

# Corporate governance report 2013



# Corporate governance report 2013



Claes-Göran Sylvén, Chairman of the Board

*Good corporate governance is vital to ICA Gruppen's positive development and is essential in order to maintain and develop confidence in the Company. The governance of ICA Gruppen is characterised by openness, reliability and a genuine concern that every aspect of ICA Gruppen must be sustainable. The Company has an effective organisational structure, transparency and a system for sustainable development, internal control and risk management.*

Good corporate governance within ICA Gruppen is based on clear goals, strategies and values that are well known throughout the organisation. Ultimately, corporate governance is about how we create a healthy corporate culture that effectively contributes to developing the Group.

During ICA Gruppen's first year of operation the Board has worked intensively, with noticeable activity and commitment. The work has been conducted through Board meetings and in various committees. All the Board members sit on one or more committees, which means they are involved and in continual contact even between Board meetings.

During the year considerable effort has been put into following up the implementation of ICA Gruppen's new Group-wide strategy and the strategic priorities decided on previously. The strategy, the priorities and the new ownership structure create a clarity and long-term thinking that allows the Company and its leadership to focus on future operations. Our core business will remain grocery retail. Other operations are to support the core business, but may also be developed on their own merits.

Other important areas have included decisions on our long-term financing and new financial goals. The new goals focus clearly on continued – and long-term – growth with good profitability. Building on a strong cash flow and healthy capital structure, we want to create room both for continued investments and for good and stable returns to shareholders.

In order to make critical, sustainable decisions, we need knowledge and insights into day-to-day

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work as well as the changes that are driving the markets. In my opinion, the current Board has all of the expertise that ICA Gruppen needs. To help us we have efficient systems, routines and processes to follow up goals, internal control and risk management.

One of the Board's most important tasks is to support members of Executive Management and critically evaluate their work. To succeed in this, it is necessary to have an open and constructive dialogue between the Board and Executive Management. On behalf of the Board I would therefore like to take this opportunity to thank Per Strömberg and the rest of the Executive Management for excellent cooperation in 2013. I would also like to express our appreciation for the hard work of management, retailers and other employees in our first year as a new group of companies. It is both impressive and inspiring to see the energy and drive that permeates everyone's efforts. We will take that with us as we enter a new fiscal year.

Stockholm, February 2014

*Claes-Göran Sylvén*  
*Chairman of the Board*

#### Further information:

- Swedish Companies Act, [www.government.se](http://www.government.se)
- NASDAQ OMX Stockholm, [www.nasdaqomxnordic.com](http://www.nasdaqomxnordic.com)
- Swedish Corporate Governance Code and specific Swedish regulations on corporate governance, [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se)

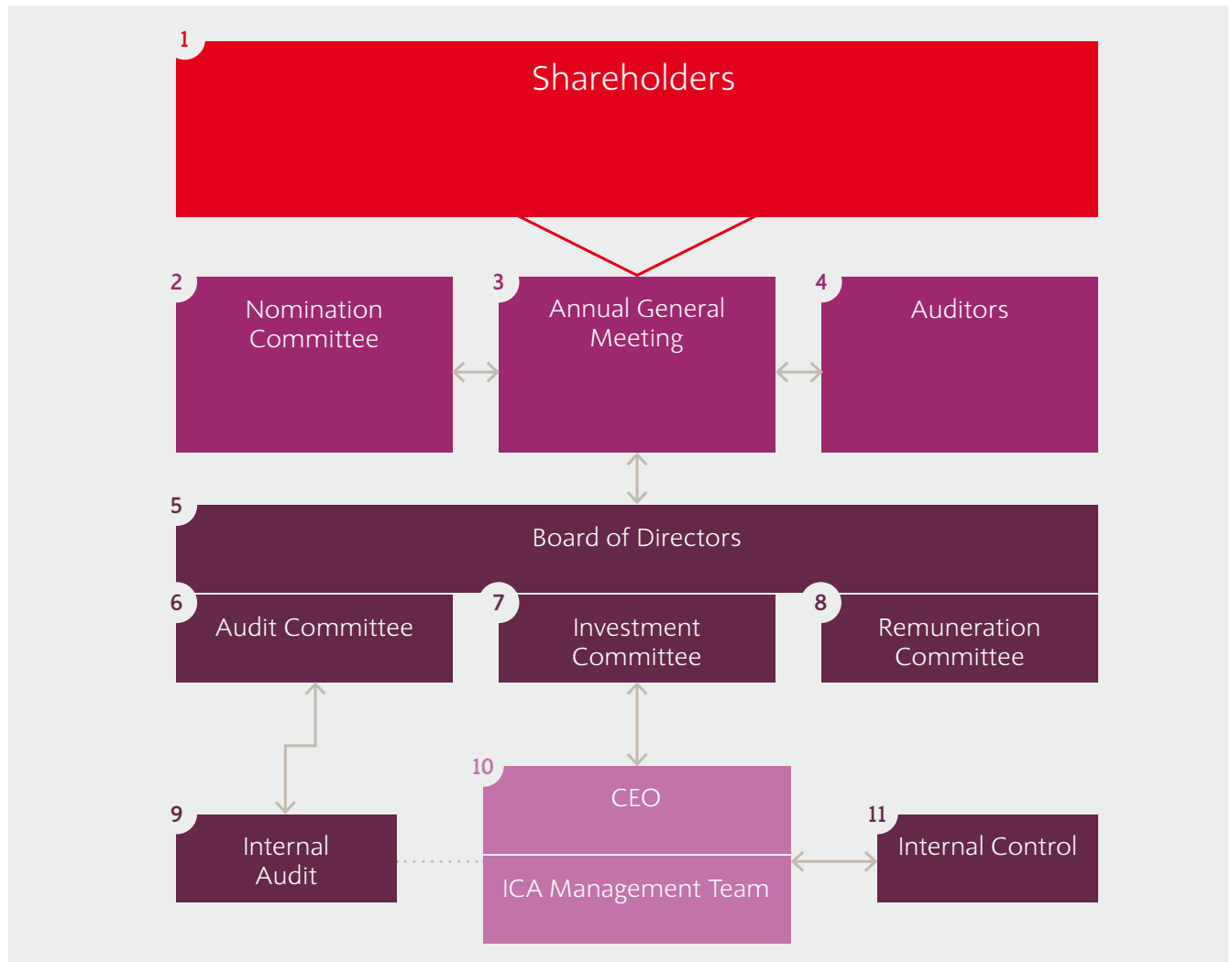
## Governance for value creation

Corporate governance is about how companies should be operated so as to safeguard primarily the interests of the owners, but also the interest of the customers and employees. The overall goal is to create shareholder value and in this way meet the requirements that the owners have with regard to their invested capital. The main external and internal control instruments for ICA Gruppen (ICA Gruppen or the Company) are the Swedish Companies Act, NASDAQ OMX Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code, the Articles of Association adopted by

the Annual General Meeting, the rules of procedure for the Board of Directors, the instructions for the three 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 corporate governance within the Company and the CEO Per Strömberg is responsible for ensuring that 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 responsible for providing the meetings with information documents and material for use as a basis for decisions. The CEO also ensures that Board members receive information on ICA Gruppen's development so that they can reach well-founded decisions.



## Shares, shareholders and treasury shares

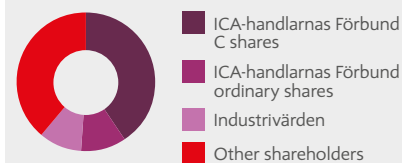
ICA Gruppen has a share structure with two classes of shares: ordinary shares and C shares. The C shares, which comprise 40.8% of the total number of shares, are unlisted and do not carry entitlement to cash dividends. The remaining 59.2% are listed ordinary shares with dividend entitlement. As of 31 December 2013 all the C shares and 10.5% of the ordinary shares, i.e. 51.3% in total, were owned by ICA-handlarnas Förbund (the Association of ICA Retailers), which is ICA Gruppen's largest shareholder. The next largest shareholder, AB Industrivärden, owns 10% of the ordinary shares. The other ordinary shares were held as of 31 December 2013 by approximately 24,340 shareholders. As of this date, none of these shareholders held more than 10% of the shares in the Company, either directly or indirectly. In voting at general meetings each share carries entitlement to one vote and each person entitled to vote may vote for the full number of shares he/she represents.

