

**Monitoring and evaluation of (i) the programmes for variable remuneration to the executive management, (ii) the application of guidelines on remuneration for the senior executives and (iii) the current remuneration structure and levels of remuneration in the Investment AB Kinnevik in accordance with rule 10 paragraph 3 and rule 9 paragraph 1 in the Swedish Code of Corporate Governance.**

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## **Introduction**

The Remuneration Committee of the Board of Directors of Investment AB Kinnevik (publ) (“**Kinnevik**”), comprises the Chairman of the Board Cristina Stenbeck and the non-executive directors Erik Mitteregger and Wilhelm Klingspor. Wilhelm Klingspor is acting as Chairman of the Remuneration Committee. In accordance with the Swedish Code of Corporate Governance, the Remuneration Committee has monitored and evaluated programmes for variable remuneration (both ongoing and those that have ended during the year), the application of the guidelines for remuneration to the executive management adopted at the Annual General Meeting as well as the current remuneration structure and levels of remuneration in the company. The following is the Board’s report of the results of the evaluation.

## **General**

The remuneration to Kinnevik’s executive management consist of fixed salary, variable salary, as well as the possibility to participate in long-term incentive programmes, pensions and other customary benefits. These components shall create a well balanced remuneration which reflects individual performance and which offers a competitive remuneration package adjusted to conditions on the market.

## **Variable remuneration**

The maximum outcome for variable salary paid in cash is 50 percent of the fixed salary and is based on a combination of results achieved and individual performance. Further information on the variable remuneration paid in cash is found in the Annual Report 2010, note 29 for the Group, Personnel.

There are long-term equity based incentive programmes for senior executives and other key employees in Kinnevik. The long-term incentive programmes are performance based and require the participant to own shares and remain in the employment of Kinnevik. By tying the employees’ remuneration and the development of Kinnevik’s result and value together, continuous loyalty with the Company is encouraged and it contributes to the long-term value growth of Kinnevik. Further information on the long-term incentive programmes such as outcome, participation ratio, number of issued and outstanding instruments etc. is found in the Annual Report 2010, note 29 for the Group, Personnel.

## **Evaluation of programmes for variable remuneration**

The development of the programmes for variable remuneration is evaluated by the Remuneration Committee on a continuous basis throughout the year and the programmes’ expected outcome are reported to the Board of Directors and discussed at Board meetings. The Remuneration Committee also monitors to which extent the executive management participates in the programmes and have sent out a questionnaire to the participants to receive their point of view on the long-term incentive programmes. The evaluation of the programmes for variable remuneration has shown that:

- the programmes are well in line with the shareholders' interests,
- the programmes are considered to help attract, motivate and retain the competence needed in the executive management,
- also future long-term incentive programmes shall be equity based and require an own investment in Kinnevik shares.

### **Evaluation of the guidelines for remuneration**

The evaluation has resulted in the conclusion that the guidelines for remuneration to the senior executives that the Annual General Meeting 2010 established have applied on such variable remunerations in the Company, both ongoing and those that have ended during the year, and that there has been no deviation from the guidelines during the year.

The external auditor have given a statement to the Board of Directors on that Kinnevik has applied the guidelines on salary and other remuneration to the senior executives adopted by the Annual General Meeting 2010.

The Board of Director's view is that the remuneration to the CEO and the other members in the executive management strikes an appropriate balance between motivating the members of the executive management and achieving a well balanced and competitive compensation.

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Stockholm in April 2011

**Investment AB Kinnevik (publ)**

*The Board of Directors*