

Strong demand for organic products

Solna, 10 November

Third quarter 2016 in summary

Continued strong sales of organic products

Sales of organic products continued to rise during the third quarter. In total, sales of organic products from ICA Sweden's central assortment grew 16% (2) during the quarter compared with the corresponding period a year ago. On a rolling 12-month basis, sales growth for organic products was 19%.

ICA Gruppen's Klimaträtt ("Climate right") project wins UN award

In the jury's citation, Klimaträtt is described as one of most innovative and scalable global examples of what companies can do to address and create solutions for reduced environmental impact.

Juice and marmalade from 10,000 kg of fruit

In partnership with the Helsingborg-based company Rescued Fruits, ICA Sweden has taken care of 10,000 kg of fruit that would otherwise have been discarded from ICA's warehouses. The left-over fruit has instead been made into fruit drink and marmalade sold under ICA's private label.

Stronger sustainability focus in management and board

To further strengthen ICA's sustainability work, Kerstin Lindvall was named Chief Corporate Responsibility Officer and as a member of ICA Gruppen's Management Team. In conjunction with this, a sustainability committee is being formed in ICA Gruppen's board to increase focus on CR issues.

Key figures

ICA Gruppen	Q3 2016	Q2 2016	Full year 2015
Share of socially audited suppliers of private label products	98%	97%	98%
Share of quality certified suppliers of private label products	87%	86%	87%

ICA Gruppen's operations will be climate-neutral by 2020	Rolling 12-month figures (Q4 2015–Q3 2016)	Previous rolling 12 months (Q4 2014–Q3 2015)
Decrease in emissions compared with 2006	-25%	-24%

ICA Sweden	Rolling 12 months (Q4 2015–Q3 2016)
Sales development, eco-labelled, organic & ethically labelled range*	9%
Sales development, organic range**	19%

	Outcome Q3 2016
ICA makes it easy for me to make healthy choices Target 2016: A minimum of 42% of survey respondents will associate this statement with ICA.	40%
ICA engages me in sustainable development Target 2016: A minimum of 28% of survey respondents will associate this statement with ICA.	26%
ICA has a good offering of Swedish products Target 2016: A minimum of 47% of survey respondents will associate this statement with ICA.	50%

* Pertains to total sales of ICA Sverige AB's eco-labelled, ethically labelled and organic range in Swedish ICA stores, excluding local purchases by ICA stores.
** Pertains to total sales of ICA Sverige AB's organic range in Swedish ICA stores, excluding local purchases by ICA stores.



Deposits for juice bottles

During the quarter, deposits were introduced for ICA Sweden's concentrated juice bottles. This initial step includes 11 bottle variants for concentrated fruit juice sold under ICA's private label. The deposit is SEK 1 or 2, depending on the bottle's size.

Sustainability and digitalisation

For us at ICA Gruppen, sustainability is a matter of two things: conducting our operations in a climate-smart way, and helping our customers make sustainable and healthy choices. Slowly but surely we have strengthened our positions in recent years, and although much still remains to be done, today we are well at the forefront.

Most of what we do in the area of sustainability involves long-term initiatives and continuous improvements – whether it entails reducing our own impact or influencing our customers. But on top of this we do not hesitate to try novel – and sometimes even unconventional – approaches. These include, without a doubt, our Klimaträtt (“Climate right”) project, which we have been conducting since 2015 in partnership with WWF, Chalmers University of Technology and Uppsalahem, among others.

In September the UN announced that Klimaträtt has been awarded as one of most innovative and scalable global examples of what companies can do to address climate change and create solutions for reduced environmental impact.

The award is sponsored by the United Nations Climate Change Secretariat through its Momentum for Change programme and will be presented in mid-November at the UN Climate Change Conference (COP22) in Marrakech, Morocco.

Naturally, it is a great honour that the UN has recognised and highlighted the Klimaträtt project as a global model. The project clearly shows how we – through innovation and new thinking – can help our customers make sustainable choices, and make a big difference together. It also validates the positive values that we can create through the digitalisation processes that are currently being conducted throughout the Group. Digitalisation enables us to compile, process and share information and data to an extent that was previously not possible. Sustainability and digitalisation are two of our chief focus areas – and they are intertwined with each other in many ways.