The share capital in ICA Gruppen amounts to SEK 502,866,988 distributed among 201,146,795

shares, each with a quota value of SEK 2.50. The number of ordinary shares is 119,078,903 and the number of C shares is 82,067,892. As of 31 December 2013 ICA Gruppen held 141,655 ordinary treasury shares, corresponding to 0.0007% of capital and votes. The number of outstanding shares and vote is thus 201,005,140. Since 31 December 2012 the number of shareholders has increased by 10,126 (71%). As of 31 December 2013 the Board had no outstanding authorizations from the Annual General Meeting to issue new shares or acquire further shares.

Section 5 of the Articles of Association states that from 2011, the holder of C shares – i.e. ICA-handlarnas Förbund – may request that C shares in ICA Gruppen, which do not carry entitlement to dividend, be converted into dividend-receiving ordinary shares. Such conversion is to take effect five years after receipt of the request for conversion. On 1 January 2011 ICA-handlarnas Förbund lodged a request with the Board of the Company for all the C shares to be converted into ordinary shares. With effect from 2016, therefore, the share structure of

### Shareholders



ICA Gruppen will comprise solely of ordinary shares with dividend entitlement.

Following the Company's acquisition of Ahold's shares in ICA AB, in May 2013 ICA Gruppen carried out a new share issue with preferential rights for existing shareholders amounting to SEK 5 billion. The new issue only related to ordinary shares. Each ordinary share carried entitlement to one subscription right, and four subscription rights gave entitlement to purchase one new ordinary share at a price of SEK 121. The ordinary shares subscribed for by ICA-handlarnas Förbund on the basis of its C shares were subscribed for at a price of SEK 129 per ordinary share.

More information on ICA Gruppen's shares and shareholders can be found in section Share and shareholders and on the Company's website, [www.icagruppen.se](http://www.icagruppen.se).

## Rules and regulations

### External rules

As a Swedish public limited company with securities listed on NASDAQ OMX Stockholm, ICA Gruppen is obliged to comply with a number of rules that affect governance of the Company. The main external rules include the Swedish Companies Act, the NASDAQ OMX Stockholm Rule Book for Issuers and the Swedish Corporate Governance Code (the Code).

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

Until the Annual General Meeting on 20 May 2013 the Audit Committee had two members and ICA Gruppen thus deviated from rule 7.3 of the Code, which states that the Audit Committee is to have three members. Since the Annual General Meeting the Audit Committee has had four members. The reason for the deviation was the Company's previous structure, in which ICA AB – which through a shareholder agreement was 50% controlled (40% owned) by the Company (formerly Hakon Invest) and made up the bulk of the Company's holdings – had its own Audit Committee, and the fact that the Company had a representative on this committee. The Company therefore judged that it was sufficient for the Company's Audit Committee to have two members. In addition, the Company deviated from rule 9.2 of the Code in respect of the Remuneration Committee and independence of members in relation to the Company and its management, in that committee member Fredrik Hägglund is not deemed to be independent in relation to the Company and its management, see section Independence of Board members. The reason for the deviation is that, through his former position of Legal Counsel at Hakon Invest and as a member of the board of ICA AB, Fredrik Hägglund has extensive experience of both

the establishment and definition of remuneration principles for the management of the Company, i.e. the former management of ICA AB; moreover, he also has wide-ranging experience of remuneration programmes in listed and unlisted companies. Thus the committee gains necessary and valuable expertise while at the same time maintaining continuity. There were no other deviations from the Code or from stock exchange rules. The Company has thus not been the subject of a Disciplinary Committee decision by NASDAQ OMX Stockholm or a decision on infringement of good practice in the stock market by Aktiemarknadsnämnden (the Swedish Securities Council).

### Internal rules

ICA Gruppen has a number of internal rules which, together with the external rules, provide a framework for its operations. The main rules are the Articles of Association, the rules of procedure for the Board of Directors and each committee, the instructions for the CEO including instructions on financial reporting, delegation arrangements and ICA's Good Business. In addition, there are the following fundamental policies:

- Financial Policy
- Insurance Policy
- Guarantee Policy
- Information Policy
- Corporate Security Policy
- Legal Matters Policy
- Tax Policy

### ICA's Good Business

ICA Gruppen's internal rules and policies relating to ethics and social responsibility are brought together in ICA's Good Business. ICA's Good Business are

designed to be applied practically in day-to-day operations; policies and associated guidelines provide support and help with this. ICA's Good Business state that ICA will:

- Be driven by profitability and high ethical standards
- Listen to customers and always base decisions on their needs
- Nurture diversity and growth among its employees
- Maintain an open dialogue internally and with the community
- Ensure quality and safe products
- Promote a healthy lifestyle
- Adopt sound environmental practices to promote sustainable development

For some years the companies in ICA Gruppen have been using selected key indicators in the areas of the working environment, the environment, equality, human rights and quality. The Company publishes quarterly reports on its sustainability work showing ongoing developments during the year. The report covers all the companies in the Group except the Portfolio Companies. In addition, the Company publishes an annual sustainability report in accordance with Global Reporting Initiative (GRI) guidelines to provide an overall picture of its sustainability work. Read more about the Group's sustainability work in section Sustainability report and on the Company's website, [www.icagruppen.se](http://www.icagruppen.se).

ICA Gruppen has a Business Ethics & Policy Committee which is tasked with developing and, if need be, monitoring the Company's application of ICA's Good Business and the corporate responsibility strategy. The Committee reports to the CEO, is interdepartmental and consists of representatives of the Company's central functions.

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## Nomination Committee

The rules for ICA Gruppen's Nomination Committee were adopted at the 2013 Annual General Meeting. The Nomination Committee is to comprise four members representing the Company's shareholders. Two of the members are nominated by the largest shareholder, which as of 31 August 2013 was ICA-handlarnas Förbund, and two by the two subsequent largest shareholders, which as of 31 August 2013 were AB Industrivärden and AMF – Insurance and Funds.

The Nomination Committee will present proposals regarding the following matters prior to the 2014 Annual General Meeting:

- Proposal for Chairman of the Meeting
- Proposal for members of the Board of Directors
- Proposal for Chairman of the Board
- Proposal for Board fees, broken down into amounts for the Chairman of the Board and other Board members and as remuneration for committee work

- Proposal for auditor or auditors and proposed fees to be paid to the Company's auditor

### The work of the Nomination Committee

The composition of the Nomination Committee was announced on 24 September 2013. ICA-handlarnas Förbund is represented by Claes Ottosson and Anna-Karin Liljeholm. AB Industrivärden is represented by Anders Nyberg, and AMF – Insurance and Funds by Anders Oscarsson. Up to and including 20 February 2014 the Nomination Committee had held three meetings. All the members were present at these meetings. No fees were paid by ICA Gruppen to the members of the Nomination Committee for their work.

At its initial meeting the Nomination Committee met separately with Chairman of the Board Claes-Göran Sylvén and with CEO Per Strömberg, in order to obtain information on ICA

Gruppen's operations, Board work and future focus areas. The Chairman of the Board also presented the results of the 2013 evaluation of the Board. Cecilia Daun Wennborg, who chairs the Audit Committee, and Göran Blomberg, member of the Audit Committee, reported on the work of the Audit Committee and on ICA Gruppen's Treasury & Tax Function. This information provided the Nomination Committee with a good basis for assessing whether the composition of the Board is satisfactory, and the expertise and experience needed on the Board. The Nomination Committee's proposals ahead of the 2014 Annual General Meeting is detailed in the notice of the meeting and on the Company's website, [www.icagruppen.se](http://www.icagruppen.se).

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## Annual General Meeting

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 adopts the income statement and balance sheet is known as the Annual General Meeting. ICA Gruppen's Annual General Meeting is normally held in Stockholm. In addition to resolutions on the adoption of the income statement and balance sheet for ICA Gruppen, the Annual General Meeting also, inter alia, decides how profits are to be allocated, decides on the composition of ICA Gruppen's Board of Directors and the fees payable to the Board, guidelines for remuneration to senior executives and elects external auditors. General meetings are advertised in Post- och Inrikes Tidningar (the Official Swedish Gazette) and on the Company's website, [www.icagruppen.se](http://www.icagruppen.se). The fact that a meeting has been convened is advertised in Svenska Dagbladet, Dagens Nyheter och Dagens Industri.

