



The Nomination Committee's report prior
to the 2018 Annual General Meeting

ICA
GRUPPEN

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The Nomination Committee for ICA Gruppen, which was appointed according to the principles adopted at the 2017 Annual General Meeting, consists of Claes Ottosson and Anna-Karin Liljeholm, both appointed by ICA-handlarnas Förbund (Association of ICA Retailers), Annika Lundius appointed by AB Industrivärden and Hans Ek appointed by SEB Investment Management AB. The composition of the Nomination Committee prior to the 2018 Annual General Meeting was published on 14 September 2017 and has been made available on the Company's website. The three largest shareholders represented at that time around 63% of the voting power for all shares in the Company.

ICA Gruppen's Chairman, Claes-Göran Sylvén, was co-opted onto the Nomination Committee. Shareholders with suggestions and points of view on the work of the Nomination Committee in preparation for the 2018 Annual General Meeting were given an opportunity to submit their points of view to the Nomination Committee no later than 15 January 2018. No points of view were submitted.



Annika Lundius
Board member Industrivärden



Claes Ottosson
ICA-handlare i Hovås
Chairman of the Nomination
Committee
ICA-handlarnas Förbund



Hans Ek
Deputy CEO
SEB Investment Management AB



Anna-Karin Liljeholm
Chief Legal Officer
ICA-handlarnas Förbund

The work of the Nomination Committee

The Nomination Committee's duties include evaluating the Board of Directors and its work, and preparing proposals prior to the Annual General Meeting on a chairman for the Meeting, Chairman of the Board and other Board members, election of and fees for auditors, and where applicable, principles for appointing the Nomination Committee.

The Nomination Committee held two meetings and the members were in regular contact via email and phone.

The Nomination Committee met with ICA Gruppen's CEO Per Strömberg and CFO Sven Lindskog who provided information on ICA Gruppen's operations, Board work and the Company's focus areas. Chairman of the Board Claes-Göran Sylvén has described the work of the Board. The Nomination Committee has also received information about the evaluation of the Board performed in 2017. The chairman of the Audit Committee, Cecilia Daun Wennborg, reported on the Audit Committee's work and cooperation with ICA Gruppen's Accounting department.

The Nomination Committee has applied rule 4.1 of the Swedish Corporate Governance Code ("the Code") as the diversity policy with which the Nomination Committee, when preparing proposals for the Board, ensures that the Board of Directors, taking into consideration the nature of ICA Gruppen's business, stage of development and circumstances in general, has an appropriate composition characterised by diversity and breadth with respect to the expertise, experience and backgrounds of the members elected by the general meeting.

This information provided to the Nomination Committee, as described above, has given the Committee a sound basis to determine whether the composition of the Board is satisfactory and to determine the type of expertise and experience needed on the Board in the future. The Nomination Committee's evaluation of the Board's work and the interviews performed have confirmed the Board's opinion that there is very good cooperation within the Board. ICA Gruppen's Board members have broad and deep knowledge of ICA

Gruppen's various operations and, together, possess many years of experience of management and board assignments for various listed companies and organisations. The Nomination Committee is of the opinion that the current Board of Directors more than meets the criteria of expertise and experience, taking into account the Company's business and future development. The Nomination Committee also focuses on achieving a balanced gender distribution in the Board. In 2017 the Board of Directors consisted of 40% women and 60% men, which is also the recommendation of the Nomination Committee for the 2018 Annual General Meeting.

Based on the above, the Nomination Committee proposes the re-election of Göran Blomberg, Cecilia Daun Wennborg, Andrea Gisle Joosen, Fredrik Hägglund, Jeanette Jäger, Bengt Kjell, Magnus Moberg, Anette Wiotti and Claes-Göran Sylvén, and proposes electing Fredrik Persson as a new member.

Fredrik Persson (born 1968) has formerly worked at Axel Johnson AB, including as President and CEO from 2007 to 2015. Before that he worked as Chief Analyst at Aros Securities AB after having held various positions at ABB Financial Services.

Fredrik is currently Chairman of the Confederation of Swedish Enterprise and is on the board of numerous Swedish companies including Electrolux. He is also Chairman of the Board of the construction company JM. Fredrik has a MSc in Business and Economics.