Our ambition is to lead development in corporate responsibility. To further ensure that the sustainability perspective is weighed in to all issues, during the quarter Kerstin Lindvall was named as Chief Corporate Responsibility Officer and a member of ICA Gruppen’s Management Team. In conjunction with her appointment, a sustainability committee is being established in ICA Gruppen’s board to further increase focus on sustainability issues. Among other things, the committee will draft policies for business ethics and sustainability, set the framework for the Group’s sustainability reporting, and conduct follow-up work in business ethics and sustainability.

Both of these changes should be viewed as clear indications of the weight and importance we attach to this area. The advancements we have made in recent years do not give us cause to slow our pace of work – they inspire us to step up our efforts even more.

Per Strömberg
CEO, ICA Gruppen



“Sustainability and digitalisation are two of our chief focus areas – and they are intertwined with each other in many ways.”

Sustainability targets

ICA Gruppen's sustainability work is a strategic priority and integrated into all of the Group's operations. The sustainability targets in this report do not include Apotek Hjärtat and Hemtex, however, work is in progress to include these companies in the future.

ICA Gruppen's operations will be climate-neutral by 2020¹

Decrease in emissions compared with 2006

Rolling 12-month figures (Q4 2015 – Q3 2016)	Previous rolling 12 months (Q4 2014 – Q3 2015)
-25%	-24%

¹ The climate target applies to ICA Gruppen's direct climate impacts in all companies, including the climate impact of operations in stores, pharmacies, warehouses and offices from, e.g., refrigerants, electricity, goods transports and business travel in both the Swedish and Baltic operations.

ICA Gruppen's greenhouse gas emissions decreased by 25% (24) during the period October 2015 – September 2016 (rolling 12 months) compared with the base year 2006. The continued reduction in emissions is mainly attributable to a higher share of renewable fuels in the logistics operations. Emissions for business travel and energy also continue to decrease.

Reporting of fuel consumption within ICA Sweden was changed during the period, with several types of fuels now being reported. The outcomes for Q1 and Q2 have also been adjusted retrospectively which impacts this report for the third quarter of 2016.

100% of ICA's corporate brand suppliers in risk countries will be socially audited²

2016 Q3	2016 Q2	2015	Target
98%	97%	98%	100%

² Social audits are to be performed according to a standard approved by ICA Gruppen or according to ICA Gruppen's own method for performing social audits. To be approved as a supplier to the Group, the audit result must meet ICA Gruppen's set, minimum standard, and the supplier must undertake to carry out any improvements. By corporate brands is meant essentially private label products. Risk countries are defined in accordance with the Business Social Compliance Initiative's (BSCI) definition.

The share of socially audited suppliers of ICA Gruppen's corporate brand products during the quarter remained at the same level as in the preceding quarter. The focus going forward is to ensure that all ICA Gruppen's corporate brand suppliers in high-risk countries have undergone social audits.