Shareholders who are registered in the share register five working days prior to a meeting and who have duly notified ICA Gruppen of their intention to attend are entitled to attend the meeting, in person or through a proxy, and to vote at the meeting for or against the resolutions proposed and to put questions to the Board of Directors and the CEO.

Decisions at a general meeting are usually taken by simple majority; in elections, the person receiving the most votes is deemed elected. Certain decisions – such as amendment of the Articles of Association – must however be approved by a qualified majority.

### Annual General Meeting 2013

The 2013 Annual General Meeting was held on 20 May at Näringslivets Hus in Stockholm. In addition to shareholders, the meeting was attended by ICA Gruppen's Board of Directors, Executive Management, employees, media representatives and a number of invited guests.

Among the resolutions passed by the Annual General Meeting were the following:

- New Articles of Association were adopted, in which i) the Company changed its name from Hakon Invest AB to ICA Gruppen AB, ii) the limit on the number of board members was increased from nine to ten, and iii) the auditor's period of office was changed from four years to one year.
- Claes-Göran Sylvén was elected as a new member of the Board and as Chairman of the Board.
- Peter Berlin, Cecilia Daun Wennborg, Andrea Gisle Joosen, Magnus Moberg and Jan Olofsson were re-elected to the Board.

- Göran Blomberg, Fredrik Hägglund, Bengt Kjell and Margot Wallström were elected as new Board members.
- In view of the acquisition of the remaining shares in ICA AB, it was decided that no dividend would be paid for the 2012 financial year.
- Resolution to terminate the 2011 and 2012 incentive programmes.

### Annual General Meeting 2014

The 2014 Annual General Meeting will be held at 09.30 CET on Friday 11 April 2014 at the Friends Arena in Solna. Shareholders who are (i) registered in the share register as of 5 April 2014, which means that the listing must take place no later than Friday, 4 April 2014, (ii) have notified their intention to attend the Annual General Meeting no later than Monday, 7 April 2014, are entitled to attend the Annual General Meeting, in person or through a proxy. In order to have a matter considered, shareholders must submit such a request no later than 24 February 2014 in accordance with the instructions on ICA Gruppen's website, [www.icagruppen.se](http://www.icagruppen.se).

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## The Board of Directors

The Board of Directors is responsible for the administration of ICA Gruppen's affairs and the interests of all the shareholders. The duties of the Board include establishing operational goals and strategies; appointing, evaluating and where necessary dismissing the CEO; approving significant assignments held by the CEO outside the Company; ensuring that systems for monitoring and control of operations are effective; ensuring that there is satisfactory control of compliance with applicable laws and regulations; and ensuring that ethical rules have been established for employee conduct. The Board is also to ensure that the provision of information is correct, relevant, reliable and transparent.

According to the Articles of Association adopted at the 2013 Annual General Meeting, ICA Gruppen's Board of Directors is to have between five and ten members. There are no other rules in the Articles of Association concerning the appointment or removal of Board members. The present Board has ten regular members, see section The Group's Board of Directors. In the previous financial year (2012) the Board had seven members; the Board has thus been expanded by three members. At the 2013 Annual General Meeting Claes-Göran Sylvé was elected as Chairman of the Board. The CEO makes presentations at Board meetings and the General Counsel is the secretary to the Board. In addition to the Board members elected by the Annual General Meeting, the Board has two employee representatives, each with a deputy. The Board members newly elected at the 2013 Annual General Meeting – Claes-Göran Sylvé, Göran Blomberg and Fredrik Hägglund – were members of the management of the Company up until the 2013 Annual General Meeting. They each left their positions in the Company in conjunction with the meeting and became employed by ICA-handlarnas Föbund. At the 2013 Annual General Meeting Anders Fredriksson declined re-election to the Board and Hannu Ryöppönen declined re-election

to the Board and as Chairman of the Board.

The Board is made up of individuals with long, sound expertise from ICA and in retail, business development, corporate finance, corporate governance, corporate responsibility, enterprise and social issues.

### Independence of Board members

Five of the members of the Board – Margot Wallström, Bengt Kjell, Cecilia Daun Wennborg, Jan Olofsson and Andrea Gisle Joosen – are independent in relation both to ICA Gruppen and its management and to the major shareholders in the company. Combined, they have many years of experience of management and board positions in various listed companies, institutions and organisations. Peter Berlin and Magnus Moberg are ICA retailers and members of the board of ICA-handlarnas Föbund. ICA-handlarnas Föbund is a non-profit association for Sweden's ICA retailers. According to NASDAQ OMX Stockholm's Rule Book for Issuers and the rules of the Code concerning independence, Peter Berlin and Magnus Moberg are independent in relation to ICA Gruppen and its management, but not independent in relation to its principal shareholder ICA-handlarnas Föbund. Magnus Moberg and Peter Berlin have each participated in establishing new ICA stores. In conjunction with the establishment of a new ICA store, ICA Sverige AB (a subsidiary to ICA Gruppen) may provide a financing solution to the ICA retailer. Magnus Moberg and Peter Berlin participated in such a financing solution. This does not affect their independence in relation to the Company or their membership of ICA-handlarnas Föbund, and thus does not affect their independence in relation to ICA Gruppen. Up to and including 20 May 2013 Claes-Göran Sylvé, Fredrik Hägglund and Göran Blomberg were members of the Company's management. Under the Code, therefore, they are not considered independent in relation to the Company and its management. As employees of

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## Auditor

According to the Articles of Association, the Annual General Meeting shall appoint a minimum of one and a maximum of two auditors, or one or two registered public accounting firms. The audit firm Ernst & Young AB was elected auditor on the Annual General Meeting 2010 for a term of four years up until the Annual General Meeting 2014. Ernst & Young AB has consequently audited the Company's accounts for 2013 and authorised public accountant Thomas Forslund was the auditor in charge.

Thomas Forslund attended one Board meeting to present Ernst & Young AB's audit process for ICA Gruppen and to give Board members an opportunity to ask questions without management being present.

ICA-handlarnas Föbund since 20 May 2013, Fredrik Hägglund and Göran Blomberg are also not considered independent in relation to the Company's principal shareholder ICA-handlarnas Föbund. Claes-Göran Sylvé was employed by ICA-handlarnas Föbund in 2013, but left his position on 31 January 2014. In his capacity as an ICA retailer and member of ICA-handlarnas Föbund, however, he is not in any case to be regarded as independent in relation to ICA-handlarnas Föbund.

### The work of the Board

The main task of the Board of Directors is to manage the Company's affairs on behalf of the shareholders such that the shareholders' interest in a good long-term capital return is satisfied in the best possible way. The main issues of concern to the Board are strategies, risk management and adding value.

### Board committees

ICA Gruppen's Board has three committees: the Audit Committee, the Remuneration Committee and the Investment Committee. The work of the committees is reported to the Board on a regular basis. The committees are to be regarded as working committees to the Board and do not assume the responsibility that rests with the Board as a whole.

