shortcomings and that proposed measures arising from internal and external audits in Hakon Invest and the holdings are taken into account.

### Internal audit

Hakon Invest has no internal audit function, in view of the limited size of its own operations. ICA AB, which is Hakon Invest's largest holding, has on the other hand an extensive internal audit which continually reports its findings to the Audit Committee within ICA AB's Board where Hakon Invest is represented with three people. These three people report in their turn to Hakon Invest's Audit Committee. The Board has decided that this follow-up is sufficient.

### Internal control in the holdings

Hakon Invest works actively with internal control in its holding companies, including application of the COSO model. Ownership is exercised in the holdings through representation on the boards and under the motto "Active ownership every day". This includes close contacts with the holdings and continuous work with strategic and operational matters. At least one board member in each holding must be connected with Hakon Invest and the company normally seeks to be entrusted with the chairmanship. Representation on the boards ensures that reporting and internal control are managed in a satisfactory manner.

It is important that board members and managements in the holdings have adequate competence for their assignment. During the year all the presidents of the holdings met Hakon Invest's Board to present their company's operations.

Hakon Invest's finance function has an ongoing dialog with those responsible for finance in all the holding companies and issues instructions and advice for the preparation of each monthly, quarterly, and full-year accounts. This provides Hakon Invest with a basis for its financial reports according to current principles and accounting standards.

Assessments are made of internal control in each individual holding. These are made both ahead of an acquisition and during the ownership period. Ahead of an acquisition due diligence of the company is carried out where the accounting, legal and operational consequences are analyzed. In addition, a general survey of the company's position regarding

environment, supply chain control, HR issues, business ethics and other non-financial aspects is carried out. Hakon Invest's information and communication channels are designed to promote complete and accurate financial reporting. The extent of control within the holding is then decided separately for each company according to need.

Where risks relating to internal control are identified these are managed by the investment organization and in each holding's board in consultation with the auditors. In addition, the investment organization and Hakon Invest's board member in each holding keep Hakon Invest's Executive Management continuously informed. Hakon Invest's President reports in turn to the Board.

#### **Auditors**

According to the articles of association, the Annual General Meeting shall appoint a minimum of one and a maximum of two auditors or one or two registered public accounting firms. At the 2006 Annual General Meeting the registered public accounting firm Ernst & Young AB was appointed as auditor for a mandate period of four years until the 2010 Annual General Meeting. Authorized public accountant Erik Åström was appointed as auditor in charge.

Ernst & Young AB meets Hakon Invest's requirement for requisite expertise. Erik Åström has experience as auditor of other listed companies such as Hennes & Mauritz (H&M), Kinnevik, Modern Times Group (MTG), Svenska Handelsbanken, Saab and Apoteket. He attended a Board meeting in order to present Ernst & Young's audit process in Hakon Invest and offer Board members an opportunity to ask questions without management being present.

#### **Incentive program**

The President, other members of Executive Management and some key employees at Hakon Invest are included in an annual performance-based incentive program which consists of bonus and options. This program applies until the 2009 Annual General Meeting.

ICA-handlarnas Förbund implemented an incentive program for all employees in the Parent Company Hakon Invest AB in December 2005 following the IPO. When this program expired in December 2008, it was renewed with the same terms with a term until March 2011.

More information about these incentive programs is provided in Note 7 on page 76 in the audited section of the annual report.