

Report of the Nomination Committee

prior to the 2016 Annual General Meeting



Report from the Nomination Committee

The Nomination Committee is to be composed of four members who represent the Company's shareholders. On 25 September 2015 the Nomination Committee's composition was announced, as set forth in the Nomination Committee's work instructions adopted by the 2015 Annual General Meeting. Two of the members are appointed by the largest owner, which on 31 August 2015 was ICA-handlarnas Förbund (the Association of ICA Retailers), and two are appointed by the two next largest shareholders, which on 31 August 2015 were AB Industrivärden and Skandia Liv. After SEB Fonder AB increased its ownership, surpassing Skandia Liv as the third-largest shareholder, Skandia Liv vacated its position and SEB Fonder was asked to appoint a member to the Nomination Committee. This change was announced on 25 November 2015, at which time the three largest shareholders represented approximately 62.5% of the share capital and votes

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 on the Nomination Committee. Industrivärden appointed Annika Lundius, a director of Industrivärden, as its member on the Nomination Committee. The next largest shareholder in order, SEB Fonder, appointed Hans Ek, Deputy CEO of SEB Investment Management AB, as its member on the Nomination Committee. Claes Ottosson was appointed as committee chair.

Claes-Göran Sylvén, Chairman of the Board of ICA Gruppen, has served as a co-opted member of the Nomination Committee.

Shareholders were provided with the opportunity to submit proposals and views regarding the work of the Nomination Committee ahead of the 2016 Annual General Meeting, through Tuesday, 8 February 2016. No proposals were submitted.



Annika Lundius
Board member 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 work of the Nomination Committee

The Nomination Committee held three meetings ahead of the 2016 Annual General Meeting.

The Nomination Committee is tasked with, among other things, evaluating the Board and its work and, ahead of the Annual General Meeting, presenting recommendations for the Chairman and other members of the Board, directors' fees, election of auditor and the auditor's fees, and for a chairman to preside over the Annual General Meeting.

No fees have been paid by ICA Gruppen to the members of the Nomination Committee for their work.

The Nomination Committee has met with ICA Gruppen's CEO, Per Strömberg, and CFO, Sven Lindskog, and these two individuals, together with Claes-Göran Sylvén, informed about ICA Gruppen's operations, board work and focus areas. In addition, the Audit Committee chair, Cecilia Daun-Wennborg, informed the Nomination Committee about the work of the Board and the Audit Committee, and reported on ICA Gruppen's Accounting function.

The information outlined above 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.

ICA Gruppen's board possesses broad and deep knowledge about ICA Gruppen's operations. Together the members represent many years of experience from management and board work in various listed companies and organisations. The Nomination Committee is of the opinion that the Board has a well-suited composition distinguished by diversity and breadth with respect to the board members' expertise, experience and backgrounds. The Nomination Committee is striving toward the goal of achieving an even gender balance on the Board.

The Nomination Committee is of the opinion that the current board amply meets the requirements for expertise and experience in view of the Company's operations and future development.

The Nomination Committee therefore proposes the re-election of all the current board members.

Four of the Board's proposed members – Cecilia Daun Wennborg, Andrea Gisle Joosen, Jan Olofsson and Jeanette Jäger – are independent in relation to ICA Gruppen and its management as well as to the Company's major shareholders.

Peter Berlin and Magnus Moberg are ICA retailers and board members of ICA-hand-

larnas Förbund. ICA-handlarnas Förbund is a non-profit association for ICA retailers in Sweden. According to Nasdaq Stockholm's Rule Book for Issuers and the rules of the Swedish Corporate Governance Code concerning directors' independence, 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 their own, new ICA store. In conjunction with the establishment 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 have participated in such a financing solution. This does not affect their independence in relation to the Company or their membership in ICA-handlarnas Förbund, and thus does not affect their independence in relation to ICA Gruppen.

Bengt Kjell is independent in relation to ICA Gruppen and its management, but not in relation to the Company's major shareholders, since he is a director on AB Industrivärden's board.

Claes-Göran Sylvén, Fredrik Häggglund and Göran Blomberg were members of the Company's Executive Management through 20 May 2013. Under the Code they are therefore 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 Sylvén was formerly employed as CEO of ICA-handlarnas Förbund, but left his position on 31 January 2014. Because of this and the fact that he is an ICA retailer and member of ICA-handlarnas Förbund, he is not to be regarded as independent in relation to ICA-handlarnas Förbund.

Fees

ICA Gruppen is one of largest listed retail companies in the Nordic region.

To ensure ICA Gruppen's ability also in the future to recruit board members with a high level of expertise and relevant experience, the directors' fees should be raised to the level paid by companies with corresponding market capitalisations, level of complexity and scope – without offering the highest levels in the market.

The Nomination Committee therefore deems it to be well justified to raise the directors' fees. Such increase should take place in two steps, of which the first should take place for 2016.

The Nomination Committee does not propose any increase in fees for committee work.