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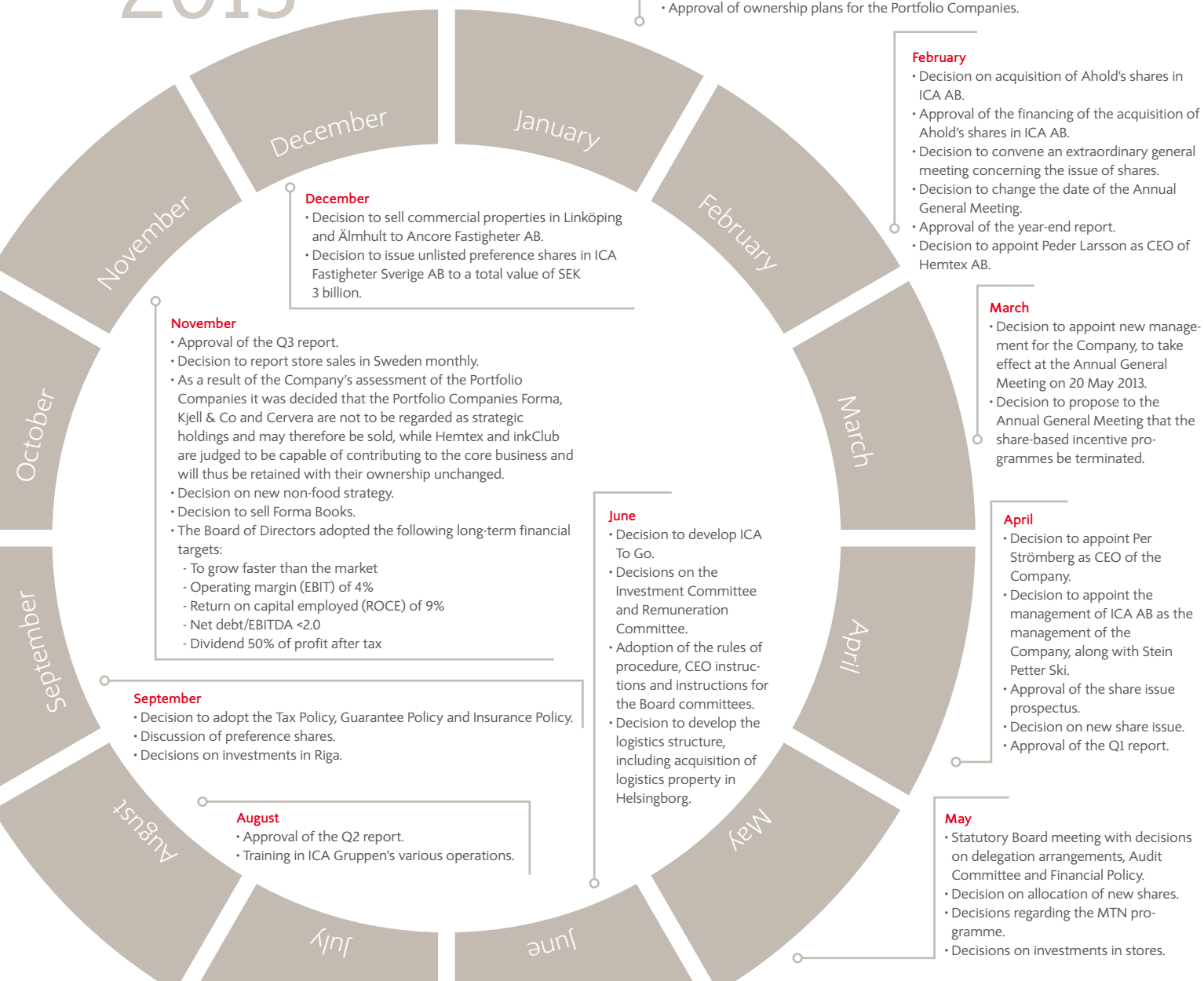
### Audit Committee

The Audit Committee's tasks are to supervise the Company's accounting and financial reporting, and to monitor the effectiveness of the Company's internal control, internal audit, risk management and compliance with rules and regulations. The Audit Committee must also keep itself informed concerning the audit of ICA Gruppen and must review and monitor the impartiality and

independence of the audit. The Audit Committee assists with the preparation of proposals to the Annual General Meeting concerning the election of auditors. Since the 2013 Annual General Meeting the Audit Committee has comprised Cecilia Daun Wennborg (chair), Bengt Kjell, Göran Blomberg and Magnus Moberg. Matters are presented by the Company's CFO.



# Matters arising and business dealt with 2013



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## Investment Committee

The Investment Committee's main tasks are to review and quality-assure the documentary basis for decisions on acquisitions and divestments, to recommend decisions and to ensure compliance with ICA Gruppen's Investment Policy. In addition, the Investment Committee has an investment and divestment mandate as set out in the Company's delegation arrangements. Since 10 June 2013 the Investment Committee has comprised Claes-Göran Sylvén (chair), Jan Olofsson, Margot Wallström and Peter Berlin.

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## Remuneration Committee

The Remuneration Committee is responsible for the preparation and evaluation of issues regarding remuneration and other terms of employment for ICA Gruppen's Management Team (IMT), including pay structures, pension plans, incentive programmes and other terms of employment. The Committee also monitor and evaluate the variable remuneration arrangements for the IMT that are ongoing or concluded during the year, and monitor and assess the application of the guidelines for remuneration to senior executives decided by the Annual General Meeting, as well as current pay structures and remuneration levels in the Company. Since 10 June 2013 the Remuneration Committee has comprised Claes-Göran Sylvén (chair), Andrea Gisle Joosen and Fredrik Hägglund.

# The Group's Board of Directors



**Claes-Göran Sylvén <sup>1)</sup>**  
**Chairman**  
Born: 1959  
Education: Studied economics and business management ICA retailer (ICA Kvantum Flygfyrn)  
Elected: 2013  
Member of the Remuneration Committee (chair) and Investment Committee (chair)



**Peter Berlin**  
**Board member**  
Born: 1960  
Education: Master of Science in Business and Economics  
ICA retailer (ICA Kvantum Emporia)  
Elected: 2011  
Member of the Investment Committee



**Göran Blomberg**  
**Ledamot**  
Born: 1962  
Education: Master of Science in Business and Economics  
Elected: 2013  
Member of the Audit Committee



**Cecilia Daun Wennborg**  
**Board member**  
Born: 1963  
Education: Master of Science in Business and Economics  
Elected: 2005  
Member of the Audit Committee (chair)



**Andrea Gisle Joosen**  
**Board member**  
Born: 1964  
Education: Master of Science in Business and Economics  
Elected: 2010  
Member of the Remuneration Committee



**Fredrik Hägglund**  
**Board member**  
Born: 1967  
Education: Bachelor of Law degree  
Elected: 2013  
Member of the Remuneration Committee

Other material assignments	Board member, Centrum Fastigheter i Norrtälje AB, Svensk Handel AB etc.; ICA retailer with many years' experience in store operations.	Chairman of the board, ICA-handlarnas Förbund etc.; board member, Hyllie Mat AB and Grobladet AB; CEO of Hyllie Mat AB; ICA retailer with many years' experience in store operations.	Chairman of the board, Retail Finance Europe AB; board member, Hugo Lindersson Kläder Aktiebolag etc.; CFO, ICA-handlarnas Förbund.	Board member, Getinge AB, Loomis AB, Proffice Aktiebolag, Eniro AB, Ikano Bank AB (publ), Carnegie Fonder AB, Aktiebolaget Svensk Bilprovning, Sophiahemmet Aktiebolag, etc.	Board member, Dixons Plc UK and Neopitch AB; CEO, Boxer TV-Access AB.	Board member, EuroCommerce, Independent Retail Europe etc.; CEO, ICA-handlarnas Förbund.
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Previous material posts	Chairman of the board, ICA AB; CEO, Hakon Invest AB (publ); President, ICA-handlarnas Förbund.	Chairman of the board, Sandby Livs AB; board member, Erfa gruppen AB and ICA AB; CEO, Erfa gruppen AB and Sandby Livs AB.	Board member, ICA AB and Rindi Energi AB etc.; CFO, Hakon Invest AB, RNB Retail and Brands AB, Portwear AB and Pronyx AB.	Vice President, Ambea AB, President and CFO Carema Vård och Omsorg Aktiebolag, Acting CEO, Skandia-banken, Swedish Operations, Skandia, President, SkandiaLink Livförsäkrings AB.	Chairman of the board, Panasonic Nordic AB; board member, Branchen Forbrugerelektronik DK, Elektronikbranschen and Radiolöslösningarna Serviceaktiebolag; President, Panasonic Nordic AB and Panasonic Nordic, branch of Panasonic Marketing Europe GmbH, Germany.	Board member, ICA AB and the Swedish Anti-Corruption Institute; Vice President and Legal Counsel, Hakon Invest AB; Legal Counsel, ICA-handlarnas Förbund; Lawyer, Clifford Chance in Brussels; Assistant Lawyer, Linklaters.
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Total remuneration in 2013, SEK	1,000,000 <sup>2)</sup>	350,000	375,000 <sup>2)</sup>	450,000	350,000	350,000 <sup>2)</sup>
Independent <sup>3)</sup>	Non-independent in relation to the Company, its management and the Company's principal owner.	Independent in relation to the Company and its management, but not in relation to the Company's principal owner.	Non-independent in relation to the Company, its management and the Company's principal owner.	Independent in relation to the Company, its management and the Company's principal owner.	Independent in relation to the Company, its management and the Company's principal owner.	Non-independent in relation to the Company, its management and the Company's principal owner.
Shareholding <sup>4)</sup>	617,889	133,930	11,000	3,125	825	13,192
Attendance, Board meetings	8 of 20 <sup>5)</sup>	18 of 20	8 of 20 <sup>5)</sup>	17 of 20	17 of 20	8 of 20 <sup>5)</sup>
Attendance, Audit Committee meetings	-	-	5 of 10 <sup>6)</sup>	10 of 10	-	-
Attendance, Remuneration Committee meetings	3 of 3	-	-	-	3 of 3	3 of 3
Attendance, Investment Committee meetings	5 of 5	5 of 5	-	-	-	-

<sup>1)</sup> Elected as Chairman and member of the Board at the Annual General Meeting on 20 May 2013.

