

Report of the Nomination Committee

prior to the 2015 Annual General Meeting



Report of the Nomination Committee

Background

On 24 September 2014 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 2014 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 31 August 2014 was ICA-handlarnas Förbund (the Association of ICA Retailers), and two by the two subsequent largest shareholders, which as of 31 August 2014 were Industrivärden AB and AMF – Insurance and Funds. On 18 November 2014 ICA Gruppen announced a change to the Nomination Committee, with SEB Investment Management AB replacing AMF – Insurance and Funds since SEB Investment Management AB had become the third largest shareholder in ICA Gruppen. At that time the three largest shareholders represented approximately 63.3% of the share capital and the 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. SEB Investment Management AB, the next largest shareholder, appointed Hans Ek, Deputy CEO, as its representative on the Nomination Committee. Claes Ottosson was appointed as chairman.

Shareholders were provided with opportunity to submit proposals and comments regarding the work of the Nomination Committee up to and including 2 March 2015 in accordance with instructions provided on ICA Gruppen's website. No proposals from shareholders have been received.



Anders Nyberg
Executive Vice President and
General Counsel
Industrivärden



Hans Ek
Executive Vice President
SEB Investment Management



Claes Ottosson
ICA retailer in Hovås
Chairman of the Nomination
Committee
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 2015 Annual General Meeting.

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 auditor and fees to be paid to the auditors; and proposing a chairman for the meeting.

The Nomination Committee has 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, the Nomination Committee has met with Cecilia Daun Wennborg, the chair of the Audit Committee, Göran Blomberg, a member of the Audit Committee, and Sven Lindskog, CFO of ICA Gruppen, who gave an account of the audit work and of ICA Gruppen's Accounting function.

The Nomination Committee was also informed about the evaluation of the Board carried out within the Board. A summary of the evaluation was distributed to the members of the Nomination Committee. The Board was evaluated by each of the members completing a questionnaire. In addition, some of the members of the Board were interviewed, as were ICA Gruppen's CEO, CFO and General Counsel.

The above information 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's evaluation of the Board's work confirmed the Board's opinion that cooperation within the Board functions very well.

The Nomination Committee has considered the number of members that the Board has and found that ten members remains adequate based on the need for breadth and expertise within the Board.

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

During the financial year one Board member, Margot Wallström, left the Board at her own request and consequently the Board is currently made up of nine individuals. In view of this, and the fact that the Nomination Committee considers ten members to be an adequate number, the Nomination Committee discussed and produced a requirements profile for a new member of the Board.

Based on this requirements profile, the Nomination Committee and the Chairman of the Board have jointly decided to propose Jeanette Christensen Jäger as a new member. Jeanette Christensen Jäger (born 1969) has worked for IT company Tieto since 2010, currently as Vice President Marketing and Communication. From 2005 to 2009 she was Product and Market Director at telecommunication company TDC and in 2005 she was CEO of interior design company Inne AB. Prior to that she was Marketing Manager at Paynova AB from 2002 to 2005, and Key Account Manager at Mogul AB from 1999 to 2002. In 2010 she

was a member of the board of SeeCity AB and in 2008 a mentor for Womenator. Jeanette Christensen Jäger studied business administration at Stockholm University and lives in Stockholm.

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

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. Moreover, the Nomination Committee sees it as a good thing that the proposal for election of a new member is in line with the goal of an even gender split.

Five of the proposed members of the Board – Cecilia Daun Wennborg, Andrea Gisle Joosen, Bengt Kjell, Jan Olofsson and Jeanette Christensen Jäger – are independent in relation both to ICA Gruppen and its management and to the major shareholders in the Company.

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 Stockholm's Rule Book for Issuers and the rules of the Swedish Corporate Governance Code concerning independence of Board members, Peter Berlin and Magnus Moberg are independent in relation to ICA Gruppen and its management, but not independent in relation to its principal shareholder ICA-handlarnas Förbund. Magnus Moberg and Peter Berlin have each been involved in establishing new ICA stores. In conjunction with the estab-

ishment of a new ICA store, ICA Sverige AB (a subsidiary of ICA Gruppen) may provide a financing solution to the ICA retailer. Magnus Moberg and Peter Berlin were party to such a financing solution. This does not affect their independence in relation to the Company or their membership of ICA-handlarnas Förbund, and thus does not affect their independence in relation to ICA Gruppen.

Claes-Göran Sylvé, Fredrik Hägglund and Göran Blomberg were members of the Company's management until 20 May 2013. Under the 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 Hägglund and Göran Blomberg are also not considered to be independent in relation to ICA Gruppen's principal shareholder, ICA-handlarnas Förbund. Claes-Göran Sylvé 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.

