

The Board's statement on the Remuneration Committee's evaluation in accordance with section 9.1 of the Swedish Corporate Governance Code

The Remuneration Committee feels that both the remuneration structure and the remuneration levels are well balanced, at a market level and can be justified based on the executives' skills, responsibilities and performance. The Committee has declared that the guidelines adopted have been complied with in payments of salary and bonuses for 2014.

Follow-up and evaluation

The Board of Directors of ICA Gruppen AB has a Remuneration Committee consisting of the Chairman of the Board Claes-Göran Sylvén and the Board members Andrea Gisle Joosen and Fredrik Hägglund. In the period between the 2014 and 2015 Annual General Meetings the Committee has held five meetings at which minutes were kept and has also been in contact at other times when needed.

In accordance with section 9.1 of the Swedish Corporate Governance Code, the Remuneration Committee has monitored and evaluated the application of the guidelines for remuneration to senior executives that must, by law, be passed by the Annual General Meeting; the current structures and remuneration levels in the Company; and also current programmes and those concluded during the year in respect of variable remuneration to the executive management. In addition, the outcome in respect of other variable remuneration was followed up.

The Remuneration Committee's evaluation was based on the Company's results, supplemented by questionnaires completed by the Company's management and the Board's own observations during the year.

Current guidelines

The 2014 Annual General Meeting resolved that the forms of remuneration paid to the Company's senior executives shall be on market terms, shall motivate senior executives to enhance the Group's market position and earnings, and shall be linked to increased shareholder value and long-term growth in value. In addition, the variable remuneration is to be linked to quantifiable criteria set in advance. The total remuneration is to be made up of the following components: basic salary, pension benefits, severance pay, bonus, plus other remuneration and benefits. A more detailed description of the current guidelines can be found in the documentation for item 19 in the notice convening the 2014 Annual General Meeting.

Follow-up and evaluation of current guidelines, remuneration structure and remuneration levels

This follow-up and evaluation relates to the guidelines, remuneration structure and remuneration levels that were adopted at the 2014 Annual General Meeting.

The 2014 Annual General Meeting resolved that, just as in previous years, the CEO and other senior executives should be included in a variable remuneration system taking the form of a cash bonus. The size of the bonus was maximised per person and year at the equivalent of 104% of annual salary in the case of the CEO and 52% of annual salary for other senior executives, and consists of both a cash-based bonus programme linked to the budget for the financial year (annual bonus programme) and a cash-based three-year bonus programme linked to value creation in the Group (long-term incentive programme).¹

With respect to the annual bonus programme it was decided that the targets should be objectively measurable and related to a budget and consist of financial and operational targets linked to ICA Gruppen's strategic focus.

For the long-term incentive programme 2014 it was decided that the targets should be objectively quantifiable and determined by the Board as well as being linked to both absolute and relative performance requirements. Fulfilment of the absolute performance requirements was to account for 60% of the maximum outcome in the long-term incentive programme and would relate to (i) operating margin (EBIT margin) excluding non-recurring items, (ii) the return on capital employed (ROCE) in the Group excluding ICA Bank, and (iii) net sales increase. The relative performance requirements were to account for the remaining 40% of the maximum outcome in the long-term incentive programme and would relate to the Company's ranking in a benchmark group consisting of ten companies in Europe which conduct similar operations. The outcome is dependent on the Company's ranking in this benchmark group in terms of (i) net sales increase, and (ii) EBIT margin.

For the annual bonus programme 2014 the maximum outcome for the CEO is 54% of maximum bonus and for other senior executives the average is 27% of maximum bonus. In respect of the long-term incentive programme that was adopted at the 2014 Annual General Meeting, one third of the programme's term has passed.

The Remuneration Committee considered that the design of the 2014 incentive programme was good and rewards the Company's long-term strategy. It provides scope for the Board to adjust the targets to the prevailing circumstances, both internal and external, prior to each Annual General Meeting.

Overall, the Remuneration Committee feels that both the remuneration structure and the remuneration levels are well balanced, at a market level and can be justified based on the executives'

¹ For more information on remuneration paid to the CEO and other senior executives for 2014, please refer to Note 4 (pages 85–87) in the Annual Report 2014.

skills, responsibilities and performance. In addition, the Committee has established that the guidelines adopted have been complied with in payments of salary and bonuses.

Under the guidelines adopted at the 2014 Annual General Meeting, the Board is entitled to deviate from the guidelines in special circumstances. On the following occasions the Board deviated from the guidelines due to special circumstances:

Stay-on agreement, ICA Norge AS

The CEO of ICA Norge AS was offered the opportunity to be included in a stay-on bonus so that action could be taken to ensure that the CEO of ICA Norge AS remains employed for a period, in order to carry out work according to the plan established.

Share investment programme 2014 for Management Team

With regard to the 2014 share investment programme approved by the 2014 AGM, the Board decided to defer the acquisition period from April–June 2014 until 13 November–31 December 2014. The payout has been postponed accordingly. The period was deferred because the senior executives concerned had been prevented by law from acquiring shares since they had what is known as inside information concerning current business projects.

Current long-term incentive programme

In view of the sale of ICA Norge AS that is in progress, the CEO of ICA Norge AS will receive compensation corresponding to the full programme period for the long-term incentive programme 2013. The compensation has been calculated based on the average historical outcome of ICA Gruppen's completed long-term incentive programmes.²

Stockholm, 11 March 2015

The Board of ICA Gruppen AB

Claes-Göran Sylén

Peter Berlin

Göran Blomberg

Cecilia Daun Wennborg

² Average outcome of long-term incentive programme 2010, long-term incentive programme 2011 and long-term incentive programme 2012, which ended on 31 December 2014.



Andrea Gisle Joosen

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