<sup>2)</sup> Paid out to ICA-handlarnas Förbund.

<sup>3)</sup> For further information on independence see The Board of Directors.

<sup>4)</sup> Own shareholdings in ICA Gruppen AB and shares held by related parties (physical or legal persons).

<sup>5)</sup> Elected to the Board on 20 May 2013; has since attended 8 out of 8 Board meetings.

<sup>6)</sup> Elected to the Audit Committee on 20 May 2013; has since attended 5 out of 5 Audit Committee meetings.

<sup>7)</sup> Elected to the Board on 20 May 2013; has since attended 7 out of 8 Board meetings.

<sup>8)</sup> Appointed an employee representative on 8 April 2013; has since attended 9 out of 10 Board meetings.

<sup>9)</sup> Appointed an employee representative on 8 April 2013; has since attended 4 out of 10 Board meetings.

<sup>10)</sup> Appointed an employee representative on 8 April 2013; has since attended 7 out of 10 Board meetings.





**Bengt Kjell**  
**Board member**  
Born: 1954  
Education: Master of Science in Business and Economics  
Elected: 2013  
Member of the Audit Committee



**Magnus Moberg**  
**Board member**  
Born: 1966  
Education: Senior high school diploma in economics  
ICA retailer (Maxi ICA Stormarknad Falköping)  
Elected: 2008  
Member of the Audit Committee



**Jan Olofsson**  
**Board member**  
Born: 1948  
Education: Master of Science in Business and Economics  
Elected: 2005  
Member of the Investment Committee



**Margot Wallström**  
**Board member**  
Born: 1954  
Education: Three-year senior high school programme Honorary doctorates from Chalmers University of Technology, Mälardalen University, Umeå University and the University of Massachusetts  
Elected: 2013  
Member of the Investment Committee



**Jonathon Clarke**  
**Board member**  
**Employee representative Handelsanställdas Förbund**  
Born: 1968  
Education: Trained welder; studied labour law  
Employee representative for the trade union Handelsanställdas Förbund  
Appointed: 2013



**Magnus Rehn**  
**Board member**  
**Employee representative Unionen**  
Born: 1966  
Education: Senior high school diploma  
Employee representative for the trade union Unionen  
Appointed: 2013

**Ann Lindh**  
**Deputy member**  
**Employee representative Unionen**  
Born: 1964  
Education: Senior high school diploma  
Employee representative for the trade union Unionen  
Appointed: 2013  
Previous material posts: Employee representative, ICA AB.  
Total remuneration in 2013, SEK: –  
Independent: –  
Shareholding <sup>4)</sup>: 0  
Attendance, Board meetings: 4 of 20 <sup>3)</sup>  
Attendance, Audit Committee meetings: –  
Attendance, Remuneration Committee meetings: –  
Attendance, Investment Committee meetings: –

**Marcus Strandberg**  
**Deputy member**  
**Employee representative Handelsanställdas Förbund**  
Born: 1966  
Education: Senior high school diploma  
Employee representative for the trade union Handelsanställdas Förbund  
Appointed: 2013  
Previous material posts: Employee representative, ICA AB.  
Total remuneration in 2013, SEK: –  
Independent: –  
Shareholding <sup>4)</sup>: 0  
Attendance, Board meetings: 7 of 20 <sup>3)</sup>  
Attendance, Audit Committee meetings: –  
Attendance, Remuneration Committee meetings: –  
Attendance, Investment Committee meetings: –

Chairman of the board, Hemfosa Fastigheter AB (publ), Skånska Byggsvaror Holding AB, etc.; board member, Helsingborgs Dagblad Aktiebolag, Aktiebolaget Handel och Industri, Indutrade Aktiebolag, Pandox Aktiebolag, Swegon Aktiebolag, Plastal Industri AB, Nordic Tankers Holding AB, etc.; CEO, Aktiebolaget Handel och Industri.	Chairman of the board, Nya Ulfmag AB; board member, ICA-handlarnas Förbund, Jomag AB and Storbutiken i Falköping AB; CEO, Storbutiken i Falköping AB; ICA retailer with many years' experience in store operations.	Chairman of the board, INIT Aktiebolag; board member, Kabinettet Aktiebolag, Falkenbergs Laxrökeri AB and MultiQ International Aktiebolag; CEO, Kabinettet Aktiebolag.	Chairman of the board, Lund University and the Council of Women World Leaders; board member, the Swedish Postcode Foundation, Global Challenges Foundation, etc.; Project Director, the Swedish Postcode Lottery; advisory board member, International IDEA; International Advisor, Institute for Human Rights and Business.		
Chairman of the board, Kungsleden AB; board member, Höganäs AB, Skanska AB, Munters AB, Össur Hf, Fermenta AB, Byggnadsfirman Wallenstam AB, Bonifazius AB, Gandalf AB and Hoist International AB, etc.; Vice President, Industrivärden; Senior Partner, Navet Affärsutveckling AB; Head of Corporate Finance, Securum.	Chairman of the board, Köpet i Sandared AB; board member, Moberg & Svensson i Sandared AB and Ulfmag AB.	Chairman of the board, Bindomatic Holding Aktiebolag, Silva AB, Arkitektkopia and Printley AB; board member, Koneo AB; Head of M&A and Deputy Head of Corporate Finance, Handelsbanken Capital Markets.	First Vice President of the European Commission; EU Commissioner for the Environment; Minister for Culture; Minister for Social Affairs; Deputy Minister for Civil Affairs; member of the Swedish Parliament; UN Special Representative on Sexual Violence in Conflict.	Deputy employee representative, ICA AB.	Employee representative, ICA AB.
375,000	375,000	350,000	350,000	–	–
Independent in relation to the Company, its management and the Company's principal owner.	Independent in relation to the Company and its management, but not in relation to the Company's principal owner.	Independent in relation to the Company, its management and the Company's principal owner.	Independent in relation to the Company, its management and the Company's principal owner.	–	–
0	43,750	3,000	0	0	250
7 of 20 <sup>7)</sup>	20 of 20	19 of 20	7 of 20 <sup>7)</sup>	9 of 20 <sup>8)</sup>	9 of 20 <sup>8)</sup>
5 of 10 <sup>6)</sup>	9 of 10	–	–	–	–
–	–	–	–	–	–
–	–	5 of 5	5 of 5	–	–

The Board's work is led by a chairman. The work is regulated by the rules of procedure established by the Board each year, and by applicable laws and regulations. The Board has also prepared instructions for the CEO and for its three working committees, as well as other policy documents as guidelines for ICA Gruppen's employees. Each year the Board reviews the rules of procedure and instructions. The present rules of procedure and instructions were discussed and formally adopted at the Board meeting on 10 June 2013.

As a result of the Company's acquisition of Ahold's shares in ICA AB, the operations of ICA AB have been incorporated into the Company. This has occasioned changes to the rules of procedure and its annexes. The intention was to leave as much as possible unchanged, the only exceptions being changes required by the changed operations.

During the 2013 financial year the Board of Directors met 20 times. Eight of the Board meetings were held by the present Board elected on 20 May 2013.

#### Conflicts of interest

The rules of procedure of ICA Gruppen's Board of Directors state that the CEO and the Board members must not deal with matters relating to agreements between themselves and the Company or matters between the Company and third parties if the person in question has a significant interest that could conflict with the Company's interests.

#### 9 Internal Audit

The Company has an Internal Audit function. This is an independent, objective function that works according to instructions from the Board and reports to the Audit Committee. Internal Audit performs audits on corporate governance, risk management and the management and control of ICA Gruppen's business processes. Each year the

Audit Committee draws up a risk-based plan for Internal Audit work to ensure that it focuses on the areas where most value can be added to ICA Gruppen.

