



Corporate Governance Report 2018

Good corporate governance – the basis of continued long-term profitable growth

Rapid changes in the market and the world around us continued to shape the work of the Board during the year. Rapid digitalisation, changed consumer behaviour and extensive blurring of industry lines are creating both challenges and opportunities.

Over the past year fast changes in the markets and the world around us became a major focus for the Board's work, with rapid and increasingly widespread digitalisation affecting most of the areas in which we operate. We have been talking about this for a long time and in 2018 it actually became even more tangible.

The power and effects of digitalisation must not be underestimated. It is fundamentally changing conditions, behaviours and value chains. It is impacting our offering and our interactions with our customers – but also our internal processes, work methods and how we lead. In many ways we are facing a new reality and although the pace of development has been fast in recent years, we are still at the beginning of a new era. Neither we nor any other actor knows with certainty what tomorrow will bring. There are numerous challenges – but even more opportunities. The Board is optimistic about our joint ability to handle changed market conditions and new customer behaviours.

Courage and a long-term approach

The new climate requires us to have great organisational capacity, financial strength and the courage to continue to evolve. One of the main tasks of the Board in this situation is to chart a long-term course and create the best possible conditions for continued positive development. Through good and relevant corporate governance we want to ensure that our corporate culture is sound and help the Group and its operations to develop – as a whole and as individual parts.

As always the Board has taken a long-term perspective this past year. ICA has been around for a little over 100 years and we plan to be here for at least another 100. Our decisions on goals and targets, strategies and individual initiatives are based on this long-term perspective.

The Board has performed its duties during the year through Board meetings and in various committees. The fact that each Board member serves

on at least one committee ensures participation and that continuity is maintained between the meetings. The level of commitment among the Board members has remained high. Discussions within the Board and with the Management Team have been fruitful, constructive and characterised by an aspiration to dare to think outside the box.

Taking long-term decisions requires knowledge of and insight into both day-to-day work and changes in the markets and external environment. In my opinion we have a good mix of skills on the Board. To help us we have purpose-built systems, routines and processes to follow up on targets, internal control and risk management.

Capacity for continued investment

The goal going forward is to continue to evolve and further strengthen our positions. This applies in particular, of course, to our online sales channels. ICA Sweden's cooperation agreement with

Further information:

- Swedish Companies Act, government.se
- Nasdaq Stockholm, nasdaqomxnordic.com
- Swedish Corporate Governance Code, bolagsstyrning.se
- ICA Gruppen's Articles of Association, icagruppen.se/en



the British e-commerce company Ocado relating to its technology and platform developed specifically for grocery retail is an important step forward in this area. We also intend to strengthen our position in the Baltic countries. After the Lithuanian Competition Council blocked Rimi Baltic's acquisition of UAB Palink (IKI) in 2018, we shifted our focus to organic growth.

Our starting position is strong. Entrepreneurship, a desire to evolve and the retailers' perspective are key parts of our DNA – and as a result of the operational improvements and structural changes made in recent years, we now have a stable structure to build on. We also have a financial position that provides good opportunities for both aggressive investment and a sustained stable return for our shareholders.

Major focus on sustainability

Due to our size and position we have a major responsibility to help promote more sustainable development. In addition

to inspiring our customers to make sustainable choices, we are also working on gradually decreasing our own environmental impact. Since 2015 we have been working towards the goal of making ICA Gruppen's operations climate-neutral by 2020. This goal is both inspiring and challenging, and we are convinced that it will create value for our customers, our communities and ourselves. Sustainability work is a key priority for ICA Gruppen and the Board is monitoring the Group's progress closely and with great interest. To ensure that the sustainability perspective is fully integrated, the Board has had a committee entirely dedicated to this since 2016.

In line with established targets

One recurring item on the Board's agenda is, of course, following up and, if necessary, revising the group-wide targets and strategic priorities that were set in the past. As we now summarise 2018 it is gratifying to be able to confirm

that our performance in 2018 was largely in line with our financial and sustainability targets. As a consequence of the introduction of IFRS 16 we recalculated two of ICA Gruppen's financial targets in 2018. Our target of paying a dividend of at least 50% of profit for the year remains the same.

Inspiring internal commitment

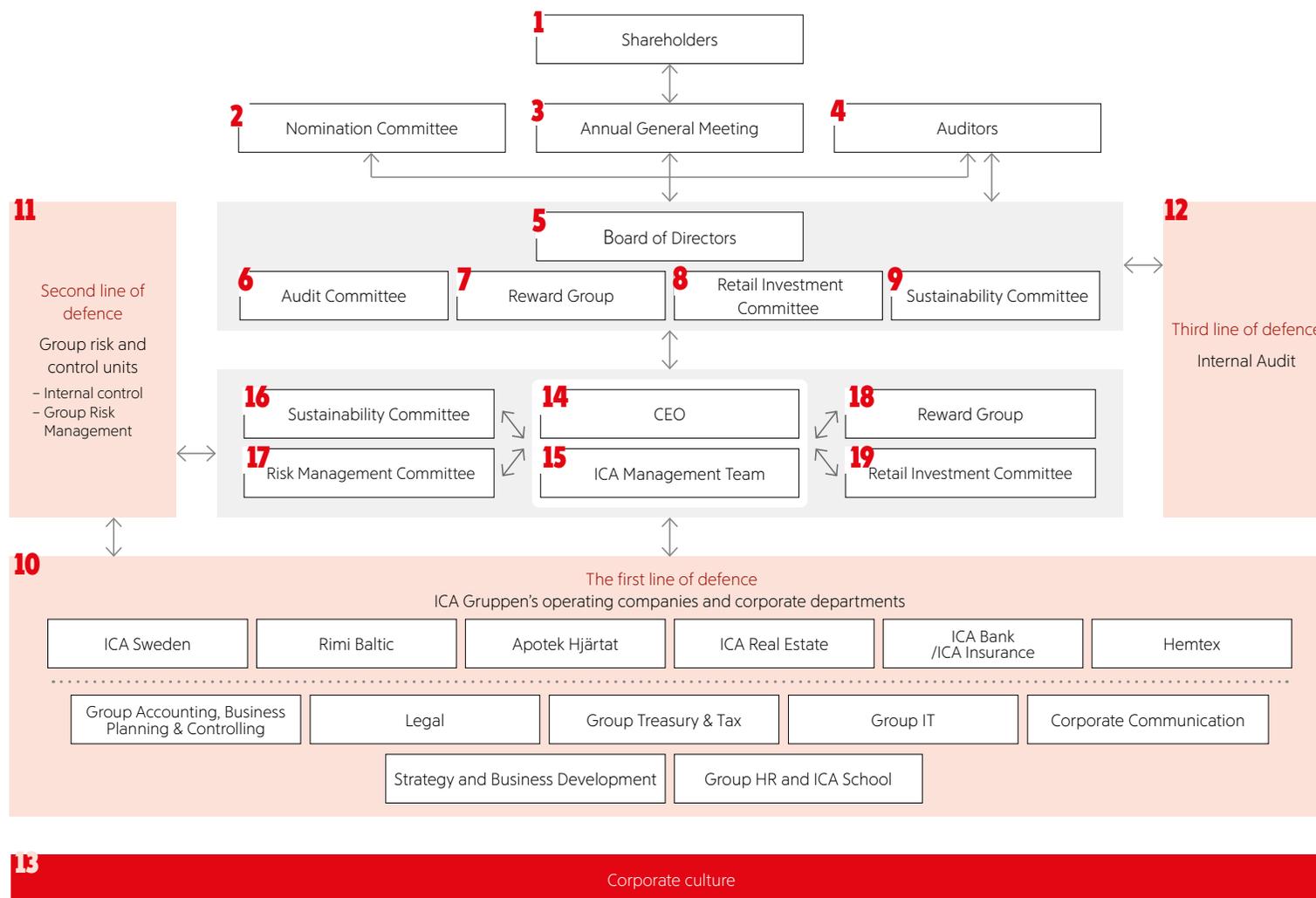
One of the Board's tasks is to support the ICA Gruppen Management Team (IMT) and critically evaluate its work. To succeed in this it is essential to have an open and constructive dialogue between the Board and the IMT. From the Board's perspective, our experience is that this is indeed the case. I would also like to express our appreciation for the commitment and go-ahead spirit that permeates our entire organisation. In times of sweeping change, this is exactly what is needed.

Stockholm, February 2019

Claes-Göran Sylvén
Chairman of the Board

Governance for value creation

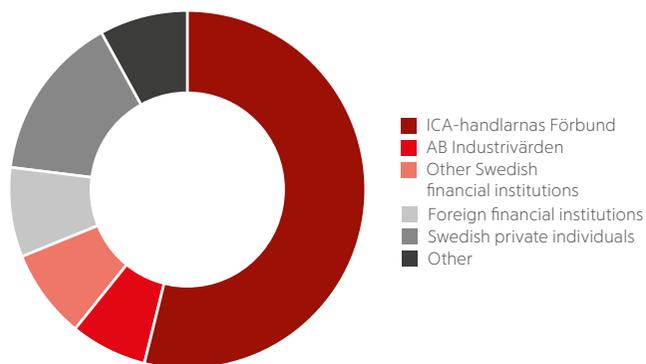
Good corporate governance is about ensuring, on behalf of all shareholders, that ICA Gruppen AB (ICA Gruppen or the Company) is managed in a sustainable and responsible way and as efficiently as possible. The overall goal is to increase shareholder value and in so doing, meet the requirements owners have with respect to their invested capital. The main external and internal control instruments for ICA Gruppen are the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code (the Code), the Articles of Association, the rules of procedure for the Board of Directors, the instructions for the Board committees, the instructions for the CEO, including instructions on financial reporting, and the policies established by the Board. ICA Gruppen's Board of Directors is responsible for the Company's organisational structure and the administration of the Company's affairs. The CEO is responsible for ensuring that the day-to-day administration of the Company is carried out in accordance with the Board's guidelines and instructions. In dialogue with the Chairman of the Board, the CEO also compiles an agenda for Board meetings and is otherwise responsible for providing the meetings with information documents and materials for use as a basis for decisions.