80% of ICA Gruppen's corporate brand suppliers will be quality certified³

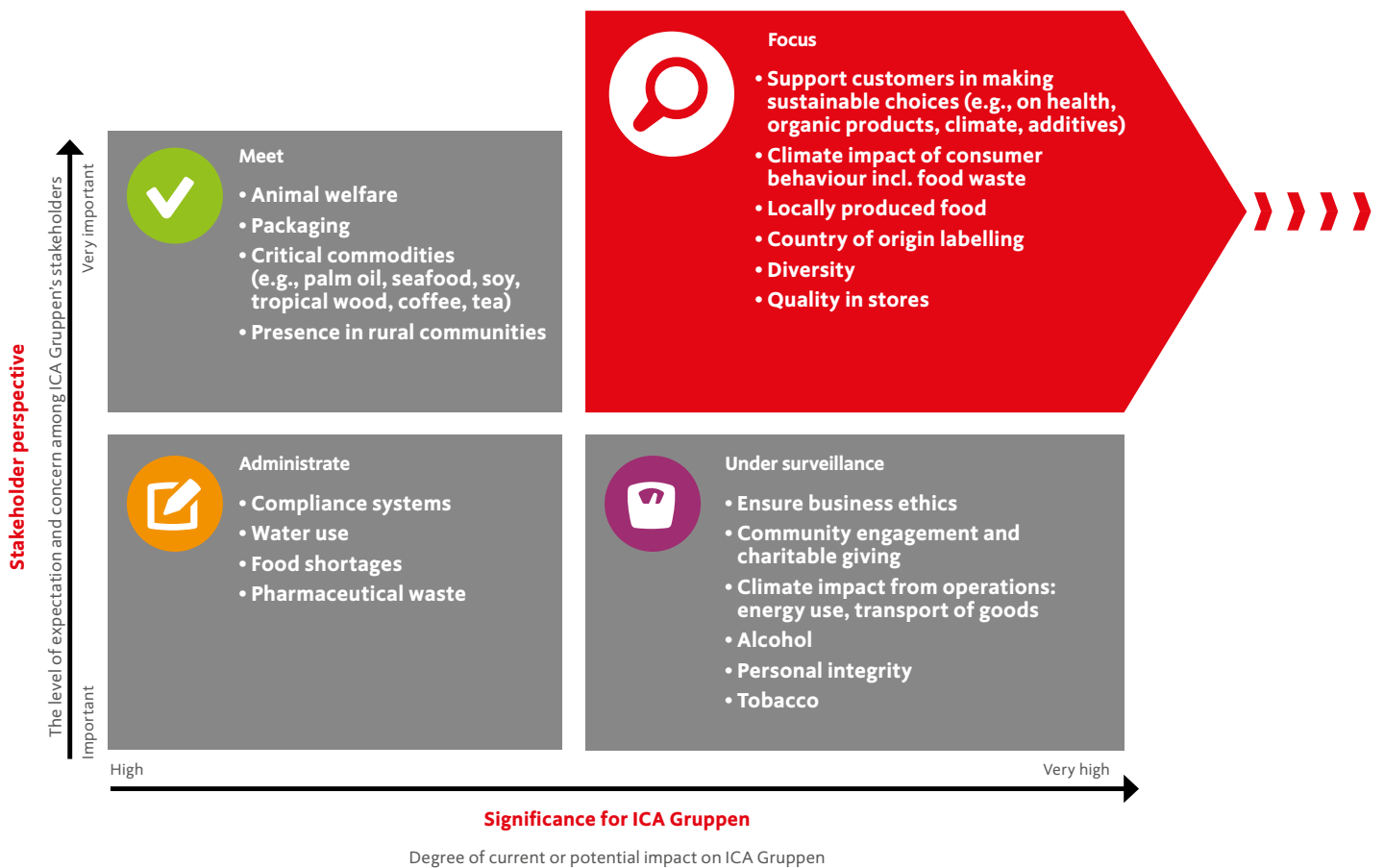
2016 Q3	2016 Q2	2015	Target
87%	86%	87%	80%

³ By corporate brands is meant essentially private label products. Quality certification is to be conducted according to a standard approved by ICA Gruppen, such as GFSI-approved (Global Food Safety Initiative) standards and IP Sigill (Swedish Seal of Quality).

Work on registering and updating suppliers' quality certificates in ICA Gruppen's system continued during the past quarter at roughly the same rate as previously. Taken overall, this meant that the share of quality certified suppliers of ICA Gruppen's corporate brand products during the quarter remained relatively unchanged.

Materiality analysis

ICA Gruppen's sustainability work is structured in five focus areas: the environment, quality, health, ethical trade and community engagement. Sustainability work is based on a materiality analysis, where the most relevant sustainability issues have been identified. In addition to these, the Group has a strong focus on ensuring safe products and operations, and on minimising environmental impact while taking social responsibility into account. The quarterly report highlights the most significant sustainability activities during the quarter as well as ICA Gruppen's role in the most significant media debates. The most recent analysis, carried out at the end of 2015, defines the following issues as most significant:





Support customers' sustainable choices

ICA Gruppen's strategic priorities for 2016 include supporting customers' sustainable choices and conducting climate-smart operations. ICA Gruppen has made a concerted effort for many years to encourage customers to adopt a lifestyle that benefits their own health and the environment as well as societal concerns in general. This work continued during the third quarter of 2016.

Sales of eco-labelled, organic and ethically labelled products

Store sales of products that are eco-labelled, organically labelled or ethically labelled in ICA Sweden AB's range increased during the period October 2015–September 2016 by 9% compared with the corresponding period a year ago. Sales of these products during the third quarter grew 8% compared with the same quarter in 2015.

As a share of total sales, eco-labelled, organically labelled or ethically labelled foods amounted to 10.2% during the period October 2015–September 2016.

Drivers of this growth include stronger customer demand – especially for organic products – combined with the fact that ICA retailers are promoting this assortment to an increasing degree.