Fredrik Persson

He exceeds the general expertise and experience criteria and also strengthens the Board through his broad range of skills and experience in retail operations, a background the Board has sought in particular.

Jan Olofsson has declined re-election.

Independence

Four of the proposed Board members, Cecilia Daun Wennborg, Andrea Gisle Joosen, Fredrik Persson and Jeanette Jäger, are independent in relation to ICA Gruppen, its management and the Company's largest shareholders.

Magnus Moberg and Anette Wiotti 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 the Code's rules on independence, Magnus Moberg and Anette Wiotti are independent in relation to ICA Gruppen and its management, but not in relation to the principal shareholder ICA-handlarnas Förbund.

Fredrik Hägglund and Göran Blomberg are considered independent in relation to ICA Gruppen and its management. As employees of ICA-handlarnas Förbund, Fredrik Hägglund and Göran Blomberg are not considered independent in relation to the Company's principal shareholder ICA-handlarnas Förbund.

Claes-Göran Sylvén was employed as President and CEO of the Company until 20 May 2013 and is therefore, according to the Code, not considered independent in relation to ICA Gruppen and its management until 21 May 2018. Claes-Göran Sylvén is an ICA retailer and member of ICA-handlarnas Förbund, and is therefore not regarded as independent in relation to ICA-handlarnas Förbund.

Bengt Kjell is independent in relation to ICA Gruppen and its management but not in relation to the Company's largest shareholders as he is a member of the board of AB Industrivärden.

Fees

To ensure ICA Gruppen's ability to continue to recruit board members with excellent skills and relevant experience, the Nomination Committee has determined that the Board fees should be adjusted and raised to the level paid by companies with similar market capitalisation, complexity and scope of operations. Without reaching market-leading amounts, the fees should reflect those paid within companies with a similar structure and operations.

The Nomination Committee therefore considers it well justified to raise the fees for the Board members. Last year's fees are indicated in brackets.

The Nomination Committee is proposing total fees to the Board of SEK 5,600,000 (4,850,000), which is an increase of SEK 750,000 compared with 2017. The Nomination Committee proposes distribution of the fees as follows: SEK 1,100,000 (1,025,000) to the Chairman of the Board, equivalent to an increase of 7 percent, and SEK 500,000 (425,000), equivalent to an increase of around 18 percent each, to the other members.

No adjustment of compensation for committee work is proposed.

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

Investment

The Nomination Committee considers it of great importance for Board members to own shares in the Company. The Nomination Committee would therefore like to see the Board applying the same principles for the members' shareholding in the Company as those adopted the previous year. Those principles state that:

- Within a certain period, Board members are to accumulate a shareholding in the Company that corresponds to at least one year's board fees after tax;
- Board members are to retain a shareholding of at least this size as long as they are members of the Board; and

- a portion of the Board fees are to be paid out during the term of service so that a Board member can use the board fees to acquire shares in the Company as soon as it is reasonably possible to do so after being elected to the Board by the Annual General Meeting.

Auditor

The accounting firm of KPMG AB was elected as auditor at the 2017 Annual General Meeting for a term of one year until the end of the 2018 Annual General Meeting and new auditors are therefore to be elected. Ahead of the 2018 Annual General Meeting the Audit Committee conducted a review of the auditors and their fees. Based on this evaluation, the Nomination Committee proposes that the accounting firm of KPMB AB, according to the Audit Committee's recommendation and preference, be re-elected for one year.

Proposals to the Annual General Meeting

The Nomination Committee's proposals to the 2018 Annual General Meeting are as follows:

- The Nomination Committee proposes electing Claes-Göran Sylvén as chairman for the 2018 Annual General Meeting.
- The Nomination Committee proposes having ten Board members.
- The Nomination Committee proposes the following Board of Directors:
 - Re-election of Göran Blomberg, Cecilia Daun Wennborg, Andrea Gisle Joosen, Fredrik Häggglund, Jeanette Jäger, Bengt Kjell, Magnus Moberg, Anette Wiotti and Claes-Göran Sylvén.
 - Election of Fredrik Persson as a new member.

Information on the current Board members can be found under the heading "Corporate Governance" on ICA Gruppen's website.