Shareholders

1. ICA Gruppen has been listed on Nasdaq Stockholm in the Large Cap segment since 8 December 2005. The largest shareholder is ICA-handlarnas Förbund with a holding of 54%. As of 31 December 2018 the second largest shareholder, AB Industrivärden, owned 7% of the shares. The remaining shares were owned by 50,512 natural and legal persons. None of these shareholders held more than 10% of the shares in the Company, either directly or indirectly. The Company has one class of shares with equal voting rights and dividend entitlement. In voting at general meetings each share carries entitlement to one vote and

each person may vote for the full number of shares he/she represents. As of 31 December 2018 the Board of Directors had no outstanding authorisations from the Annual General Meeting for the Board to issue new shares or acquire treasury shares. More information on ICA Gruppen's shares and shareholders can be found in the section *Shares and shareholders* on pages 74–75 and on the Company's website, icagruppen.se/en.



Nomination Committee

2. The rules for ICA Gruppen's Nomination Committee were adopted at the 2018 Annual General Meeting. The Nomination Committee is to consist of four members representing the Company's shareholders. ICA Gruppen's Chairman is to be co-opted onto the Nomination Committee. Two of the members are nominated by the largest shareholder and two by the next two largest shareholders. The largest shareholders in terms of votes are to be determined based on the list of registered shareholders maintained by Euro-clear Sweden AB as of the last trading day in August. If, during the Nomination Committee's mandate period, one or more of the shareholders that appointed members of the Nomination Committee is/are no longer among the three largest shareholders and the shareholder or shareholders now among the three largest shareholders so request(s), members appointed by the shareholder or shareholders no longer among the three largest shareholders shall resign and the shareholder or shareholders now among the three largest shareholders shall be entitled to appoint a member instead. The Nomination Committee will present proposals regarding the following matters prior to the 2019 Annual General Meeting:

- (i) proposal for a chairman for the general meeting;

- (ii) proposal for number of board members;
- (iii) proposal for members of the Board of Directors;
- (iv) proposal for Chairman of the Board;
- (v) proposal for Board fees, broken down into amounts for the Chairman of the Board and other Board members and as remuneration for committee work;
- (vi) proposal for number of auditors;
- (vii) proposal for auditor or auditors, and proposal for fees to be paid to the Company's auditor or auditors; and
- (viii) proposed principles for the Nomination Committee.

The work of the Nomination Committee

The composition of the Nomination Committee was announced on 28 September 2018. It consists of representatives from the three largest shareholders: Tomas Emanuelz and Anna-Karin Liljeholm representing ICA-handlarnas Förbund, Annika Lundius representing AB Industrivärden and Tommi Saukkoriipi representing SEB Investment Management. No compensation is paid by ICA Gruppen to the members of the Nomination Committee for their work and the members have established that there are no conflicts of interest

that would affect their assignment. The Chairman of ICA Gruppen's Board, Claes-Göran Sylvén, was co-opted onto the Nomination Committee. The Nomination Committee met with CEO Per Strömberg and CFO Sven Lindskog who, along with Claes-Göran Sylvén, provided information on ICA Gruppen's operations, Board work and future focus areas. The Nomination Committee was also presented with the results of the 2018 evaluation of the Board. The chairman of the Audit Committee, Cecilia Daun Wennborg, informed the Nomination Committee about the work of the Audit Committee and cooperation with ICA Gruppen's Accounting department and the evaluation of the audit work carried out by the Audit Committee in 2018.

In preparing its proposal for the Board of Directors, the Nomination Committee applied rule 4.1 of the Code as a diversity policy, through which the Nomination Committee gave consideration to the fact that the Board of Directors shall, taking into account the nature of the Company's business, its stage of development and circumstances in general, have 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 also focuses on meeting the goal of having gender balance on the Board. Based on the information received by the Nomination Committee regarding the work of the Board of Directors and the Audit Committee, as described above, the Nomination Committee has obtained a sound basis for determining whether the composition of the Board is satisfactory and whether the Board has satisfactory expertise, breadth and experience, and for making a proposal for the election of an auditor. Shareholders have been given the opportunity to submit suggestions and points of view on the work of the Nomination Committee prior to the 2019 Annual General Meeting. The Nomination Committee's proposals for the 2019 Annual General Meeting are presented in the notice of the meeting. More information on the work of the Nomination Committee will be presented in the Nomination Committee's report prior to the 2019 Annual General Meeting.

Annual General Meeting

3. The general meeting of shareholders is ICA Gruppen's highest decision-making body. The general meeting that is held within six months of the end of the financial year and that presents the income statement and balance sheet is known as the Annual General Meeting (AGM). ICA Gruppen's Annual General Meeting is normally held in the Stockholm area. In addition to decisions on the adoption of the income statement and balance sheet, the Annual General Meeting also decides on, among other things, the appropriation of earnings, the composition of ICA Gruppen's Board of Directors, fees for the Board and guidelines for remuneration to senior executives. The AGM also elects external auditors. General meetings are convened by being advertised in Post- och Inrikes Tidningar (the Official Swedish Gazette) and by posting the notice of the meeting on the Company's website, icagruppen.se/en. When a general meeting is convened this information is advertised in Svenska Dagbladet, Dagens Nyheter and Dagens Industri. Shareholders who are registered in the share register five working days prior to a general meeting and who have duly notified ICA Gruppen of their intention to attend are entitled to participate in the general meeting, in person or by proxy, to vote at the meeting for or against the proposals presented and to pose questions to

the Board of Directors and the CEO. Decisions at a general meeting are normally taken by simple majority. However, certain decisions, such as on amendments to the Articles of Association, must be approved by a qualified majority.

2018 Annual General Meeting

The 2018 Annual General Meeting was held on 12 April 2018 at Quality Hotel Friends in Solna. In addition to shareholders, the meeting was attended by ICA Gruppen's Board of Directors and Management Team, as well as employees, media representatives and a number of invited guests. The minutes from the Annual General Meeting and related documents are available on ICA Gruppen's website, icagruppen.se/en.

Annual General Meeting 2019

The 2019 Annual General Meeting will be held on Thursday 11 April 2019 at Quality Hotel Friends in Solna. Shareholders who, no later than Friday 5 April 2019, are registered in the share register (maintained by Euroclear Sweden AB) and have notified the Company of their intention to participate in the AGM are entitled to participate in the AGM, in person or by proxy.

Auditor

4. The auditor conducts an independent audit of the Company's financial statements and determines whether these, in all material respects, are correct and complete and provide a fair presentation of the Company and its financial position and results. The auditor also examines the administration of the company by the Board of Directors and CEO and also reviews the Company's sustainability reporting.

According to the Articles of Association the Annual General Meeting is to appoint at least one but no more than two auditors or one or two authorised accounting firms. The accounting firm KPMG AB was elected as auditor at the 2018 Annual General Meeting for a term of one year. KPMG AB has therefore audited the Company's accounts for 2018, with the authorised public accountant Thomas Forslund as the auditor in charge. In addition to ICA Gruppen, he has significant audit assignments with EQT AB, Höganäs AB and Inwido Sverige AB. Thomas Forslund has no assignments that impact his independence as auditor for ICA Gruppen.

The auditors attended one Board meeting to present KPMG AB's audit process for ICA Gruppen and to give Board members an opportunity to ask questions without the presence of the ICA Management Team. In addition, the auditors attended all

of the meetings of the Board's Audit Committee.

According to the Company's Bill of Authority, the CFO in consultation with the Audit Committee is to approve any assignments performed by the auditor over and above the audit.

The Audit Committee evaluates the auditor annually to ensure that his objectivity and independence cannot be called into question. The auditor confirms his independence annually in the Auditor's Report.

Board of Directors

5. The Board of Directors is responsible for establishing the Company's overall goals and strategy. The duties of the Board include, among other things:

- appointing, evaluating and, if needed, dismissing the CEO and approving assignments which the CEO has outside the Company;
- establishing the requisite guidelines for how the Company is to behave in the community to ensure its ability to create long-term value;
- ensuring that there are appropriate monitoring and control systems in place for the Company's operations and for the risks the Company's faces in connection with its operations;
- ensuring that there is satisfactory control of the Company's compliance with laws and other regulations that apply to the Company's operations, and ensuring the Company's compliance with internal rules; and
- ensuring that the Company's information procedures are correct, relevant, reliable and transparent.

According to the Articles of Association, ICA Gruppen's Board of Directors is to consist of between five and ten members elected by the Annual General Meeting. There are no other rules in the Articles of Association

concerning the appointment or dismissal of Board members. The CEO makes presentations at Board meetings and the Company's General Counsel is the secretary to the Board. In addition to the AGM-elected members, the Board has two employee representatives, each with a deputy.

At the 2018 Annual General Meeting Claes-Göran Sylvé (Chairman), Göran Blomberg, Fredrik Häggglund, Andrea Gisle Joosen, Jeanette Jäger, Bengt Kjell, Magnus Moberg, Cecilia Daun Wennborg and Anette Wiotti were re-elected. Jan Olofsson resigned from the Board and Fredrik Persson was elected as a new member. Four of the AGM-elected Board members are women and six are men. The Board is made up of individuals with extensive and solid expertise in ICA's affairs and in retail, business development, IT, corporate finance, corporate governance, sustainability and industry. The Board has ongoing professional development in areas that are relevant to ICA Gruppen. In 2018 Board members received training in the General Data Protection Regulation (GDPR) and digitalisation as they pertain to the Group's operations.

The CEO, CFO and secretary to the Board are not members of the Board of Directors. They do, however, attend Board meetings, except in matters where a conflict of interest

may exist or where it is otherwise not appropriate for them to attend. The composition of the Board is presented on pages 61-62.

ICA Gruppen's Annual General Meeting is to vote on discharging the Board of Directors and CEO from liability for the accounting period for which the accounting documents submitted to the AGM pertain. Discharge from liability is granted if, at the general meeting, shareholders representing a majority of votes vote in favour of the proposal, as long as no shareholder representing at least one tenth of all shares in the Company votes against the proposal.

Independence of Board members

Five of the Board's members – Cecilia Daun Wennborg, Andrea Gisle Joosen, Jeanette Jäger, Bengt Kjell and Fredrik Persson – are independent in relation to ICA Gruppen, its management and the principal shareholders. Fredrik Hägglund and Göran Blomberg are independent in relation to ICA Gruppen and its management, but not

in relation to its principal shareholders since they are employed by ICA-handlarnas Förbund. Magnus Moberg and Anette Wiotti are ICA retailers and members of the board of ICA-handlarnas Förbund, and are considered to be independent in relation to ICA Gruppen and its management, but not in relation to the principal shareholder ICA-handlarnas Förbund. Claes-Göran Sylvén is a ICA retailer and member of ICA-handlarnas Förbund and is considered to be independent in relation to ICA Gruppen and its management but not in relation to ICA-handlarnas Förbund.