Combined, the proposed members of the Board have many years' experience of management and board positions in various listed companies, institutions and organisations.

Fees

ICA Gruppen is one of largest listed retail companies in the Nordic region. The Nomination Committee has 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 Com-

mittee's proposal will bring the fees more in line with market levels. The Nomination Committee's proposal to the Annual General Meeting can be found on page 4.

The Nomination Committee proposes that the fees to the Board shall amount to SEK 4,100,000 (3,780,000) in total, which is an increase of SEK 320,000 compared with 2014. The Nomination Committee proposes that the fees are distributed as follows: SEK 950,000 (900,000) to the Chairman of the Board and SEK 350,000 (320,000) to each of the other members.

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 2014 Annual General Meeting the accounting firm Ernst & Young AB was elected as auditor for a mandate period of one year up to the end of the 2015 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 for one year.

Arrangements for election of Nomination Committee

The 2014 Annual General Meeting resolved that the arrangements for election of a Nomination Committee should apply until further notice. Sveriges Aktiesparares Riksförbund (the Swedish Shareholders' Association) expressed views on the proposed arrangements for election of a Nomination Committee. The Nomination Committee noted the Association's views, but finds that the current arrangements are fit for purpose and therefore proposes no change.

Proposals to the Annual General Meeting

The Nomination Committee's proposals to the 2015 Annual General Meeting are as follows:

- The Nomination Committee proposes the current Chairman of the Board, Claes-Göran Sylvén, as the chairman for the 2015 Annual General Meeting.
- The Nomination Committee proposes ten regular Board members.
- The Nomination Committee thus proposes that Peter Berlin, Göran Blomberg, Cecilia Daun Wennborg, Andrea Gisle Joosen, Fredrik Hägglund, Bengt Kjell, Magnus Moberg, Jan Olofsson and Claes-Göran Sylvén are re-elected to the Board and that Jeanette Christensen Jäger is elected as a new member. Information on the sitting members 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 4,100,000 (3,780,000) in total, which is an increase of SEK 320,000 compared with 2014. The Nomination Committee proposes that the fees are distributed as follows: SEK 950,000 (900,000) to the Chairman of the Board and SEK 350,000 (320,000) to each of the other members.
- The Nomination Committee proposes that SEK 1,125,000 (900,000) is allocated for committee work, to be distributed as follows: For work on the Audit Committee, fees totalling SEK 425,000 (425,000) shall be paid, of which SEK 170,000 (170,000) to the chairman and SEK 85,000 (85,000) 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 (225,000) 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 300,000 (75,000) will be held in reserve to give the Board the scope to appoint up to six additional members to committees or to create other Board committees.
- The Nomination Committee proposes that one accounting firm is elected as auditor.
- The accounting firm Ernst & Young AB is proposed as auditor.
- It is proposed that fees to the auditors are paid in accordance with approved invoices.

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.

ICA Gruppen AB is a leading retail company with a focus on food and health. The Group includes ICA Sweden and Rimi Baltic which mainly conduct grocery retail, ICA Real Estate which owns and manages properties, ICA Bank which offers financial services and, since January 2015, Apotek Hjärtat which conducts pharmacy operations. The Group also includes ICA Norway, which is being divested, and a number of wholly-owned or partly-owned portfolio companies. In 2014 ICA Gruppen had net sales of around SEK 87.2 billion and more than 19,000 employees.

www.icagruppen.se



ICA Gruppen AB 171 93 Solna, Sweden	Visiting address: Svetsarvägen 16 Tel: +46 8 561 500 00	www.icagruppen.se	Corporate registration number 556048-2837
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ICA Sverige AB 171 93 Solna, Sweden Visiting address: Svetsarvägen 16 Tel: +46 8 561 500 00 www.ica.se	ICA Norge AS Postboks 6500 Rodeløkka 0501 Oslo, Norway Visiting address: Sinselveien 45 Tel: +47 23 05 50 00 www.ica.no	Rimi Baltic AB A. Deglava Str 161 1021 Riga, Latvia www.rimibaltic.com	ICA Fastigheter AB 721 84 Västerås, Sweden Visiting address: Ingenjör Bååths gata 11, T2 Tel: +46 21 19 30 00 www.icafastigheter.se	ICA Banken AB 171 93 Solna, Sweden Visiting address: Svetsarvägen 16 Tel: +46 8 561 500 00 www.icabanken.se	ICA Portföljbolagen 171 93 Solna, Sweden Visiting address: Svetsarvägen 16 Tel: +46 561 500 00	Apoteksverksamheten Visiting address: Solna Torg 19, 6tr 171 45 Solna Tel: +46 10 499 00 00
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