- The Nomination Committee proposes that Claes-Göran Sylvén be elected as Chairman of the Board.
- The Nomination Committee proposes board fees to be paid in the amount of SEK 1,100,000 (1,025,000) to the Chairman of the Board and SEK 500,000 (425,000) to each of the other members.
- The Nomination Committee proposes that SEK 1,300,000 (1,300,000) be allocated as follows:
 - For work on the Audit Committee, compensation totalling SEK 425,000 (425,000) to 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 Reward Group, fees totalling SEK 175,000 (175,000) to 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 Retail Investment Committee, fees totalling SEK 225,000 (225,000) to 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 Sustainability Committee, fees totalling SEK 175,000 (175,000) to be paid, of which SEK 75,000 to the chairman and SEK 50,000 to each of the other members.
 - A total of SEK 300,000 (300,000) will be held in reserve to give the Board the ability to appoint up to six additional committee members or create additional Board committees.
- If the AGM resolves in accordance with the Nomination Committee's proposals, the fees will total SEK 6,900,000 (6,150,000), which represents an increase in Board fees of SEK 750,000.
- The Nomination Committee proposes that an accounting firm be elected as auditor.
- The accounting firm KPMG AB is proposed as auditor.
- It is proposed that remuneration to auditors be paid based on approved invoices.

- Proposed principles for the Nomination Committee ahead of the 2019 Annual General Meeting:

The Company is to have a nomination committee consisting of four (4) members representing the Company's shareholders. ICA Gruppen's Chairman is to be co-opted onto the Nomination Committee.

Two of the members are to be appointed by the largest shareholder and two by the two next largest shareholders. The largest shareholders in terms of votes are to be determined based on the list of registered shareholders maintained by Euroclear Sweden AB as of the last trading day in August and they will be contacted by the Company at the earliest opportunity after that date. If any of the three largest shareholders decides to relinquish its right to appoint a representative to the Nomination Committee, this right will be transferred to the shareholder who has the next largest shareholding as of the stated date. The names of the shareholder representatives and the names of the shareholders they represent are to be published no later than six months before the Annual General Meeting. The Nomination Committee's term of service is to continue until a new Nomination Committee has been appointed. The chairman of the Nomination Committee will, unless the members agree otherwise, be one of the members representing the largest shareholders in terms of voting power. The chairman is to have the casting vote.

If, during the Nomination Committee's term, one or more of the shareholders who have appointed members to the Committee are no longer among the three largest shareholders and the shareholder or shareholders now among the three largest shareholders so

request, the members appointed by such shareholder or shareholders are to vacate their positions and the shareholder or shareholders now among the three largest shareholders are to appoint members instead. If, however, no special reasons exist, no changes are to be made to the Nomination Committee's composition if the change takes place later than two months before the Annual General Meeting. Shareholders who have been appointed as members of the Nomination Committee have the right to dismiss those members and appoint new members to the Nomination Committee. Changes in the Nomination Committee's composition are to be announced on the Company's website as soon as they have taken place.