The work of the Board

The main mission of the Board of Directors is to establish the Company's overall goals and strategy, and the Chairman oversees the work of the Board. The key issues for the Board to address are strategy work, monitoring and control of the Company's operations and risks, value creation and monitoring the Company's compliance with external and internal rules and regulations. The

processes for monitoring and control of the Company's risk are described in more detail in the section *Risks and risk management* on pages 50–54. One of the ways that the Board monitors the Company's compliance with internal and external rules and regulations is through the risk-based audits performed by the Internal Audit department; see the section *Internal Audit* below. The Board's work is regulated in the rules of procedure established by the Board each year, and by applicable laws and regulations. Every year the Board decides on instructions for the CEO and for the working committees, as well as other policy documents that provide guidance for ICA Gruppen's employees. The rules of procedure and instructions now in place were addressed and formally adopted at the Board meeting on 22 May 2018. The Board of Directors met 10 times in 2018.

ICA Gruppen's Board has four regular committees: the Audit Committee, the Reward Group, the Retail Investment Committee and the Sustainability Committee. The Committees report to

the Board on an ongoing basis on their work. The Committees are to be regarded as the Board's working committees and do not assume the responsibility that is incumbent upon the Board as a whole.

Ahead of each Board meeting documents are distributed to the Board members via a virtual data room (VDR). The auditor in charge also has access to the VDR. The VDR offers email management, a chat function and voting procedures as needed, and also enables users to see when documents are retrieved on an individual basis. Materials for Board meetings are saved electronically, including documents that are not attached to the minutes. The minutes from committee meetings are distributed to all Board members, the CEO, the person in charge of internal audits and to the auditor.

The following items are usually on the agenda of each Board meeting:

- Minutes of the previous meeting
- Information on matters addressed by the Board's committees

- CEO's report
- CFO's report
- Quarterly reports from internal audit scrutiny and any action plans
- Strategic themes
- Decisions on special matters

Evaluation of the Board of Directors

An evaluation of the Board of Directors is carried out every year in order to develop the work of the Board and provide a basis for the Nomination Committee's evaluation of the Board's composition. The evaluation of the Board in 2018 was carried out by Board members completing a questionnaire. Their responses were then compiled into a report that was submitted to the Board. The evaluation showed that the Board functioned very well and that observations from the evaluation performed in 2017 have been taken into account, but that there is room for some further improvement. The evaluation further showed that the Board is a well-composed group of highly committed individuals and that each of the members contributes broad expertise and many

years' experience in various areas that are relevant to ICA Gruppen's operations.

Conflicts of interest

ICA Gruppen's Board of Directors has decided that Board members and the CEO must not deal with matters relating to agreements between themselves and the Company, nor matters between the Company and third parties if the person in question has a significant interest that could conflict with the Company's interests.

Remuneration to the Board of Directors

The Nomination Committee submits proposals to the Annual General Meeting for resolutions on Board fees. The 2018 Annual General Meeting voted in favour of the Nomination Committee's fee proposal. Information on Board fees in 2018 can be found in the Group notes, under Note 4; see page 91 and on pages 61–62. The Nomination Committee's remuneration proposals for the 2019 Annual General Meeting are presented in the notice of the meeting.

Annually recurring agenda items:

First quarter	Second quarter	Third quarter	Fourth quarter
<ul style="list-style-type: none"> • Year-end accounts • Annual Report • Matters to discuss ahead of the AGM 	<ul style="list-style-type: none"> • Annual General Meeting • Statutory board meeting • Appointment of committee members • Corporate governance documents • Interim report (first quarter) 	<ul style="list-style-type: none"> • Long-term plan (LTP) • Interim report (second quarter) 	<ul style="list-style-type: none"> • Annual target (AT) • Interim report (third quarter) • Evaluation of the Board of Directors • Evaluation of the CEO

Matters addressed in 2018 have included:

- Cooperation with Ocado Group PLC on opening a highly automated e-commerce warehouse.
- Opening a central warehouse for direct delivery of the ICA stores' online orders.
- Data protection within ICA Gruppen.
- The acquisition of Min Doktor and further development of the Minutkliniken healthcare offering.

Board committees

Audit Committee

6. The Audit Committee, through its work and in dialogue with the auditor, the head of the Internal Audit department and the Management Team, is to provide the Board with a good supply of information on the Group's operations. The purpose is to identify any shortcomings in routines and organisational structures based on governance, risk management and control. The purpose of the Audit Committee's work is to ensure that the Company's executive management establishes and maintains efficient routines for internal governance, risk management and control. These are to be designed to provide reasonable assurance in reporting (financial reporting and operational risk) and compliance (laws, instructions and internal rules) and to ensure that the administrative processes are appropriate and efficient. The Audit Com-

mittee also examines whether the internal and external auditors' work is carried out efficiently, independently and in a satisfactory manner, and follows up on the Internal Audit department's annual plan and strategic priorities. The Committee proposes measures that are adopted by the Board if so required. The majority of the members of the Committee are to be independent in relation to the Company and the IMT. At least one of the members who is independent in relation to the Company and the Management Team must also be independent in relation to the Company's principal shareholders. The Audit Committee consists of Cecilia Daun Wennborg (chairman), Bengt Kjell, Göran Blomberg and Anette Wiotti. The Company's CFO is responsible for presenting information and the head of Internal Audit serves as secretary.

Reward Group

7. The Reward Group is responsible for the preparation and evaluation of issues regarding remuneration and other terms of employment for the ICA Gruppen Management Team (IMT), including pay structures, pension plans, incentive programmes and other terms of employment. The Reward Group also monitors and evaluates remuneration programmes for the IMT, both those that are ongoing and those that were concluded during the year, and monitors and assesses the implementation of guidelines for remuneration to senior executives as well as remuneration structures and levels within the Company. The Reward Group also makes preparations for succession planning decisions. The Reward Group consists of Claes-Göran Sylvén (chairman), Andrea Gisle Joosen and Fredrik Häggglund.

Retail Investment Committee

8. The Retail Investment Committee is responsible for the review and quality assurance of the documentary basis for decisions on acquisitions and divestments, including necessary risk analysis. In addition, the Retail Investment Committee has an investment and divestment mandate as set out in the Company's Bill of Authority. The Retail Investment Committee consists of Claes-Göran Sylvén (chairman), Fredrik Persson, Jeanette Jäger and Magnus Moberg.

Sustainability Committee

9. The Sustainability Committee's mandate is based on the Code's rules on the responsibility of the Board of Directors to establish guidelines for how the Company should behave in society. The Committee's duties include preparing policies on business ethics and sustainability, as well as sustainability reporting (annual and quarterly reports) and monitoring of business ethics and sustainability. The Sustainability Committee consists of Cecilia Daun Wennborg (chairman), Andrea Gisle Joosen and Fredrik Häggglund.



Board of Directors



Claes-Göran Sylvén



Göran Blomberg



Fredrik Hägglund



Andrea Gisle Joosen



Jeanette Jäger



Bengt Kjell

Born	1959	1962	1967	1964	1969	1954
Education	Various courses of study (finance, business management, leadership development etc.).	Master of Science in Business and Economics	Master of Laws	MSc International Business	Studies in business and finance	Master of Science in Business and Economics
Elected	2013	2013	2013	2010	2015	2013
Other significant assignments	Chairman of the Board MQ Holding AB. Board member Centrum Fastigheter i Norrtälje AB etc. ICA retailer, ICA Kvantum Flygfyrén in Norrtälje.	Chairman of the Board Urbano AB, Expandia Modular AB and Retail Finance Europe AB. Board member Hakon Media AB etc. CFO, ICA-handlarnas Förbund.	Board member Svensk Handel (Swedish Trade Federation) and Independent Retail Europe etc. CEO ICA-handlarnas Förbund.	Chairman of the Board Acast AB (publ). Board member Dixons Carphone plc, BillerudKorsnäs Venture AB and James Hardie Industries plc.	CEO, Bankgirot.	Chairman of the Board Hemfosa Fastigheter AB, Nyfosa AB and SSAB. Board member AB Industrivärden, Indutrade AB and Pandox AB etc.
Previous significant positions	Chairman of the Board ICA AB. Board member Svensk Handel (Swedish Trade Federation). CEO Hakon Invest AB and ICA-handlarnas Förbund.	Board member ICA AB and Rindi Energi AB etc. CFO Hakon Invest AB, RNB Retail and Brands AB, Portwear AB and Pronyx AB.	Board member ICA AB, Swedish Anti-Corruption Institute and Euro-Commerce. Vice President and General Counsel ICA-handlarnas Förbund. General Counsel Hakon Invest AB. Lawyer, Clifford Chance, Brussels. Assistant Lawyer, Linklaters.	Chairman of the Board Teknikmagasinet AB. Board member Lighthouse Group AB, Elektronikbranschen Sverige and Mr Green & Co AB etc. CEO Boxer TV Access AB, CEO Panasonic Nordic AB and Chantelle AB.	Head of Marketing and Communications Tieto, VP Financial Services Global Tieto, Capital Markets Global Tieto, Product and Market Director TDC. CEO Inne AB.	Chairman of the Board Kungsleden AB and Skånska Byggvaror Group AB. Board member Höganäs AB, Skanska AB, Munters AB, Össur Hf, Fermenta AB, Byggnadsfirman Wallenstam AB, Bonifazius AB, Gandalf AB, Helsingborgs Dagblad AB, AB Handel och Industri, Nordic Tankers Holding AB, Plastal Industri AB and Hoist International AB etc. Acting CEO AB Industrivärden, CEO AB Handel och Industri, Deputy CEO AB Industrivärden, Senior Partner Navet Affärsutveckling AB and Head of Corporate Finance Securum AB.
Total remuneration 2018/19, SEK	1,250,000	585,000	600,000	600,000	550,000	585,000
Independence	Independent in relation to the Company, its management, but not in relation to the Company's principal shareholders.	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholders.	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholders.	Independent in relation to the Company, its management and the Company's principal shareholders.	Independent in relation to the Company, its management and the Company's principal shareholders.	Independent in relation to the Company, its management and the Company's principal shareholders.
Shareholding	657,889 shares (incl. related parties).	12,625 shares (incl. related parties).	17,067 shares (incl. related parties).	2,000 shares (incl. related parties).	900 shares (incl. related parties).	1,000 shares (incl. related parties).
Committees	Member of the Reward Group (chairman) and the Retail Investment Committee (chairman).	Member of the Audit Committee.	Member of the Reward Group and the Sustainability Committee.	Member of the Reward Group and the Sustainability Committee.	Member of the Retail Investment Committee.	Member of the Audit Committee.
Attendance at meetings						
Board meetings	10/10	10/10	10/10	9/10	8/10	8/10
Audit Committee	–	4/4	–	–	–	3/4
Reward Group	7/7	–	7/7	7/7	–	–
Retail Investment Committee	14/14	–	–	–	12/14	–
Sustainability Committee	–	–	4/5	5/5	–	–

Board of Directors, cont.