Internal Audit reviews how ICA Gruppen's operations are working in Sweden, Norway and the Baltic countries and how the Group can be developed from a management and control perspective. Audit of stores is a special area within the review of business processes. Internal Audit did not review the Portfolio Companies in 2013, but the Portfolio Companies that will remain part of the Group – i.e. Hemtex and inkClub – will be included in Internal Audit's reviews with effect from 2014.

The observations and recommendations made by Internal Audit aim both 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 team to put in place appropriate action plans in respect of the recommendations made by Internal Audit. An important part of Internal Audit's work is to follow up the action plan quarterly.

Internal Audit reports quarterly to ICA Gruppen's Audit Committee, which in turn reports to the Board. The reporting covers the audits carried out during the past quarter and the status of the action plans.

#### Evaluation of the Board

An evaluation of the Board 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 2013 took the form of members completing a questionnaire and having individual conversations with the Chairman of the Board. The evaluation showed that the Board is functioning efficiently and is a well-composed group of highly committed individuals. Each of the members contributes broad expertise and

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

#### Remuneration to the Board of Directors

Nomination Committee submits proposals to the Annual General Meeting for resolutions on Board fees.

The 2013 AGM approved the Nomination Committee's proposal concerning fees. Information on Board fees in 2013 can be found in Note 4 for the Group and on The Group's Board of Directors.

The Nomination Committee is proposing to the 2014 AGM that the fees to the Board should amount to SEK 3,780,000 (3,550,000) in total, which is an increase of SEK 230,000 compared with 2013. The Nomination Committee proposes that the fees are distributed as follows: SEK 900,000 (850,000) to the Chairman of the Board and SEK 320,000 (300,000) to each of the other members. The Nomination Committee also proposes that a provision of SEK 900,000 (825,000) is made for committee work in 2014, to be distributed as follows: For work on the Audit Committee, compensation totalling SEK 425,000 (300,000) shall be paid, of which SEK 170,000 (150,000) to the chairman and SEK 85,000 (75,000) to each of the other members. For work on the Remuneration Committee, fees totalling SEK 175,000 (175,000) shall be paid, of which SEK 75,000 (75,000) to the chairman and SEK 50,000 (50,000) to each of the other members. For work on the Investment Committee, fees totalling SEK 225,000 (175,000) shall be paid, of which SEK 75,000 (75,000) to the chairman and SEK 50,000 (50,000) to each of the other members. A total of SEK 75,000 (175,000) will be held in reserve to give the Board the capacity to appoint up to three additional committee members or create additional Board committees. For full details of the Nomination Committee's proposals refer to the notice convening the Annual General Meeting.

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## CEO and Management Team

As a consequence of the acquisition of Ahold's shares in ICA the Company became the Parent Company of the ICA Group and ICA AB's operational work thereby became assimilated into the Company. In view of ICA AB's dominant significance for the Company and the fact that the Company has basically been changed from an investment company into the Parent Company of the Group, the former management of the Company – with the exception of Stein Petter Ski (responsible for the Portfolio Companies) – was replaced by the former management of ICA AB, i.e. the former Parent Company of the ICA Group.

#### CEO

CEO Per Strömberg is responsible for the day-to-day management 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 providing 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 that they may make well-founded decisions. The Board has

approved Per Strömberg's significant assignments and financial commitments outside the Company, such as assignment as board member in Almondy Group Holding AB, Childhood Foundation, En Frisk Generation and Segulah Advisor AB. The CEO has no significant shareholdings or proprietary involvement in companies with which the Company has significant business links. An assessment of the CEO was carried out by the Board in 2013 without management being present.

### Central functions

The Company has 11 Group functions: Corporate Communication, Strategy & Business Development, HR & ICA School, Legal, Corporate Security, Enterprise Risk Management, Accounting, Treasury & Tax, Group IT, Internal Control and Internal Audit.

### ICA Management Team

Alongside CEO Per Strömberg, the members of the ICA Management Team (IMT) are ICA Gruppen's CFO, SVP HR & ICA School, SVP Portfolio Companies, SVP Strategy & Business Development, SVP Corporate Communication and the CEOs of the various operating companies/segments (ICA Sweden, ICA Norway, Rimi Baltic, ICA Real Estate, ICA Bank, ICA Special). The IMT meets regularly to discuss matters including corporate governance, reporting and strategy. In addition, the IMT prepares matters that the rules of procedure state require a decision by the Board and assists the CEO with implementing decisions made by the Board. In addition to their collective responsibility for the management of the Company, each member of the IMT has individual responsibility for his or her respective area of the Company. To support the IMT's work the IMT has set up five committees: the Audit Summary, Reward Group, Business Ethics and Policies Committee, Retail Investment Committee and Enterprise Risk Management (ERM) Steering Committee. 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.

### Remuneration to senior executives

#### Guidelines 2013

The Company's guidelines for remuneration to senior executives, adopted at the AGM 2013, state that the remuneration packages are to be in line with market terms for senior executives in similar sectors and are aimed at recruiting, developing and retaining senior executives with relevant experience and expert leadership qualities. The remuneration principles are also to motivate senior executives to enhance the Group's market position and earnings, and are to be linked to long-term growth in shareholder value. In addition, variable remuneration is to be linked to quantifiable criteria set in advance. The levels of remuneration paid to senior executives in related industries and markets is continually investigated and assessed. The total remuneration is to comprise the following components: basic salary, pension benefits, bonus, other remuneration and benefits, and severance pay.

#### Basic salary

The basic salary 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 applied, with pension premiums amounting to a maximum of 35% of pensionable salary (not including bonuses). Premiums are to be paid as long as the person is employed in the Company. Executives employed in countries other than Sweden and members of Executive Management have pension agreements in line with national practice and which abide by the above principles<sup>1</sup>.

#### Bonuses

The CEO and other senior executives in the company shall be included in two variable remuneration schemes taking the form of a cash bonus, one of which runs for one year and the other for three years. The size of the combined bonus is maximised per person and year at the equivalent of 50 per cent of annual salary (100 per cent for the CEO). The bonus is not pensionable. Payment of bonus is to be contingent upon the participants' employment not being terminated during the term of the programme. The Board of Directors has the right to adjust the bonus system in the case of, for example, extraordinary increases or decreases in the Group's earnings.

#### – Annual bonus programme

A cash-based bonus programme linked to the budget for each financial year and maximised at 25% of annual salary (50% for the CEO and the current CEO of ICA Bank). The targets for the bonus programme are determined by the Board of Directors ahead of each new financial year and individual bonus agreements are to be signed with each participant. The content of the agreements depends on the participant's position at the time of signing. The targets must be objectively quantifiable and related to the budget.

#### – Long-term bonus programme

A cash-based, three-year incentive programme linked to value creation within the Group and maximised at 25% of annual salary (50% for the CEO). The current CEO of ICA Bank AB is not included in this incentive programme. The targets for the incentive programme must be objectively quantifiable and decided upon by the Board, and must be linked to both absolute and relative performance criteria. Fulfilment of the absolute performance criteria accounts for 40% of the

maximum outcome and the relative performance criteria account for the remaining 60%.

#### Notice of termination and terms of severance pay

A mutual notice period of six (6) months is to apply to senior executives. Severance pay to senior executives is to be paid at up to 18 months of basic cash salary if the Company terminates employment. The severance pay will be deductible. If it is the executive that terminates the employment and the Company decides to apply a non-competition clause which has been agreed in certain cases, the Company will provide compensation during the period the non-competition clause applies at a maximum amount of 60% of basic salary. Severance pay and compensation paid during the non-competition period will not be pensionable<sup>2</sup>.

#### Other remuneration and benefits

Other remuneration and benefits are to be of limited value in relation to the total remuneration and are to correspond to the market norm.

#### Deviation for good reason

The Board has the right to deviate from the guidelines proposed above if there is particular reason to do so.

#### Proposal to the 2014 Annual General Meeting

The Board of Directors proposes to the 2014 Annual General Meeting that the principles described above, which were adopted at the 2013 AGM, be adopted again with the following additions/adjustments:

#### Definition senior executive

The term senior executive refers to the CEO of ICA Gruppen and the executives who report directly to the CEO and who are part of the ICA Management Team (IMT). However, the definition refers to the same group of people.