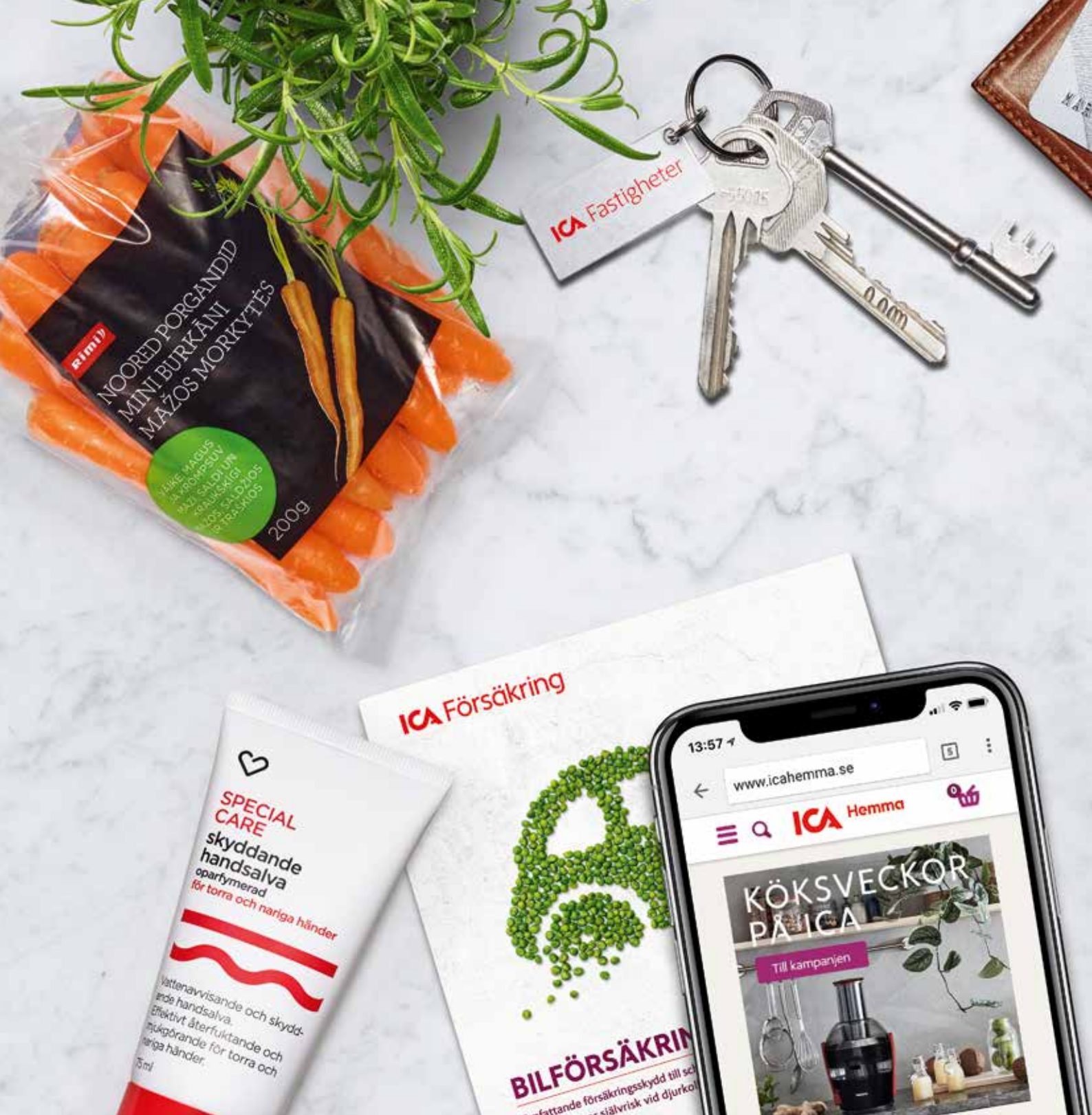
The Nomination Committee is to apply rule 4.1 of the Code as the diversity policy with which the Nomination Committee will ensure that the Board of Directors, taking into consideration the nature of ICA Gruppen AB's business, stage of development and circumstances in general, has an appropriate composition characterised by diversity and breadth with respect to the expertise, experience and backgrounds of the members elected by the general meeting. The Nomination Committee is also to aim to achieve the goal of having a balanced gender distribution on the Board.

The Nomination Committee is to present proposals regarding the following matters prior to the Annual General Meeting:

- proposal on a chairman for the meeting,
- proposal on the number of Board members,
- proposal on the members of the Board,
- proposal on the Chairman of the Board,
- proposal on Board fees, broken down into amounts for the Chairman of the Board and other Board members, and compensation for committee work,
- proposal on the number of auditors,
- proposal on an auditor or auditors and proposed fees to be paid to the Company's auditor or auditors, and
- proposal on principles for the Nomination Committee.

The Nomination Committee is to perform the other duties that are incumbent upon such a committee according to the Code. The Company will, at the request of the Nomination Committee, provide personnel resources to facilitate its work, such as a secretary for the Committee. If required the Company is also to be responsible for reasonable costs for external consultants that the Nomination Committee considers it necessary to engage to fulfil its responsibilities.

Any questions about the work of the Nomination Committee can be directed to the Nomination Committee's chairman Claes Ottosson, claes.ottosson@kvantum.ica.se



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