Magnus Moberg



Fredrik Persson



Cecilia Daun Wennborg



Anette Wiotti



Jonathon Clarke



Magnus Rehn

Born	1966	1968	1963	1966	1968	1966
Education	Various courses of study (finance, business management, leadership development etc.)	Master of Science in Business and Economics	Master of Science in Business and Economics	Various courses of study (finance, business management, leadership development etc.)	Trained welder, studies in labour law	Upper secondary education
Elected	2008	2018	2005	2017	2013	2013
Other significant assignments	Chairman of the Board Nya Ulfmag AB, Storbutiken i Falköping AB and ICA-handlarnas Förbund. Board member Jomag AB etc. CEO Storbutiken i Falköping AB. ICA retailer, Maxi ICA Storknäd Falköping.	Chairman of the Board Confederation of Swedish Enterprise, JM and Svenska ICC. Board member AB Electrolux, AB Hufvudstaden, Ahlström Capital OY, Interogo Holding AG and Nalka Invest AB.	Board member Getinge AB, Loomis AB, Bravida Holding AB, Hoist Finance AB, Oncopeptides AB, Sophiahemmet, Hotell Diplomat AB, Atvexa AB and others. Member Aktiemarknadsnämnden (the Swedish Securities Council).	Vice Chairman ICA-handlarnas Förbund. Elected representative on boards and committees within ICA-handlarnas Förbund and ICA Sweden. ICA retailer, ICA Kvantum Arvika.	–	–
Previous significant positions	Chairman of the Board Köpet i Sandared AB. Board member Moberg & Svensson i Sandared AB and Ulfmag AB.	CEO Axel Johnson, Chief Analyst Aros Securities, various positions within ABB Financial Services.	Vice President Ambea AB, CEO and CFO Carema Vård och Omsorg Aktiebolag. Acting CEO Skandiabanken, Head of Skandia Sweden and CEO SkandiaLink Livförsäkrings AB.	Various roles as elected representative within ICA-handlarnas Förbund and ICA Sverige AB.	Employee representative, Handelsanställdas Förbund.	Employee representative, Unionen.
Total remuneration 2018/19, SEK	550,000	550,000	745,000	585,000	–	–
Independence	Independent in relation to the Company and its management, but not in relation to the Company's principal shareholders.	Not independent in relation to the Company, its management and the Company's principal shareholders.	Independent in relation to the Company, its management and the Company's principal shareholders.	Independent in relation to the Company, its management, but not in relation to the Company's principal shareholders.	–	–
Shareholding	50,000 shares (incl. related parties).	1,500 shares (incl. related parties).	3,125 shares (incl. related parties).	6,455 shares (incl. related parties).	0 shares (incl. related parties).	250 shares (incl. related parties).
Committees	Member of the Retail Investment Committee.	Member of the Retail Investment Committee.	Member of the Audit Committee (chairman) and Sustainability Committee (chairman).	Member of the Audit Committee.	–	–
Attendance at meetings						
Board meetings	10/10	8/10 ¹	10/10	10/10	10/10	10/10
Audit Committee	–	–	4/4	3/4	–	–
Reward Group	–	–	–	–	–	–
Retail Investment Committee	12/14	8/14 ²	–	–	–	–
Sustainability Committee	–	–	5/5	–	–	–

1) Board member since 12 April 2018. 2) Member of the Retail Investment Committee since 12 April 2018.

Ann Lindh

Deputy member
Employee representative
Unionen

Born: 1964
Education: Upper secondary education
Appointed: 2013
Previous significant positions: Employee representative, ICA AB.
Total remuneration 2018/19: –
Independence: –
Shareholding: 0 (incl. related parties).
Attendance at Board meetings: 7/10
Attendance at Audit Committee meetings: –
Attendance at Reward Group meetings: –
Attendance at Retail Investment Committee Meetings: –

Marcus Strandberg

Deputy member
Employee representative
Handelsanställdas Förbund

Born: 1966
Education: Upper secondary education
Appointed: 2013
Previous significant positions: Employee representative, ICA AB.
Total remuneration 2018/19: –
Independence: –
Shareholding: 0 (incl. related parties).
Attendance at Board meetings: 8/10
Attendance at Audit Committee meetings: –
Attendance at Reward Group meetings: –
Attendance at Retail Investment Committee Meetings: –

Rules and regulations

External rules

As a Swedish public limited company with securities listed on Nasdaq Stockholm, ICA Gruppen is, among other things, obliged to comply with the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers and the Code.

Deviations from the Code, stock exchange rules or good stock market practice

The Company has not deviated from the Code or the stock exchange rules. Nor has the Company been the subject of a decision by the Nasdaq Stockholm Disciplinary Committee or a decision on infringement of good practice in the stock market by Aktie marknadsnämnden (the Swedish Securities Council).

Internal rules

ICA Gruppen has a number of internal rules which, together with the external rules, form the framework for its operations. The main rules are the Articles of Association, the rules of procedure for the Board of Directors, the instructions for the Board committees, the instructions for the CEO including instructions on financial reporting and policies.

The Company's internal rules are based on governing documents at four levels:

1. Policies are issued by the Board of Directors and establish overarching rules for all employees.
2. Guidelines are issued by the IMT and establish more detailed rules for all employees based on the applicable policy.
3. Instructions are issued by the respective operating company and cover employees in that company.
4. Routines may be established by a department, business area or function for employees in that area.

The Company has the following policies:

• Bill of Authority

The purpose of the Bill of Authority is to ensure that decisions on strategic and operational matters are made by those who are authorised to do so by the Board of Directors.

• Business Ethics Policy

The Business Ethics Policy states that the Company must be responsible and progressive in matters relating to ethics and social responsibility. The corporate culture is to be based on responsibility, trust and high standards of professional behaviour.

• Communication Policy

The Communication Policy describes the principles for the Company's internal and external communication for the purpose of promoting uniform, clear and effective communication between the Company's employees and between ICA Gruppen and its external stakeholders.

• Customer Policy

The Customer Policy describes how the Company is to approach customer relations in order to achieve the Company's vision of making every day a little easier.

• Data Protection Policy

The Data Protection Policy describes ICA Gruppen's objectives for data protection and establishes that ICA Gruppen must comply with the relevant data protection laws with a business perspective while retaining the trust of customers, employees, shareholders and other stakeholders. ICA Gruppen must also, throughout the organisation, have integrated, documented and continuous data protection processes for the purpose of being able to prove compliance with the relevant data protection legislation and internal rules.

• Financial Policy

The Financial Policy establishes the Board's financial risk level and defines objectives and guidelines for the Group's financial management. The policy defines the responsibility and routines for reporting and internal control that apply to financial management.

• Insider Policy

The Insider Policy establishes principles for trading in ICA Gruppen's shares and how the Company is to handle insider information.

• Risk Management Policy

The Risk Management Policy establishes the principles for the Company's management of risk (i.e. a future uncertain event that may have a negative impact on the Company's ability to achieve its business targets) and the level of risk-taking that ICA Gruppen can accept.

• Sustainability Policy

The Sustainability Policy describes ICA Gruppen's overall vision for sustainability issues in the following areas: the environment, health, quality, social responsibility and local production.

• Tax Policy

The Tax Policy establishes the Company's risk exposure relating to tax and taking into account the applicable tax rules.

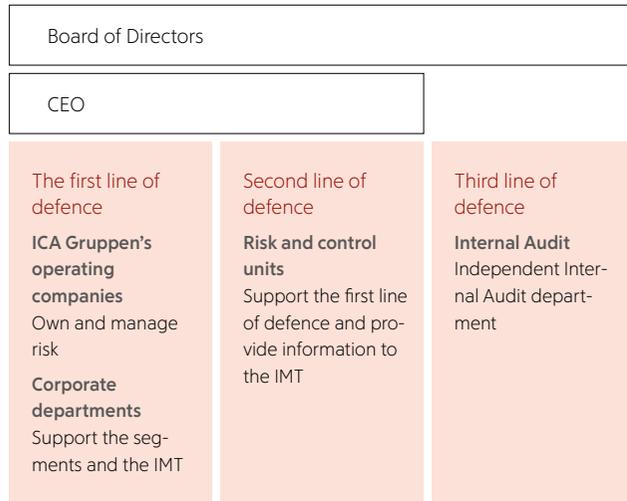


ICA Gruppen's model for internal control

The basis of effective risk management is a strong and group-wide risk culture. ICA Gruppen's model for internal control and governance is based on three lines of defence. It describes the division of responsibility for internal control and governance.

The Board is responsible for ensuring that there are processes in place to identify and define the risks within the organisation, and to measure and control risk-taking.

The CEO is responsible for the day-to-day duty of maintaining efficient governance and control on an overall level. The CEOs of the Company's various operations are each responsible for maintaining good internal control within their segment.



The first line of defence

10. The first line of defence consists of the Group's operations (ICA Gruppen's operating companies) and of ICA Gruppen's corporate departments (except the risk and control units). The operating companies are responsible within their respective areas for maintaining good internal control and for thereby identifying and managing risk. The corporate departments are to support the operations and the IMT, and ensure that there is good internal control and that identified risks are managed.

Corporate departments

Corporate Communication

The Corporate Communication department is responsible for the Group's corporate communication. At the corporate level the department is responsible for providing strategic advice and managing the Company's communication planning and activities. The department handles all types of communication – from contacts with the media and community contacts to internal communication. It is not, however, involved in customer communication activities and advertising.