#### Annual bonus programme

The maximum outcome of the annual bonus programme may under exceptional circumstances amount to, with respect to the CEO 54% and for certain senior executives 27%. The targets have also been adjusted.

#### Long-term incentive programme

Fulfilment of the absolute performance criteria accounts for 60% of the maximum outcome and the relative performance criteria account for the remaining 40%. The targets have also been adjusted.

*Cont. on page 14.*

<sup>1)</sup> A few senior executives with contracts signed previously are entitled to retire at the age of 62 with a defined-benefit pension plan for the period until the normal retirement age of 65.

<sup>2)</sup> There are exceptions to the notice period, severance pay and deduction clause in a few agreements entered into before the 2013 Annual General Meeting.

## Executive Management



**Per Strömberg**  
CEO, ICA Gruppen AB. Employed at ICA and member of ICA's management since 2012.

**Born:** 1963  
**Education:** Master of Science in Business and Economics  
**Other assignments:** Board member Segulah Advisor AB, Almond Group Holding AB, Childhood Foundation, En Frisk Generation.  
**Experience:** President and CEO, Lantmännen 2007–2012; President and CEO, Sardus AB 2006–2007; positions at Kraft Foods 1988–2006 including Managing Director, Kraft Foods Sweden; Managing Director, Kraft Foods Denmark; Director Business Development, Kraft Foods International, London; various managerial positions at Kraft Freia Marabou, Sweden.  
**Shareholding\*:** 5,500



**Björn Abild**  
CEO, ICA Special. Employed at ICA and member of ICA's management since 2009.

**Born:** 1955  
**Education:** Master of Science in Business and Economics.  
**Other assignments:** Board member, Deltaco Aktiebolag and Angered Byggar Aktiebolag.  
**Experience:** CEO, Expert Sverige AB 2004–2009; CEO, Team Sportia AB 2001–2004; CEO, Dagab Närlivs AB 1998–2001; Marketing and Sales Director, Sardus AB 1996–1998; Marketing and Sales Director, Bergendahl Grossist AB 1993–1996.  
**Shareholding\*:** 0



**Lena Boberg**  
CEO, ICA Real Estate. Employed at ICA since 2007 and member of ICA's management since 2010.

**Born:** 1970  
**Education:** Master of Science in Business and Economics  
**Other assignments:** -  
**Experience:** CFO, ICA Real Estate 2007–2011; CFO, Skandrenting AB 1999–2007; Projects Director and Consultant, Knowit AB 1999; Financial Manager, Hagströmer & Qviberg Fondkommission AB 1996–1998; Financial Manager, Norden System AB 1995.  
**Shareholding\*:** 0



**Liv Forhaug**  
SVP Strategy & Business Development, ICA Gruppen AB. Employed at ICA and member of ICA's management since 2013.

**Born:** 1970  
**Education:** Master of Science in Business and Economics  
**Other assignments:** -  
**Experience:** McKinsey & Company, Partner and responsible for the retail sector in Scandinavia (2006–2013), previously project manager and consultant (1996–2005). Working in Sweden, elsewhere in Europe and in the US.  
**Shareholding\*:** 2,500



**Åsa Gabriel**  
SVP HR & ICA School, ICA Gruppen AB. Employed at ICA since 2004 and member of ICA's management since 2008.

**Born:** 1959  
**Education:** Master of Science in Business and Economics  
**Other assignments:** -  
**Experience:** CEO, Twilfit AB 2002–2004; positions at Statoil 1986–2002 including HR & HES Director, Statoil Detaljhandel AS; Franchise and Competence Director, Statoil Detaljhandel AS; Marketing Director, Statoil AB; HR Director, Statoil Detaljist AB; Managing Director, Statoil AB.  
**Shareholding\*:** 750



**Björn Olsson**  
Senior Vice President Corporate Communication, ICA Gruppen AB. Employed at ICA since 2004 and member of ICA's management since 2009.

**Born:** 1971  
**Education:** Master's degree in Political Science, Economics and Commercial Law  
**Other assignments:** -  
**Experience:** Head of Media Relations/ Acting Head of Communications, Svensk Handel (Swedish Trade Federation) 2000–2003.  
**Shareholding\*:** 0 aktier.

\*Own shareholdings in ICA Gruppen AB and shares held by related parties (physical or legal persons).





**Merlin Poljak**  
Acting CFO, ICA Gruppen AB. Employed at ICA since 2009 and member of ICA's management since 2013.

**Born:** 1966  
**Education:** Master of Science in Business and Economics.  
**Other assignments:** -  
**Experience:** Positions at ICA Gruppen AB, including Chief Financial Officer, ICA Sverige AB; Chief Financial Officer, Rimi Baltic; positions at AB Electrolux 1990–2008 including Chief IT Controller; Chief Financial Officer, Electrolux Russia; Chief Financial Officer, Electrolux China; Chief Financial Officer, Electrolux India; General Manager, Electrolux Poland; Controller.  
**Shareholding\*:** 0



**Edgar Sesemann**  
CEO, Rimi Baltic. Employed at ICA since 1999 and member of ICA's management since 2008.

**Born:** 1961  
**Education:** Diploma in Market Economics  
**Other assignments:** -  
**Experience:** Positions at ICA AB including CEO, Rimi Estonia; Purchasing Director, ICA AB; Purchasing Director, ICA Sweden and ICA AB; Purchasing Director, ICA Handlarnas AB; Business Unit Director, Grocery KF Stormarknader 1992–1998; Category Director, B&W Stormarknader 1990–1992; Department Manager, B&W Falkenberg and B&W Täby 1996–1990.  
**Shareholding\*:** 0



**Stein Petter Ski**  
SVP Portfolio Companies, ICA Gruppen AB. Employed at ICA Gruppen (Hakon Invest) and member of management since 2005.

**Born:** 1967  
**Education:** University degree focusing on Economics and Politics, University of York, UK  
**Other assignments:** Chairman of the board, Hemtex Aktieföretag; board member, Kjell & Co Elektronik AB and Cervera AB.  
**Experience:** Partner, ABG Sundal Collier specialising in Corporate Finance 2003–2005; worked at Ministry of Enterprise, Energy and Communications 2001–2003 and before that various positions at Enskilda Securities 1989–2001.  
**Shareholding\*:** 13,500



**Anders Svensson**  
CEO, ICA Sweden. Employed at ICA and member of ICA's management since 2009.

**Born:** 1964  
**Education:** Master of Science in Business and Economics  
**Other assignments:** Chairman of the Board, Svensk Dagligvaruhandel Ekonomisk Förening (Swedish Grocery Trade Federation), Board member, Svensk Handel AB (Swedish Trade Federation) and Svenskt Näringsliv (Confederation of Swedish Enterprise).  
**Experience:** Positions at Arla 2002–2009 including Senior Vice President, Arla Foods Consumer Nordic; Managing Director, Arla Foods Sweden; positions at Procter & Gamble 1993–2002 including Sales Director, Procter & Gamble Sweden, Logistic Director, Procter & Gamble Nordic; various positions at Procter & Gamble Nordic and Procter & Gamble UK; Consultant, Andersen Consulting 1988–1993.  
**Shareholding\*:** 0



**Thorbjörn Theie**  
CEO, ICA Norway. Employed at ICA and member of ICA's management since 2012.

**Born:** 1959  
**Education:** Officer, Befallsskolen for Infanteriet og Hærens Krigsskole (Norwegian Military Academy, Oslo).  
**Other assignments:** -  
**Experience:** Managing Director, Kjøpmannshuset Norgesgruppen AS 1999–2012; Business Development Director, Spar Norge 1995–1999; Sales & Marketing Director, Nycomed Pharma 1986–1995.  
**Shareholding\*:** 0



**Jörgen Wennberg (retiring in 2014)**  
CEO, ICA Bank. Employed at ICA since 1974 and member of ICA's management since 2008.