The Nomination Committee notes that the funds set aside in a reserve to give the Board the capacity to appoint up to six additional committee members or to create additional board committees were not used in 2015. However, the Nomination Committee will recommend that the same amount be set aside in a reserve for 2016, since it gives the Board the opportunity to adapt its committees to the Company's operations.

Board members' own investments

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 apply the same principles to board members' share ownership in the Company as were adopted last year. These principles entail that:

- *board members shall within a certain time build up a shareholding in the Company that corresponds to at least one year's directors' 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 directors' fees shall be paid out early in the mandate period so that board members can use their directors' fees to buy shares in the Company as soon as reasonably possible after their election to the Board at the Annual General Meeting.*

Auditor

The accounting firm Ernst & Young AB was elected as auditor at the 2015 Annual General Meeting for a mandate period of one year through the end of the 2016 Annual General Meeting, and an auditor must therefore be elected. A review of auditors and their fees was performed ahead of the 2013 Annual General Meeting. Based on this evaluation, the Nomination Committee proposes that the accounting firm Ernst & Young AB be re-elected for one year. Ernst & Young AB has announced that, upon its re-election, it will appoint Authorised Public Accountant Erik Åström as chief auditor.

Procedure for appointment of the Nomination Committee

The 2014 Annual General Meeting resolved that the procedure for appointment of the Nomination Committee shall apply until further notice, and the Nomination Committee recommends that this procedure continue to apply.

Proposals to the Annual General Meeting

The Nomination Committee has submitted the following proposals to the 2016 Annual General Meeting:

- The Nomination Committee proposes that the current Chairman of the Board, Claes-Göran Sylvén, be appointed as chairman of the 2016 Annual General Meeting.
- The Nomination Committee proposes ten regular board members.
- The Nomination Committee proposes the following board composition: re-election of Peter Berlin, Göran Blomberg, Jeanette Jäger, Cecilia Daun Wennborg, Andrea Gisle Joosen, Fredrik Hägglund, Bengt Kjell, Magnus Moberg, Jan Olofsson and Claes-Göran Sylvén.

Information about currently serving board members is provided under the Corporate Governance tab on ICA Gruppen's website.

- The Nomination Committee proposes that Claes-Göran Sylvén be elected as Chairman of the Board.
- The Nomination Committee proposes directors' fees in the combined amount of SEK 4,850,000 (4,100,000).
- The Nomination Committee proposes that the directors' fees be apportioned as follows: SEK 1,025,000 (950,000) to the Chairman of the Board, and SEK 425,000 (350,000) to each of the other board members.

- The Nomination Committee proposes that SEK 1,125,000 (1,125,000) be allocated for committee work, as follows:
 - For work on the Audit Committee, payment of a total fee of SEK 425,000 (425,000), of which SEK 170,000 (170,000) for the committee chair and SEK 85,000 (85,000) for each of the other members.
 - For work on the Remuneration Committee, payment of a total fee of SEK 175,000 (175,000), of which SEK 75,000 (75,000) for the committee chair and SEK 50,000 (50,000) for each of the other members
 - For work on the Investment Committee, payment of a total fee of SEK 225,000 (225,000), of which SEK 75,000 (75,000) for the committee chair and SEK 50,000 (50,000) for each of the other members. A total of SEK 300,000 to be held in reserve to give the Board the capacity to appoint up to six additional committee members or to create additional board committees.
- The Nomination Committee proposes that a chartered accounting firm be elected as auditor.
- The accounting firm Ernst & Young AB is proposed as auditor.
- The Nomination Committee proposes that the auditor's fee be paid in accordance with approved invoice.

Any questions regarding the work of the Nominating Committee may be directed to Claes Ottosson, Nominating Committee chair, 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, Apotek Hjärtat, which conducts pharmacy operations, ICA Real Estate, which owns and manages properties and ICA Bank, which offers financial services. The Group also includes the companies Hemtex and inkClub.

www.icagruppen.se



ICA Gruppen AB
171 93 Solna, Sweden

Visiting address:
Svetsarvägen 16
Tel: +46 8 561 500 00

www.icagruppen.se

Corporate identity number
556048-2837

ICA Sverige AB
SE-171 93 Solna, Sweden

Visiting address:
Svetsarvägen 16
Tel: +46 8 561 500 00

www.ica.se

Rimi Baltic AB
A. Degļava Str 161
LV-1021 Riga, Latvia

www.rimibaltic.com

Apotek Hjärtat
SE-171 93 Solna, Sweden

Visiting address:
Svetsarvägen 16
Tel: +46 8 561 500 00

www.apotekhartat.se

ICA Fastigheter AB
SE-721 84 Västerås, Sweden

Visiting address:
Ingenjör Bååths gata 11, T2
Tel: +46 21 19 30 00

www.icafastigheter.se

ICA Banken AB
SE-171 93 Solna, Sweden

Visiting address:
Svetsarvägen 16
Tel: +46 8 561 500 00

www.icabanken.se

ICA Portföljbolagen
SE-171 93 Solna, Sweden

Visiting address:
Svetsarvägen 16
Tel: +46 561 500 00