Corporate Responsibility

ICA Gruppen's Corporate Responsibility (CR) department supports each of the operating companies in the implementation of the Company's

goals and sustainability targets and also assists the Sustainability Committee. The CR department monitors management systems, activities and KPIs relating to sustainability within the Group and prepares information and supporting documents for the Company's sustainability reporting.

Group Accounting, Business Planning & Controlling (GAC)

GAC is responsible for managing and controlling all processes relating to accounting, business planning and control within ICA Gruppen. GAC must also ensure that monthly, quarterly and annual reports are produced in a manner that provides an accurate depiction of the Company's financial situation and business activities, and that reporting processes are in compliance with laws and regulations.

Group HR and ICA School

The Group HR and ICA School department is responsible for the Group's HR strategy. This includes overall responsibility for processes relating to the organisational structure, recruitment, HR management, compensation, and skills and leadership development.

Group IT

Group IT is responsible for developing group-wide capabilities and synergies within IT. The department is heading

the work with the group-wide IT-strategy and the follow up on the strategy – in the short and long term – and is responsible for the Group's IT framework.

Group Treasury & Tax

Group Treasury & Tax manages the Company's financial and fiscal issues. The department is responsible for the Company's financial administration and must also ensure, among other things, that the Company follows the established guidelines that the Company has decided upon regarding levels of financial risk, and that the Company manages taxation within the framework of applicable tax laws and regulations.

Legal

The role of Legal is to create good conditions for the Company to achieve its business targets taking into account the risks that those targets involve, and to ensure that the business is run in compliance with laws as well as external and internal rules.

Privacy Office

The Privacy Office is a group-wide strategic department that coordinates ICA Gruppen's data protection processes and offers legal expertise to the operating companies in matters relating to processing personal data. The Privacy Office also establishes objectives for

data protection activities, highlights risks at a general level and establishes a framework for how the operating companies are to comply with the data protection legislation in force and monitor their data protection procedures.

Strategy and Business Development

The Strategy and Business Development department, in cooperation with the CEO and IMT, is responsible for developing the group-wide strategy – both the long-term strategic focus and the short-term strategic priorities. It also runs group-wide strategic projects and M&A activities. Also part of this department is the CDO (Chief Digital Officer) unit, who designs the Group's digital strategy and drives and supports group-wide digital development, e.g. through the ICAX innovation hub, e-commerce cooperation between ICA Gruppen's operating companies, and applications that involve automation, AI and big data.

The second line of defence

11. In the second line of defence are the Group's risk and control units, which are tasked with supporting the first line of defence and providing information to the IMT. These functions are carried out by the Internal Control and Group Risk Management departments.

Internal Control

Within ICA Gruppen the Internal Control department is tasked with coordinating and supervising internal governance and control over financial reporting within the Group. Internal control over financial reporting is aimed at managing the risk of material errors in financial reporting with a reasonable degree of certainty and ensuring compliance with laws and regulations that are of significance for financial reporting. The department identifies business-critical processes and key controls within the Group that are to be evaluated regularly. The evaluation is based on periodic self-evaluation and selective quality review processes. The results are compiled in reports and submitted by Internal Control to the operating companies, ICA Management Team (IMT) and the Audit Committee. Read more about Internal Control and its procedures on page 73.

Group Risk Management (GRM)

The role of GRM is to create good conditions for long-term and efficient risk management and security activities within ICA Gruppen. GRM coordinates the Group's risk management work and monitors compliance with the Group's framework for risk management. It also supports the subsidiaries and strengthens the Group's risk management through training, by developing tools, by carrying out risk analysis for specific risk areas and by proposing measures to manage identified risks. Read more about GRM on pages 50–54.

The third line of defence

12. The third line of defence consists of the independent Internal Audit department. The Internal Audit department is tasked by the Board of Directors with examining the efficiency and reliability of the Group's internal governance and control.

Internal Audit examines corporate governance, risk management and the management and control of ICA Gruppen's business processes. The mandate of the Internal Audit department covers all operations within ICA Gruppen in Sweden and the Baltic countries. Each year the Audit Committee draws up a risk-based plan for Internal Audit's work to ensure that it focuses on the areas where the most value can be added to ICA Gruppen. In 2018 Internal Audit examined the ongoing change programmes within ICA Gruppen as well as information security, business continuity planning, e-commerce, sustainability, compliance with external regulations and management and control of personal data. Store audits constitute a special area within the review of business processes. The observations and recommendations made by Internal Audit aim to reduce the level of risk within a business area and to increase efficiency and improve ICA Gruppen's processes. It is the responsibility of the

respective management teams within ICA Gruppen's operating companies to put in place appropriate action plans based on the recommendations made by Internal Audit. An important aspect of the work of Internal Audit is to conduct a quarterly review of the established action plans.

Internal Audit conducts regular reviews of internal audit matters in separate meetings with the Management Team (IMT Audit Update) at which the ongoing audits are reviewed, the concluded audits are followed up on and future audits are discussed. Internal Audit reports quarterly to ICA Gruppen's Audit Committee, which in turn reports to the Board. This reporting covers the audit work carried out over the past quarter and the status of the action plans. Internal Audit also prepares a report annually which is presented to the Board.

Corporate culture

13. ICA Gruppen's corporate culture is based on the vision of making every day a little easier and on the Group's values of *simplicity*, *commitment* and *entrepreneurship*. These values are the foundation for ensuring the Company has committed and talented employees who in turn ensure that ICA Gruppen has efficient corporate governance and risk management procedures. *Simplicity* means an approach in which the employees are transparent and honest in their interactions and trust each other. *Commitment* means taking responsibility for what we do, for our community and for our shareholders, which promotes good governance within the Company. *Entrepreneurship* enables us to create opportunities and take action. It also means that we are driven by a constant desire to improve and take responsibility for ensuring good corporate governance, while paying attention to the risks associated with the business.

All employees have a responsibility for ensuring the Company complies with external and internal rules, and that it takes action if the Company is in any way non-compliant. To do this employees can contact their immediate superior, safety officer or the HR department. It is also possible

to anonymously report issues through the Company's online whistleblower service, or to the head of the Company's Internal Audit department.

ICA retailers – i.e. business owners operating ICA stores and thus not employed by ICA Gruppen – are responsible for ensuring that their business is in compliance with external and internal rules. These include the rules set out in ICA's Good Business for Stores, which describes how ICA retailers under the ICA brand are to behave. The Company and the ICA retailers' membership organisation, ICA-handlarnas Förbund, have together created an accountability board tasked with addressing matters relating to the commitments of the ICA retailers and their responsibilities pursuant to the statutes of ICA-handlarnas Förbund, including ICA's Good Business for Stores. The accountability board can issue complaints or warnings and can expel members from ICA-handlarnas Förbund.

ICA Gruppen's work on business ethics

ICA Gruppen takes active steps to maintain a high level of trust among customers, suppliers, employees, partners, shareholders and the community in general. This involves placing utmost importance on anti-corruption work and efforts to promote ethical behaviour.

Business ethics are an integrated aspect of the recurring risk assessments that are made. Routines and processes are in place to ensure that potential risks in this area are handled correctly.

Anti-corruption work

As a major player with operations in several countries and suppliers spread across much of the globe, ICA Gruppen is exposed to risks relating to corruption and fraud. Neither ICA Gruppen nor its management accepts any form of corruption, and active steps are taken to ensure that this does not occur. ICA Gruppen works in accordance with the business ethics governance model that has been applied within the Group since 2015. This includes the Business Ethics Policy and its guidelines and procedures to monitor compliance with these, the whistleblower service, risk analysis, training, communication and reporting.

Internal and external framework for business ethics

Efforts to prevent business ethics risks are based on both external frameworks and internal rules and guidelines. The external frameworks include international and national laws, industry standards and practices, the UN Global Compact's fundamental principles for business ethics and the UN's Sustainable Development Goals.

The internal rules include ICA Gruppen's Business Ethics Policy and its associated guidelines. ICA Gruppen's Business Ethics Policy describes, among other things, ICA Gruppen's anti-corruption stance and guidelines, including how to approach gifts and benefits, conflicts of interest and fair competition. In addition to the Business Ethics Policy and associated guidelines, there are also internal guidelines regarding corporate hospitality, meetings and travel.

ICA Gruppen's Business Ethics Policy specifies that the Group is to act and be perceived as a responsible and progressive actor. The policy includes guidelines and principles relating to business ethics, and these are to be followed by all employees. The basis for good business with and within ICA

Gruppen is defined in the Business Ethics Policy and the Sustainability Policy. The Group's suppliers and partners are expected to follow the intentions in these and act ethically and responsibly. Suppliers and partners undertake to meet ICA Gruppen's requirements set out in agreements.

Responsibility and governance

ICA Gruppen's Board of Directors sets the policy for business ethics and makes revisions to it. Matters of an ethical nature are addressed by the Company's Sustainability Work Group and referred to the Sustainability Committee within ICA Gruppen's Board. Monitoring of the performance of operating companies is carried out according to ICA Gruppen's established process for monitoring compliance with policies and guidelines. Business ethics aspects are included in the annual risk analysis that is carried out by each company within the Group.

The members of the ICA Gruppen Management Team (IMT) have a responsibility to ensure that activities in their area of responsibility are conducted in accordance with the Group's Business Ethics Policy and guidelines.

Managers within the Group are responsible for ensuring that the poli-

cies and their guidelines are implemented within the organisation according to ICA Gruppen's internal rules framework.

Each employee is in turn responsible for following governing documents and thereby helping to promote a sound culture of business ethics within the Group.

Training and follow-up

ICA Gruppen has produced internal online training to ensure that all employees are familiar with and act in accordance with the Business Ethics Policy. The training is mandatory for all white-collar employees within the Group and is also available to other employees. The number of employees who have completed the online training is monitored and reported internally.

To complement the online training, classroom-based courses are provided to the groups of employees who are the most exposed to business ethics dilemmas. Additional information is also provided on an ongoing basis to spread awareness about business ethics within the Group.

Whistleblower service

ICA Gruppen's external, web-based whistleblower service allows employees to anonymously report any irregularities that they believe contravene laws, rules or important position statements in ICA Gruppen's steering documents. The whistleblower service has clear rules and procedures for how to handle any issues reported.

In 2018 the whistleblower service was available to employees in Sweden (except those working for Hemtex AB or individual store companies), in the Baltic states and in Asia.