Continued growth in sales for organic range

Store sales of organic products from ICA Sverige AB's central assortment remained strong during the period and grew 19% on a rolling 12-month basis. However, compared with previous years the increase was not as strong: for the isolated quarter Q3 2016, the increase was 16% compared with Q3 2015. The total sales value of organic products was SEK 6.0 billion on a rolling 12-month basis, compared with approximately SEK 5.0 billion for the preceding 12-month rolling period. Sales of organic foods including fruit and vegetables, as a share of total grocery sales, were 5% on a rolling 12-month basis.

On the whole this sales growth can be credited to the attention ICA Sweden is dedicating to its range combined with greater store promotion of the organic range by ICA retailers and stronger customer demand for organic products. The slower increase in sales is likely due to the fact that demand is still greater than supply.

The organic range was expanded during the quarter with a number of new products, mostly under the ICA I love eco brand, including vegetable, chicken and beef bouillon, fresh pasta, Swedish "prinskorv" sausages, and salt-cured and smoked salmon.

Flour on its way to becoming organic

Demand for organic Swedish flour has grown sharply in recent years. To secure the supply of organic grain and thereby be able to meet this growing demand, the mill company Berte Qvarn and ICA Sweden have begun a partnership aimed at supporting farmers who are transitioning to organic farming.

During the quarter, flour from this partnership began to be sold in stores under the name Vetemjöl på väg ("Flour on its way"). The wheat used in the flour is grown according to organic methods – without artificial fertilizers or chemical pesticides – however, three years must pass before the flour can be certified as organic. This is to ensure, among other things, that the soil also meets the requirements for organic farming.



Launch of Apolosophy ECO

During the quarter Apotek Hjärtat launched Apolosophy ECO, an organic line of skin care products for the face, body and hands. The product line is organically certified by ECOCERT according to COSMOS (COSMetic Organic Standard), entailing that 95% of all of the plant-based ingredients in the formula and a minimum of 10% of all ingredients by weight are organic. In addition to this certification, all of the ingredients have been evaluated according to Apotek Hjärtat's "negative list", which includes compounds that Apotek Hjärtat will not use because they are allergenic or harmful to the environment.

From "Best by" to "Fresh until at least"

During the quarter ICA Sweden launched the Minst hållbar till date stamp ("Fresh until at least") for four of ICA's private label yoghurt variants as a way of sparking a debate and attention among consumers about the actual significance of food date stamping and thereby reducing food waste. Foods that are stored properly often stay fresh longer than the "best by" date, entailing that the "Fresh until at least" stamp may be a more accurate representation. Far too much of food thrown out by consumers is still good even after the "Best by" date. Read more on page 8.

Continuation of "Choose with your heart"

Within the framework of Apotek Hjärtat's Välj med Hjärtat ("Choose with your Heart") initiative, a campaign focusing on over-the-counter medicines has been carried out. Going forward, OTC medicines will be furnished with a label certifying that the suppliers are in compliance with Apotek Hjärtat's sustainability requirements.

Focus on health of children and young people

ICA Sweden has long been engaged in promoting health of children and young people. The month of August marked the start of the year's Kompis med kroppen ("Buddy with your body") health initiative. ICA has been promoting children's health for 15 years, and to date approximately 900,000 school children have participated in this educational programme in which they learn about the importance of wholesome food and exercise. Up until now the material has included workbooks with accompanying teacher instructions. In response to requests, the material has been complemented with a series of short, informative videos. For fifth graders, the course also includes an environmental and climate perspective. All of the material can be downloaded free of charge at www.ica.se/kompismedkroppen.

During the quarter ICA Sweden also took the decision to partner with GEN-PEP, a newly established non-profit organisation dedicated to giving children and young people opportunities to live active and healthy lives by spreading knowledge and getting people involved in promoting the health of children and young people. Through this partnership ICA Sweden will be working in various ways to help young people make healthy choices and inspire them to eat better and exercise more.

Climate impact of consumer behaviour

Food accounts for nearly a fourth of people's climate impact, and today we already consume more than what the Earth's limited natural resources can handle. By virtue of its size, ICA Gruppen has both a responsibility and opportunities to help customers reduce their own climate impact in various ways, such as by promoting more sustainable alternatives.

Juice and marmalade from 10,000 kg of fruit

In partnership with the Helsingborg-based company Rescued Fruits, ICA Sweden has taken care of 10,000 kg of fruit that would otherwise have been discarded from ICA's warehouses. The left-over fruit has instead been made into fruit drink and marmalade sold under ICA's private label. In autumn 2016 this "rescue" operation will be expanded to also include fruit from ICA stores.