**Born:** 1952  
**Education:** Diploma in Market Economics  
**Other assignments:** Chairman of the board, Nordic Yachts AB.  
**Experience:** Vice President, ICA Bank; CEO, ICA-kundkort AB; Sales Director, ICA Parthandel AB 1974–2014.  
**Shareholding\*:** 34,204

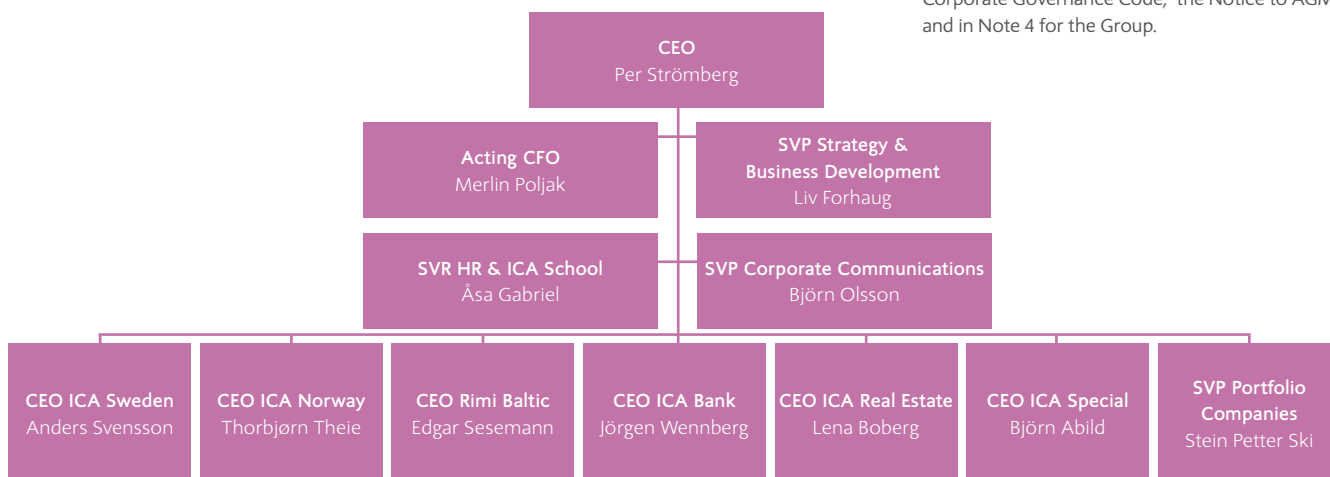
*Share investment programme*

For the purpose of increasing the senior executives' identification with and interest in the Company and its value growth, the Board is proposing that the Board will determine on an annual basis that the senior executives will be

expected to invest between 5% and 10% of their fixed gross salary in shares in the Company. Contingent upon services rendered in return, it is proposed that, after one year, they will be entitled to receive a net cash amount from the Company corresponding to 50% of the invested capital.

## Further information

More information on basic salaries and variable remuneration can be found on the Company's website, in the Board's statement on the Remuneration Committee's evaluation in accordance with section 9.1 of the Swedish Corporate Governance Code, the Notice to AGM and in Note 4 for the Group.



## 11 Internal control over financial reporting

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

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

**Introduction**

ICA Gruppen has a separate Internal Control function which is to support and contribute to reliable internal control and effective processes for financial reporting, and is also to evaluate and contribute to compliance with internal policies and guidelines.

ICA Gruppen's internal control work is based on the internal control principles produced by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). These principles

have five basic elements: 1. control environment, 2. risk assessment, 3. control activities, 4. information & communication, and 5. monitoring.

Taking into consideration the guidelines and policies established by the Board, the management and Internal Control have divided the responsibility for ensuring good control over financial reporting between themselves as follows:

**1. Control environment**

A good control environment forms the foundation of an effective internal control system within a company. It is built on an organisation with clear decision paths, where authority and responsibilities have been distributed based on guidelines and where there is a corporate culture with shared values. The control environment is also affected by the individual employee's awareness of his or her role in the maintenance of good internal control.

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 guidelines and policies of significance for maintaining effective control, such as the delegation arrangements, Financial Policy,

Guarantee Policy, Sustainability Policy and Communication Policy.

**2. Risk assessment**

The Audit Committee is responsible for ensuring that significant risks of error 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. Self-assessments and analysis of processes are used to identify deficiencies and potential sources of error in financial reporting, supported by Internal Control. In addition, all risks judged to have a potential negative impact on achievement of ICA Gruppen's goals are analysed and managed within the framework of the Group's Enterprise Risk Management (ERM) process. Significant risks are reported to the management at least twice a year and annually to the Board of Directors.

**3. Control activities**

The Board is of the opinion that there is good understanding among employees of the need for good control over financial reporting. ICA Gruppen's internal control structure is based on regular reporting to the Board, established policies and guidelines. ICA Gruppen places particular emphasis on controls designed to prevent,



identify and correct deficiencies in the income statement and balance sheet items that might be associated with increased risk.

The Company mainly uses three types of controls:

- Group-wide controls relating to the overall control environment. The control requirements concern Group policies, authorisation/access to business-critical systems and applications, (delegation arrangements, certification instructions, etc.).
- Key controls are created for each operating company based on that company's operations, organisation and risks. The key controls aim to check specific risks associated with an account, a transaction and/or a process.
- IT controls cover IT processes and applications that are critical from a financial or commercial perspective. The control requirements concern security, maintenance and development of applications and IT infrastructure.

#### 4. Information/communication

Efficient and correct communication of information, both internally and externally, is important for ensuring complete and correct financial reporting at the right time. Policies, routines, handbooks and other documents of significance for financial reporting are updated and communicated to the employees involved on an ongoing basis. The Group's Accounting function 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 reports and reports on current operations to Executive Management, which in turn reports to the Board of Directors.

The Communication Policy and associated guidelines ensure that external communication is correct and meets the requirements made of companies listed on NASDAQ OMX Stockholm. Financial information is provided regularly through annual reports, interim reports, press releases and notices on the Company's website, [www.icagruppen.se](http://www.icagruppen.se).

#### 5. Monitoring

The Board continually assesses the information submitted by the Management Team and the Audit Committee. The Audit Committee's work on monitoring the efficiency of internal control is of particular importance. This includes ensuring that action is taken to deal with any deficiencies and that proposed measures arising from internal and external audits are heeded. In addition, Executive Management, Internal Audit and Internal Control review and follow up as described above.

Taking into consideration the guidelines and policies established by the Board, the management and Internal Control have divided the responsibility for ensuring good control over financial reporting between themselves as follows:

#### Responsibility over internal control of financial reporting

	Management (all levels)	Internal Control
<b>Policies/ processes</b>	Establishes, communicates and implements policies and routines. Maintains up-to-date process descriptions. Defines, implements and maintains key controls for all processes.	Supports the implementation of processes for follow-up of compliance with policies and routines within financial reporting. Assists with updating process descriptions and defining key controls.
<b>Identification of deficiencies</b>	Identifies potential deficiencies in processes or compliance with policies.	Facilitates and challenges the identification of potential deficiencies in processes or compliance with policies within financial reporting. Surveys processes, helps to identify control deficiencies and opportunities to improve/streamline processes.
<b>Analysis</b>	Analyses the likelihood and potential impact of identified deficiencies.	Facilitates and challenges the analysis. Assists with expertise on how the identified deficiencies could impact the Company.
<b>Assessment</b>	Establishes and assesses the potential deficiencies to be addressed/remedied.	Facilitates and challenges the assessment. Determines whether identified deficiencies are to be followed up in the self-assessment process.
<b>Management</b>	Implements key controls to address potential deficiencies. Monitors control components in daily operations, including regular monitoring activities, analyses and follow-up.	Defines minimum requirements for internal control and key controls for centralised follow-up/monitoring. Initiates and/or supports process improvement activities/projects.
<b>Reporting</b>	Responsible for self-assessment of compliance with the key controls defined. Reports the self-assessment result to Internal Control. Establishes action plans for all reported deficiencies.	Assists with tools for monitoring internal control and compliance. Consolidates results of reported self-assessments and presents these to Executive Management based on the assessed impact of the deficiencies.
<b>Monitoring</b>	Responsible for implementation/follow-up of defined remedial measures and assessment of their effectiveness.	Responsible for follow-up of previously defined and reported action plans.

With 2,100 of its own and retailer-owned stores in five geographical markets, ICA Gruppen is one of the leading retail companies in the Nordic region. The core business is grocery retail. In 2013 ICA Gruppen had net sales of around SEK 100 billion and more than 21,000 employees, most of them working in Sweden, Norway and the Baltic region.

[www.icagruppen.se](http://www.icagruppen.se)



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Tel: +46 8 561 500 00

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