CEO

14. CEO Per Strömberg is responsible for the day-to-day administration of the Company in accordance with the guidelines and instructions issued by the Board. In dialogue with the Chairman of the Board, the CEO also compiles an agenda for Board meetings and is responsible for providing the meetings with information documents and material as a basis for decisions. In addition, the CEO must ensure that the members of the Board receive information on ICA Gruppen's performance in order to make well-founded decisions. The Board has approved Per Strömberg's significant assignments and financial commitments outside the Company, such as his positions as industrial advisor to Segulah Advisor AB, member of the Steering Group for GEN-PEP and as board member of Byggmax AB, ICC Sweden and the Consumer Goods Forum. The CEO has no significant shareholdings or proprietary involvement in companies with which the Company has significant business ties. An evaluation of the CEO was carried out by the Board in 2018 without the CEO and other members of management being present.

ICA Management Team

15. Alongside CEO Per Strömberg, the members of ICA Gruppen's Management Team (IMT) are the CFO, Chief HR Officer, Chief Strategy Officer, Chief Information Officer, Chief Corporate Communication Officer, Chief Corporate Responsibility Officer and the CEOs of ICA Sweden (also Deputy CEO of ICA Gruppen), Apotek Hjärtat, Rimi Baltic, ICA Real Estate, ICA Bank and ICA Special. The IMT meets regularly to discuss matters relating to, for example, corporate governance, reporting and strategy. In addition, the IMT prepares information on matters where the rules of procedure state that a decision by the Board is required, and assists the CEO in executing decisions made by the Board. In addition to their collective responsibility for the management of the Company, each member of the IMT bears individual responsibility for his or her respective area of the Company. At the beginning of each financial year the IMT assesses its work, focusing on the quality of decisions, agendas, the meeting structure, effectiveness and the IMT's overall performance.

Committees supporting the IMT

In support of IMT's work, four committees have been established:

16. Sustainability Work Group

The Sustainability Work Group manages and prepares information on sustainability and is headed by Chief Corporate Responsibility Officer, Kerstin Lindvall.

17. Group Risk Management Committee (GRMC)

The Group Risk Management Committee has overall responsibility for maintaining an overview of the Group's risk exposure by providing guidance and governance, and for reporting on significant changes in the risk profile. The Committee is headed by ICA Gruppen's CFO Sven Lindskog.

18. Reward Group

The Reward Group addresses and prepares information on matters relating to employment terms for employees and is headed by the Chief HR Officer Petra Albuschus.

19. Retail Investment Committee

The Retail Investment Committee addresses and prepares information on investment-related matters and is headed by CEO Per Strömberg.

Remuneration to senior executives Guidelines for 2018

The Company's guidelines for remuneration to senior executives, adopted at the 2018 Annual General Meeting, state that it is important for the Company to provide competitive remuneration packages in line with market terms for senior executives in similar industries so that the Company can recruit, develop and retain senior executives with relevant experience and advanced leadership skills.

The remuneration principles are to motivate senior executives to improve the Group's market position and earnings, and are to be linked to long-term growth in shareholder value. Variable remuneration is also to be linked to pre-determined and measurable criteria.

The levels of remuneration paid to senior executives in related industries and markets are continually monitored and evaluated. The total remuneration package is to consist of the following components: basic pay, pension benefits, variable remuneration in the form of cash bonus, other remuneration and benefits, and severance pay.

• Basic pay

Basic pay is to be on market terms and based on skills, responsibility and performance.

• Pensions

For the CEO and other senior executives a defined contribution pension

plan is to be provided. The pension premiums are maximised at 35% of annual basic pay and holiday supplement. The premiums are paid as long as the individual is employed. The normal retirement age is 65.

Senior executives who are locally employed in a country other than Sweden have pension agreements in line with national norms but that are also in line with the principles described above. Special pension agreements are entered into in the case of postings abroad.

• Bonus

The CEO and other senior executives in the Group, with the exception of the CEO of ICA Bank, are covered by two variable remuneration schemes in the form of a cash bonus, one of which runs for one year (annual bonus programme) and the other for three years (long-term bonus programme). The size of the aggregate bonus is maximised per person and year at the equivalent of 50% of annual salary (100% for the CEO). Bonus is not pensionable income.

Payment of bonus is to be contingent upon the participants' employment not being terminated during the term of the programme. The Board of Directors decides on an annual basis whether new programmes will be launched and determines the financial targets, target groups and maximum cost.

Based on the rules that apply to variable remuneration schemes at credit institutions, the CEO of ICA Bank is not

included in the bonus programmes that apply to other senior executives within the Group which were adopted after 31 December 2016. The loss of this bonus is taken into account when the total compensation packet is established for the CEO of ICA Bank, within the framework of applicable guidelines. The CEO of ICA Bank is still, however, covered by the bonus programmes adopted in 2015 and 2016.

– Annual bonus programme

Bonuses according to the 2018 annual bonus programme are not to exceed 50% of annual salary for the CEO of ICA Gruppen and 25% for other senior executives. The targets set in the bonus programme are to be based on financial performance targets, but performance may also be measured against non-financial targets linked to ICA Gruppen's strategies. The financial targets for the bonus programme are to be determined by the Board before the beginning of each financial year. Individual bonus agreements are to be entered into with each respective participant. The terms of these bonus agreements depend on the participant's position when the agreement is entered into. The bonus outcome is determined annually in connection with the publication of the year-end report for each financial year, based on an evaluation of the participants' performance in relation to the targets as described in the bonus agreements.

– Long-term bonus programme

Bonuses based on the long-term bonus programme are not to exceed 50% of annual salary for the CEO and 25% for other senior executives. The targets for the bonus programme must be objectively measurable and determined by the Board, and must be linked to both absolute and relative performance criteria. Fulfilment of the absolute performance criteria accounts for 60% of the maximum outcome and refers to (i) operating margin (EBIT margin) excluding items affecting comparability, (ii) return on capital employed (ROCE) for the Group excluding ICA Bank, (iii) net sales increase and, effective from 2018, (iv) decrease in greenhouse gas emissions (CO₂) excluding carbon offset. The relative performance criteria account for the remaining 40% of the maximum outcome for the long-term bonus programme and relate to the Company's position in a comparison group consisting of 10 other companies running similar operations. The outcome depends on where the Company ranks within this comparison group in terms of (i) net sales increase and (ii) EBIT margin.

• Terms relating to termination of employment and severance pay

A mutual notice period of six (6) months is to apply to senior executives. Severance pay corresponding to a maximum of 12 months of basic cash salary

may be payable to senior executives if the Company terminates the employment. Severance pay is deductible.

If a senior executive resigns, the Company may, if the Company chooses to invoke a non-competition clause, provide compensation during the non-competition period at a maximum of 60% of fixed salary. Severance pay and compensation paid during the non-competition period will not be pensionable.

• Terms for postings abroad

In the case of postings abroad special terms are to be offered. The structure of these terms is to be in line with the guidelines for remuneration to senior executives.

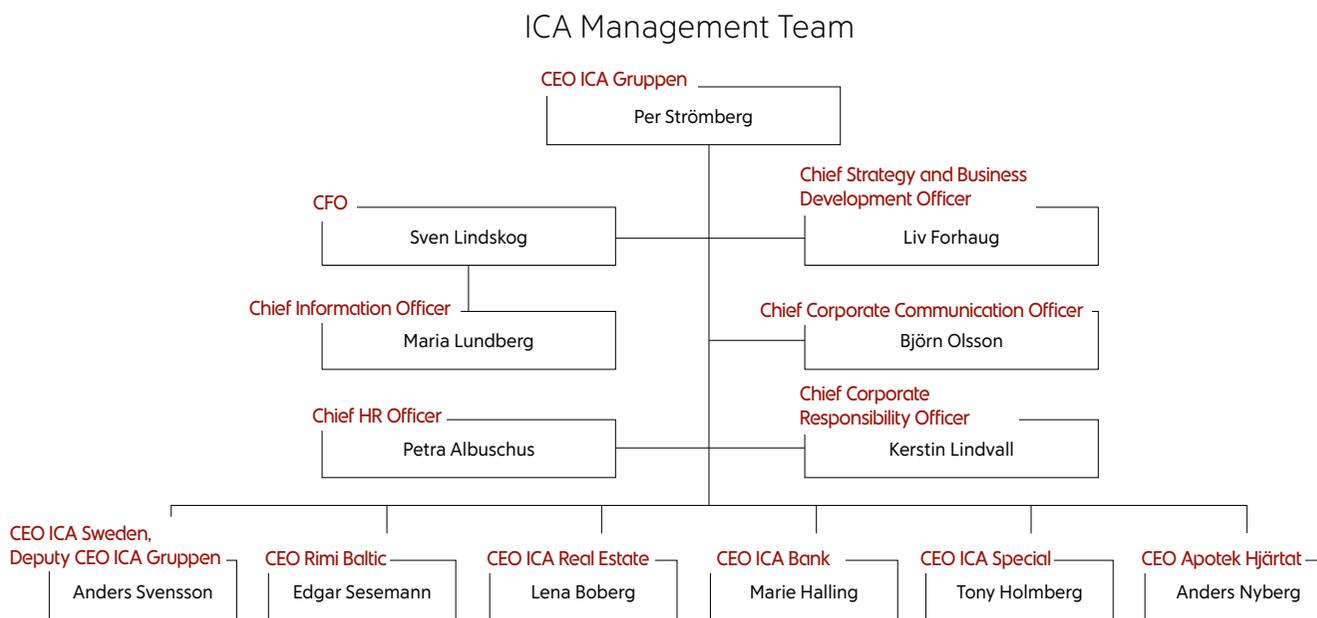
• Other remuneration and benefits

Other remuneration and benefits shall be of limited value in relation to the total remuneration package and in line with market practice.

• Deviating terms for certain senior executives

Under agreements entered into previously, a few senior executives have terms that deviate from the guidelines above:

– Two senior executives are covered only by ITP2 and one other senior executive has ITP1 pension benefits, and accordingly bonus is pensionable income for these senior executives.



– One senior executive is entitled to retire at the age of 62 and is covered by a defined benefit pension plan for the period until the normal retirement age of 65.

– Two senior executives have deviating terms regarding the notice period.

– One senior executive has deviating terms regarding severance pay and deductibility of severance pay.

• Special circumstances

The Board may deviate from the stated guidelines if there is particular reason to do so.

