

Report of the Nomination Committee

prior to the 2014 Annual General Meeting



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Background

On 24 September 2013 ICA Gruppen published the names of the members of the Nomination Committee in accordance with the procedural instructions for the Nomination Committee adopted at the 2013 Annual General Meeting.

The Nomination Committee is to comprise four members who represent the Company's shareholders. Two of the members are nominated by the Company's largest shareholder, which as of 30 August 2013 was ICA-handlarnas Förbund (the Association of ICA Retailers), and two by the two subsequent largest shareholders, which as of 30 August 2013 were Industrivärden and AMF. On that date these three shareholders represented around 63% of the share capital and voting rights in ICA Gruppen.

ICA-handlarnas Förbund appointed Claes Ottosson, an ICA retailer in Hovås, and Anna-Karin Liljeholm, General Counsel at ICA-handlarnas Förbund, as its members of the Nomination Committee. 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.

Shareholders were provided with opportunity to submit proposals and comments regarding the work of the Nomination Committee up to and including 19 February 2014 in accordance with instructions provided on ICA Gruppen's website.



Anders Nyberg
Executive Vice President and
General Counsel Industrivärden



Anders Oscarsson
President
AMF Fonder



Claes Ottosson
ICA retailer in Hovås
ICA-handlarnas Förbund



Anna-Karin Liljeholm
General Counsel
ICA-handlarnas Förbund

The Nomination Committee's work

The Nomination Committee held three meetings prior to the 2014 Annual General Meeting, one of which was a telephone conference.

The duties of the Nomination Committee include evaluating the Board and its performance; 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; and proposing a chairman for the Annual General Meeting.

At its initial meeting, the Nomination Committee met individually with the Chairman of the Board, Claes-Göran Sylvén, and the CEO, Per Strömberg, 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 ICA Gruppen's Finance function.

The Chairman of the Board also reported to the Nomination Committee on the evaluation of the Board carried out. A summary of the evaluation was distributed to the members. The Board was evaluated by each of the members completing a questionnaire and having an individual meeting with the Chairman of the Board.

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 a need for additional expertise and experience to be brought into the Board. The Nomination Committee also dealt with suggestions received for new members of ICA Gruppen's Board.

Board members

The Nomination Committee has considered the number of members that the Board has and has arrived at the conclusion that ten members remains an adequate number in the current circumstances, with particular importance being attached to the need for continuity in the Board's work. The members of the Nomination Committee are in agreement that in the future there should continue to be careful evaluation of the size and composition 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 is proposing that all the Board members are re-elected.

The Nomination Committee thus proposes that Peter Berlin, Göran Blomberg, Cecilia Daun Wennborg, Bengt Kjell, Andrea Gisle Joosen, Fredrik Häggglund, Magnus Moberg, Jan Olofsson, Claes-Göran Sylvén and Margot Wallström are re-elected to the Board of ICA Gruppen.

The Nomination Committee further proposes that Claes-Göran Sylvén is re-elected as Chairman of the Board of ICA Gruppen.

The Nomination Committee believes that this proposal for the Board is well motivated taking into consideration the Company's operations, its development phase and 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.

Five of the proposed members of the Board – Cecilia Daun Wennborg, Andrea Gisle Joosen, Bengt Kjell, Jan Olofsson and Margot Wallström – are independent in relation both to ICA Gruppen and its management and to the major shareholders in the Company. Combined, they have many years' experience of management and board positions in various listed companies, institutions and organisations.

Board members Peter Berlin and Magnus Moberg 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 NASDAQ OMX Stockholm's Rule Book for Issuers and the rules of the Swedish Corporate Governance Code concerning the independence of Board members, Peter Berlin and Magnus Moberg are independent in relation to ICA Gruppen and its management, but not in relation to its principal shareholder ICA-handlarnas Förbund. Magnus Moberg and Peter Berlin have each participated in establishing their own new ICA store. ICA Sverige AB (a subsidiary of ICA Gruppen) may provide the ICA retailer with a financing solution when a new ICA store is established. Magnus Moberg and Peter Berlin participated in such a financing solution. This does not affect their independence in relation to ICA Gruppen or their membership of ICA-handlarnas Förbund, and thus does not affect their independence in relation to ICA Gruppen.

Claes-Göran Sylvén, Fredrik Häggglund and Göran Blomberg were members of the Company's management until 20 May 2013. Under the Swedish Corporate Governance Code, therefore, they are not considered to be independent in relation to ICA Gruppen and its management. As employees of ICA-handlarnas Förbund since 20 May 2013, Fredrik Häggglund and Göran Blomberg are also not considered to be independent in relation to ICA Gruppen's principal shareholder, ICA-handlarnas Förbund. Claes-Göran Sylvén was employed by ICA-handlarnas Förbund in 2013, but left his position on 31 January 2014. In his capacity as an ICA retailer and member of ICA-handlarnas Förbund, however, he is not in any case to be regarded as independent in relation to ICA-handlarnas Förbund.