Proposal to the 2019 Annual General Meeting

Preliminarily, the Board of Directors proposes to the 2019 Annual General Meeting that the guidelines above, with minor adjustments, be re-adopted. The Board's final proposal for guidelines is presented in the notice of the Annual General Meeting.

Further information

More information on fixed and variable remuneration is available on the Company's website, in the Board's account of the Reward Group's evaluation according to section 9.1 of the Code, in the notice of the Annual General Meeting and in Group notes, Note 4.

ICA Gruppen Management Team (IMT)



Per Strömberg

CEO ICA Gruppen.
Employed at ICA and member of IMT since 2012.



Petra Albuschus

Chief HR Officer (CHRO) ICA Gruppen.
Employed at ICA since 2008 and member of IMT since 2015.



Lena Boberg

CEO ICA Real Estate.
Employed at ICA since 2007 and member of IMT since 2010.



Liv Forhaug

Chief Strategy & Business Development Officer (CSO), ICA Gruppen.
Employed at ICA and member of IMT since 2013.



Marie Halling

CEO ICA Bank.
Employed at ICA and member of IMT since 2014.



Tony Holmberg

CEO ICA Special.
Employed at ICA since 1991 and member of IMT since 2016.

Born	1963	1968	1970	1970	1963	1971
Education	Master of Science in Business and Economics	Master of Science in Engineering	Master of Science in Business and Economics	Master of Science in Business and Economics	Master of Laws	Completed management and finance courses at INSEAD Business School, IHM Business School and internally at ICA
Other assignments	Board member Bygghuset AB, The Consumer Goods Forum and ICC Sverige. Member of the Steering Group for GEN-PEP. Industrial advisor to Segulah Advisor AB.	Board member Electra Gruppen AB (publ).	Board member Rikshem AB (publ).	Board member Thule Group AB, Hufvudstaden AB and HUI Research AB.	—	—
Experience	President and CEO Lantmännen (2007–2012) and Sardus AB (2006–2007). Kraft Foods (1988–2006), including as CEO Kraft Foods Sweden, CEO Kraft Foods Denmark, Business Development Director Kraft Foods International, London. Various managerial positions at Kraft Freia Marabou, Sweden.	SVP Logistics ICA Sweden (2008–2015). Procter & Gamble Nordic (1993–1998, 2005–2008), Procter & Gamble UK (1998–2001), Procter & Gamble ETC Belgium (2001–2005), including as Director of Logistics, Nordics.	CFO ICA Real Estate (2007–2011) and Skandrenting AB (1999–2007). Project Manager and Consultant Knowit AB (1999). Financial Manager Hagströmer & Qviberg Fondkommission AB (1996–1998). Financial Manager Nordien System AB (1995).	McKinsey & Company (1996–2013), Partner and head of the retail sector in Scandinavia (2006–2013) and previously Project Manager and Consultant (1996–2005), working in Sweden, elsewhere in Europe and in the US.	Swedbank (2005–2014), including as head of the Eastern region and member of Swedbank's Group Executive Committee, head of Retail Banking and Private Banking. FöreningsSparbanken (1996–2005), including as head of Corporate Banking FöreningsSparbanken Stockholm.	SVP Sales & Operations ICA Sweden (2010–2015), Country Manager for Rimi Lithuania (2008–2010), Business Development Manager, Market department ICA AB (2007–2008), Format Director ICA Kvantum and other ICA assignments (1991–2007).
Shareholding	14,070 shares (incl. related parties).	1,690 shares (incl. related parties).	1,914 shares (incl. related parties).	4,800 shares (incl. related parties).	3,250 shares (incl. related parties).	6,000 shares (incl. related parties).

ICA Gruppen Management Team (IMT), cont.



Sven Lindskog

CFO ICA Gruppen. Employed at ICA and member of IMT since 2014.



Maria Lundberg

Chief Information Officer (CIO) ICA Gruppen. Employed at ICA since 2015. Member of IMT since 2018.



Kerstin Lindvall

Chief Corporate Responsibility Officer (CCRO) ICA Gruppen. Employed at ICA since 1997 and member of IMT since 2016.



Anders Nyberg

CEO Apotek Hjärtat. Employed at ICA and member of IMT since 2015 (CEO of Apotek Hjärtat since 2009).



Björn Olsson

Chief Corporate Communication Officer (CCCO) ICA Gruppen. Employed at ICA since 2004 and member of IMT since 2009.



Edgar Sesemann

CEO Rimi Baltic. Employed at ICA since 1999 and member of IMT since 2008.



Anders Svensson

CEO ICA Sweden and Deputy CEO (DCEO) ICA Gruppen. Employed at ICA and member of IMT since 2009.

Born	1963	1968	1971	1956	1971	1961	1964
Education	Master of Science in Business and Economics	Master of Science in Engineering	Agronomist	Studies in business and finance	Master's degree in Political Science, Economics and Commercial Law	Diploma in Market Economics	Master of Science in Business and Economics
Other assignments	—	—	Chief Corporate Responsibility Officer ICA Sverige AB. Board member KRAV and member of Monitoring Board of the Swedish Chemicals Agency.	Board member Swedish Pharmacy Association.	—	Board member Stockholm School of Economics in Riga Foundation (SSE Riga).	Chairman Svensk Handel AB (Swedish Trade Federation). Board member Swedish Food Retailers Federation and Confederation of Swedish Enterprise. Member of AMS Sourcing B.V. supervisory board.
Experience	CFO Höganäs Group (2007–2014). CFO Sardus Group (2006–2007). CFO Unilever Nordic (2005–2006). Other senior positions at Unilever Nordic (1998–2004). Unilever global head office, the Netherlands (1996–1998). Unilever Hungary (1994–1996). Unilever Sweden (1989–1993).	CIO ICA Sweden (2015–2017), Head of Development Axfood IT (2011–2015), SVP Tieto Sweden AB Head of Retail & Services (2008–2010), other senior roles within Tieto (1999–2008).	ICA Sweden (1997–), including as Chief Corporate Responsibility Officer (2010–), Head of Environment & Social Responsibility (2002–2009), Quality Specialist (1999–2001) and Head of Environment (1997–1999). Swedish Board of Agriculture, coordinator for EU funding (1996–1997).	Deputy CEO ICA AB (2006–2008) and Axfood (2001–2005). ICA (1992–2000), Deputy CEO ICA Sweden, SVP Strategy & Business Development, CEO ICA Öst. Åhléns (1988–1992), Regional Manager/Marketing Manager Livs. Chairman Swedish Pharmacy Association (2012–2016).	Head of Media Relations/Acting Head of Communications, Svensk Handel (Swedish Trade Federation) (2000–2003).	ICA, including as CEO Rimi Estonia (2008), Sourcing Director ICA AB, ICA Sverige AB and ICA Handlarnas AB (1999–2008). Business Unit Director Grocery KF Stormarknader (1992–1998). Category Director B&W Stormarknader (1990–1992). Departmental Manager B&W Falkenberg and B&W Täby (1986–1990).	Arla (2002–2009), including as SVP Arla Foods Consumer Nordic, Managing Director Arla Foods Sweden. Procter & Gamble Nordic and Procter & Gamble UK (1993–2002) including as Director of Logistics, Nordic, and Sales Director, Sweden. Andersen Consulting (1988–1993), Consultant.
Shareholding	2,100 shares (incl. related parties).	0 shares (incl. related parties).	750 shares (incl. related parties).	12,035 shares (incl. related parties).	1,923 shares (incl. related parties).	3,100 shares (incl. related parties).	4,740 shares (incl. related parties).

Data protection within ICA Gruppen

On 25 May 2018 the new EU-wide General Data Protection Regulation (GDPR) became applicable. Increased control for individuals over their personal data is the ultimate goal of the GDPR. The new requirements cover almost all companies within ICA Gruppen. Several of the GDPR requirements are new, stricter and/or clarified, and a major process has been under way within all operating companies in the Group to adjust to the new requirements. In this work ICA Gruppen's aim has been to create trust

by always making personal privacy a top priority. Adjustment to the GDPR has involved efforts to change work methods and ways of thinking regarding how ICA Gruppen handles the personal data of both customers and employees. All employees have been provided with online training to ensure they are aware of and act according to the GDPR. The training is mandatory for all white-collar employees within ICA Gruppen.

Many new roles, functions, responsibilities, systems and work processes

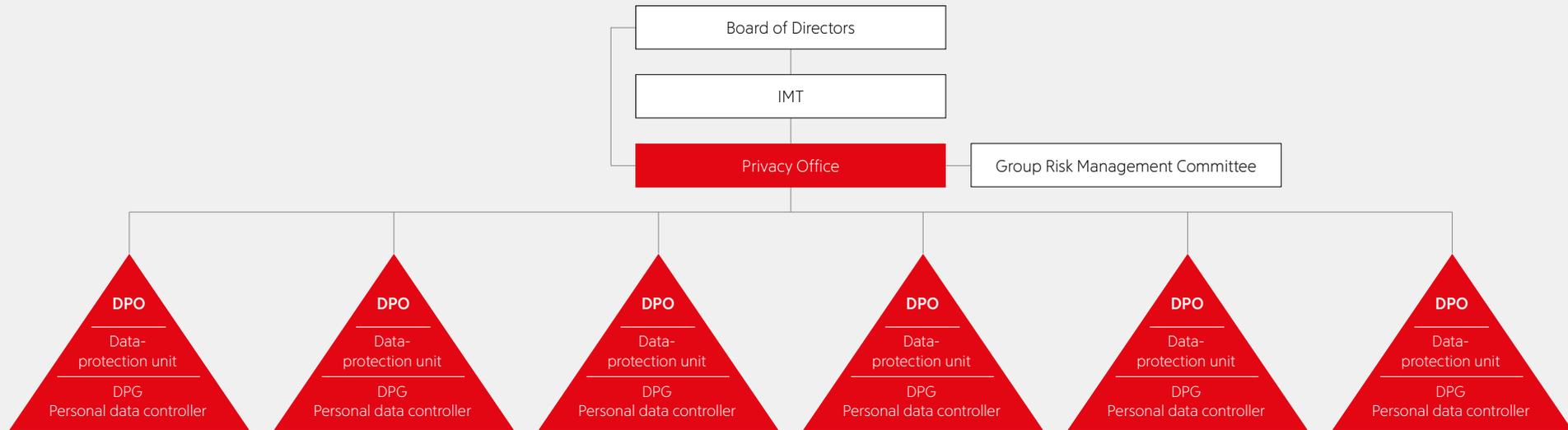
have been created and implemented so that ICA Gruppen can ensure compliance with current data protection legislation in the sectors where the Company operates. The newly established Head of Privacy Office reports on data protection work on a regular basis to the ICA Gruppen Management Team (IMT), the Board and the Group Risk Management Committee. The companies in the Group that process a not insignificant amount of personal data have a Data Protection Officer (DPO), a data protec-

tion unit, a personal data controller in the particular business area and a Data Protection Guardian (DPG). These are to ensure that the company in question handles personal data in compliance with the law and with ICA Gruppen's internal rules.

Managers within the Group are responsible for ensuring that the Company's Data Protection Policy and its guidelines and instructions are implemented in the organisation. All members of the IMT have a responsibility to

ensure that activities in their area of responsibility are conducted in accordance with the GDPR and the Data Protection Policy.

A personal data incident process, based on ISO 27035, has been established. ICA Gruppen's employees have been informed about and are constantly reminded of what a personal data incident is and of what is expected of the employees in terms of reporting.



Corporate governance within ICA Bank

As a credit institution ICA Bank has special financial rules and regulations to adhere to regarding governance, risk management and internal control.

ICA Bank's Board of Directors has ultimate responsibility for ensuring that ICA Bank has satisfactory control over the risks that are associated with its operations. ICA Bank's Board of Directors must ensure that the risk framework functions in a way that does not jeopardise ICA Bank's ability to meet its obligations.

ICA Bank has a structure for corporate governance and risk management based on the principle of the first, second and third line of defence:

The first line of defence involves risk management and governance within the business operations that are responsible for day-to-day risk management. It is the business operations that have the delegated responsibility for implementing ICA Bank's established risk strategy and for ensuring that the bank stays within the parameters set by the Board of Directors.

The second line of defence consists of the Risk Control unit and the Compliance unit which, among other things, oversee, control and report on the bank's risks and on the bank's compliance with internal and external rules. These units report to the bank's CEO and present reports on an ongoing basis to the Bank's CEO and Board.

The Risk Control unit is an independent unit that is responsible for coordinating, supervising and monitoring the risk management carried out in the first line of defence to ensure compliance with internal and external rules. Risk Control is to provide support and advice to ICA Bank's business operations in their risk management and in the implementation of risk management and risk control rules.

The Compliance unit is an independent unit that is responsible for identifying areas where there is a risk that the bank will not fulfil its obligations according to laws, regulations and other rules that govern the operations, and to verify that this risk is managed by the departments concerned. Compliance also provides advice and support to the bank's business operations and Board, and verifies that the internal rules and compliance routines are followed.

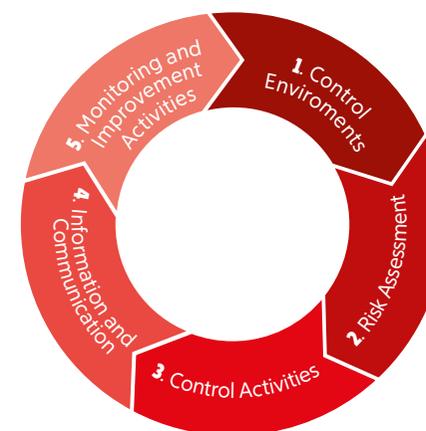
The third line of defence is Internal Audit. This is an independent auditing unit that supports ICA Bank's Board in its evaluation of management as well as risk management, governance and control within the operations. Internal Audit also reviews and evaluates the Risk Control and Compliance units.

For a more detailed description of ICA Bank's corporate governance, see the bank's website (icabanken.se) and the report entitled *Årlig information om kapitaltäckning och riskhantering* which is on the bank's website (Swedish only).



The Board's report on internal control of financial reporting

This section has been prepared in accordance with the Swedish Corporate Governance Code and Annual Accounts Act, and describes the Company's internal control and risk management in relation to financial reporting. The aim is to provide shareholders and other stakeholders with an understanding of how internal control over financial reporting is organised within the Company.



The Board of Directors is responsible for ensuring that ICA Gruppen has good internal control and processes to guarantee compliance with established principles for financial reporting and internal control. The Board is also responsible for ensuring that financial reporting conforms to the Swedish Companies Act, applicable accounting standards and other requirements applicable to listed companies.

ICA Gruppen's work on internal control over financial reporting is defined by the Group's *Framework for internal control over financial reporting*. The framework is based on two components and five recurring activities. The first component is laws, rules and regulations and governing documents, and the second is roles and responsibilities. The recurring activities are Selection, Risk Assessment, Define and Implement Checks, Evaluate and Report Compliance and Improvement Activities. ICA Gruppen's framework is based on the framework for internal governance and control produced by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework has five basic components:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring and Improvement Activities

1. Control Environment

A good control environment forms the foundation for an effective internal control system within a company. A good control environment is built on an organisation with clear decision paths, where authority and responsibilities are distributed based on governing documents and where there is a corporate culture with shared values. The control environment is also affected by the actions of management and individual employees based on these values. The Board's rules of procedure and the instructions for the CEO ensure a clear division of roles and responsibilities designed for effective control and management of operational risks. The Board has also adopted a number of basic policies and governing documents of significance for maintaining effective control, such as the Bill of Authority, Risk Management Policy, Financial Policy, Sustainability Policy, Business Ethics Policy and Communication Policy. Management has also established guidelines for financial reporting, for HR and for preventing and identifying irregularities.

2. Risk Assessment

The Audit Committee is responsible for ensuring that significant risks of errors in financial reporting are identified and managed. Within ICA Gruppen there is continuous dialogue with each operating company to ensure good internal control and awareness of operational risks. For a description of the Group's risks and risk management, see the section *Risks and risk management* on pages 50-54.

3. Control Activities

ICA Gruppen's internal control structure for financial reporting is based on established policies and guidelines. The point of departure for ICA Gruppen's internal control structure is the Group's business-critical processes, in which control activities have been implemented based on the assessed risk of errors. The Company mainly uses three types of controls:

1. Group-wide controls relating to adherence to the Group policies and guidelines.
2. Process controls for the Group's business-critical processes. Many different types of activities are included, such as approval, permits, reconciliation, scrutiny of business outcomes, securing assets and division of responsibilities. These control activities are aimed at managing the risk of errors in each of the processes. The controls that manage the material risk of errors are classified as key controls and are included in the Group's regular monitoring of internal control.
3. IT controls relating to IT processes, the IT platform and IT applications that are critical from a financial or commercial perspective.

4. Information and Communication

Effective and correct communication of information, both internally and externally, is important for ensuring complete and accurate financial reporting at the right time. Policies, routines, handbooks and other documents of significance for financial reporting are updated and communicated to the relevant employees on an ongoing basis. The Group's Accounting department has direct operational responsibility for ongoing financial accounting and works to achieve consistent application of the Group's guidelines, principles and instructions for financial reporting. Subsidiaries and operating units provide regular financial reporting and report on operating activities to the IMT, which in turn reports to the Board of Directors. The Communication Policy and associated guidelines ensure that external communication is transparent, accurate, relevant and reliable, and otherwise meets the requirements for companies listed on Nasdaq Stockholm. Financial information is provided regularly through annual reports, interim reports, press releases and notices on the Company's website, icagruppen.se/en.

5. Monitoring and Improvement Activities

The Board continually assesses the information submitted by the ICA Gruppen Management Team (IMT) and the Audit Committee. The Audit Committee's monitoring of the efficiency of internal control is of particular importance. As part of the monitoring process, Internal Audit reports quarterly and Internal Control twice a year to the Committee. These reports describe any deficiencies identified in internal control and the plan of action established to deal with these. The monitoring process ensures that action is taken to deal with any deficiencies and that proposed measures arising from internal and external audits are heeded. In addition, the IMT, Internal Audit and Internal Control review and follow up as described in this section.

Auditor's Report

To the general meeting of the shareholders of ICA Gruppen AB (publ), corp. id 556048-2837

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of ICA Gruppen AB (publ) for the year 2018, except for the corporate governance statement on pages 55–73. The annual accounts and consolidated accounts of the company are included on pages 3–4, 12–27 and 40–117 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 55–73. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

IT systems and related IT controls

Description of key audit matter

The company is relying on well-functioning IT-systems and IT-controls in order to run its operations. If these are not operating effectively, there is a risk that errors may occur which could impact the financial reporting. Critical IT-systems and related controls are therefore considered a key audit matter for the purposes of our audit.

Response in the audit

We have, with support of our IT-audit specialists, evaluated and tested the operating effectiveness of the IT-systems and the IT-controls that are considered relevant for the financial reporting. Our audit has included evaluation of processes and testing of controls related to program changes, access management and IT-operations. We have also reviewed the organisational structure, segregation of duties and governance of the IT-organisation, and assessed the company's incident management and monitoring processes as well as testing any compensating controls where applicable.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–2, 5–11, 28–39 and 118–136. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances,

but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of ICA Gruppen AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the annual report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden

will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 55-73 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of ICA Gruppen AB (publ) by the general meeting of the shareholders on the 12th of April 2018. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2017.

Stockholm 6 February 2019

KPMG AB

Thomas Forslund
Authorised Public Accountant

ICA Sverige AB

Box 4075, 169 04 Solna, Sweden

Visiting address:
Kolonnvägen 20

Tel.: +46 8 561 500 00

ica.se

Rimi Baltic AB

A. Deglava Str 161 LV-1021

Rīga, Latvia

Tel.: +37 1 800 001 80

rimibaltic.com

Apotek Hjärtat AB

169 04 Solna, Sweden

Visiting address:
Kolonnvägen 20

Tel.: +46 8 561 500 00

apotekhjartat.se

ICA Fastigheter AB

721 84 Västerås, Sweden

Visiting address:
Ingenjör Bääths gata 11, T2

Tel.: +46 21 19 30 00

icafastigheter.se

ICA Banken AB

169 04 Solna, Sweden

Visiting address:
Kolonnvägen 20

Tel.: +46 8 561 500 00

icabanken.se

Hemtex AB

Box 495, 504 33 Borås, Sweden

Visiting address:
Druveforsvägen 8

Tel.: +46 33 20 69 00

hemtex.se