Fees

The Nomination Committee proposes that the fees to the Board shall amount to SEK 3,780,000 (3,550,000) in total, which is an increase of SEK 230,000 compared with 2013. The Nomination Committee proposes that the fees are distributed as follows: SEK 900,000 (850,000) to the Chairman of the Board and SEK 320,000 (300,000) to each of the other members.

The Nomination Committee also proposes that SEK 900,000 (850,000) is allocated for committee work in 2014, to be distributed as follows. For work on the Audit Committee, fees totalling SEK 425,000 (300,000) shall be paid, of which SEK 170,000 (150,000) to the chairman and SEK 85,000 (75,000) to each of the other members. For work on the Remuneration Committee, fees totalling SEK 175,000 (175,000) shall be paid, of which SEK 75,000 (75,000) to the chairman and SEK 50,000 (50,000) to each of the other members. For work on the Investment Committee, fees totalling SEK 225,000 (175,000) shall be paid, of which SEK 75,000 (75,000) to the chairman and SEK 50,000 (50,000) to each of the other members. A total of SEK 75,000 (175,000) will be held in reserve to give the Board the scope to appoint up to three additional members to committees or to create other Board committees.

ICA Gruppen is one of largest listed retail companies in the Nordic region. The Nomination Committee has therefore compared the Board fees with those of other listed companies of the same size and concluded that the Board fees should be increased and that the Nomination Committee's proposal will bring the fees into line with market levels.

Board 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.*

Auditor

At the 2010 Annual General Meeting the accounting firm Ernst & Young AB was elected as auditor for a mandate period of four years up to the 2014 Annual General Meeting, and a new auditor must therefore be elected. A review of auditors and their fees was carried out ahead of the 2013 Annual General Meeting. Taking account of this assessment, the Nomination Committee proposes that the accounting firm Ernst & Young AB is re-elected.

Proposals to the Annual General Meeting

The Nomination Committee's proposals to the 2014 Annual General Meeting are as follows:

- The Nomination Committee proposes the current Chairman of the Board, Claes-Göran Sylvén, as the chairman for the 2014 Annual General Meeting.
- The Nomination Committee proposes ten (10) regular Board members.
- The Nomination Committee proposes that Peter Berlin, Göran Blomberg, Cecilia Daun Wennborg, Andrea Gisle Joosen, Fredrik Hägglund, Bengt Kjell, Magnus Moberg, Jan Olofsson, Claes-Göran Sylvén and Margot Wallström are re-elected to the Board.
Information on all the members proposed is available under Corporate Governance on ICA Gruppen's website.
- The Nomination Committee proposes that Claes-Göran Sylvén is elected as Chairman of the Board.
- The Nomination Committee proposes that the fees to the Board shall amount to SEK 3,780,000 (3,550,000) in total, which is an increase of SEK 230,000 compared with 2013. The Nomination Committee proposes that the fees are distributed as follows: SEK 900,000 (850,000) to the Chairman of the Board and SEK 320,000 (300,000) to each of the other members.
- The Nomination Committee proposes that SEK 900,000 (825,000) is allocated for committee work, to be distributed as follows. For

work on the Audit Committee, fees totalling SEK 425,000 (300,000) shall be paid, of which SEK 170,000 (150,000) to the chairman and SEK 85,000 (75,000) to each of the other members. For work on the Remuneration Committee, fees totalling SEK 175,000 (175,000) shall be paid, of which SEK 75,000 (75,000) to the chairman and SEK 50,000 (50,000) to each of the other members. For work on the Investment Committee, fees totalling SEK 225,000 (175,000) shall be paid, of which SEK 75,000 (75,000) to the chairman and SEK 50,000 (50,000) to each of the other members. A total of SEK 75,000 (175,000) will be held in reserve to give the Board the scope to appoint up to three additional members to committees or to create other Board committees.

- The Nomination Committee proposes that one accounting firm is elected as auditor.
- It is proposed that Ernst & Young AB is re-elected as auditor.
- It is proposed that fees to the auditors are paid in accordance with approved invoices.
- The Nomination Committee recommends that the arrangements for election of the Nomination Committee remain essentially unchanged. It is proposed that these arrangements remain effective until further notice.

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.

With 2,100 of its own and retailer-owned stores in five geographical markets, ICA Gruppen is one of the leading retail companies in the Nordic region. The core business is grocery retail. In 2013 ICA Gruppen had net sales of around SEK 100 billion and more than 21,000 employees, most of them working in Sweden, Norway and the Baltic region.

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