Locally produced food

In both Sweden and the Baltic countries, demand for locally produced foods is strong and growing. ICA Sweden and Rimi Baltic are working in numerous ways to increase the share of local products in their respective assortments. Among other things, during the autumn ICA Sweden will be working together with the Federation of Swedish Farmers (LRF) to arrange local trade fairs aimed at increasing the offering and sales of local products.

Focus on organic and locally produced products at Rimi Baltic

During the quarter Rimi Baltic launched several initiatives and campaigns under the organic and locally produced food theme. Strong focus was also put on promoting seasonal foods. Among other things, local producers were invited to present their products in stores.

Product safety and quality

It goes without saying that ICA Gruppen's customers should be able to trust the content of the products they buy. Toward this end, a vast number of controls are performed to ensure product quality and traceability. ICA Gruppen is working across several fronts to prevent food fraud, such as through quality certifications, tests and controls, and through industry collaboration. ICA Gruppen is also carrying on a continuous dialogue with the food industry and pertinent authorities, and stays abreast of GFSI's (the Global Food Safety Initiative) work in this area.

Regulatory audits during the quarter

During the spring and summer the Swedish Chemicals Agency performed analyses of Hemtex's textiles. The products were analysed for azo dyes, nonylphenols and nonylphenol ethoxylates. None of these compounds were found in the tests performed on Hemtex's products.

During the third quarter the Swedish National Food Agency performed inspections at ICA Sweden's head offices, with a focus on labelling and traceability of ICA's private label products. ICA received positive remarks in general. Deviations were noted in, among other things, the labelling of Superbroccoli, despite ensuring a sufficiently high content of vitamin C, as well as in the lack of shelf life information for opened packages for a number of different products.

In addition, during the quarter Apotek Hjärtat was reviewed by the ECOCERT organic certification organisation and was approved to use the COSMOS organic label for its Apolosophy Eco product line.

Product recalls of private label products during the quarter

Whenever there is a suspicion that a sold product may pose a health risk, ICA Gruppen contacts the responsible regulator, removes the product from store shelves, and issues a press release announcing a recall. During the quarter ICA Sweden announced three recalls of private label products via press releases: ICA Gluten-free chocolate muffins, since the product may contain traces of undeclared milk protein; ICA I love eco hot dogs in 400 g. package with a best-by date of 28/9/2016, due to the risk for listeria; and ICA meatballs in 350 g package, as a precautionary measure after listeria was discovered in another product produced in the same factory. Rimi Baltic did not issue any recalls of private label products via press release during the quarter.

Socially & environmentally responsible sourcing

ICA Gruppen does business around the world, and thus its responsibility spans across national borders. For ICA's part this responsibility involves continuous monitoring of suppliers as well as providing support to various local projects and activities.

Social audits of berry suppliers

During the summer ICA Sweden's Swedish suppliers of wild berries conducted a social audit using Svensk Dagligvaruhandel's industry audit tool. For several years ICA Sweden has been driving the issue of ensuring acceptable conditions for berry pickers in Swedish forests. The audit results show that the berry suppliers have taken their responsibility to ensure good working conditions for their employees seriously and can show that they are largely in compliance with the guidelines.

Major success for pea project in Guatemala

ICA Sweden's pea farming project in Guatemala that it is conducting in partnership with the Sustainable Trade Initiative (IDH) in the Netherlands is nearing its conclusion. The aim has been to cut out middlemen and work more directly with local growers around the world in projects that will not only result in local development, reduce poverty and encourage farming that is more sustainable in the long term, but also to ensure a supply of high quality produce. Since the project's inception, a new irrigation system was put in operation, and more than 200 farmers have received training in improved farming techniques. This has enabled them to achieve two harvests per season and thereby double their incomes. In addition, everyone in the farming co-op has received training in social responsibility and human rights. The project in Guatemala is expected to end in March 2017, at which time it will have achieved its objectives – of which the primary one is to help the farmers switch from farming corn for their own consumption to also farm sugar peas.





High scores in WWF's Palm Oil Buyers Scorecard 2016

At the end of September, WWF published the results of its Palm Oil Buyers Scorecard for 2016. The report rates more than 130 companies from 15 countries based on their commitments to buy certified palm oil (CSPO) for their private label products as well as on the level of traceability they have in their supply chains. ICA Gruppen scored an 8 out of a maximum 9 in the rating.

Community engagement and charitable giving

ICA Gruppen aspires to be a positive force in society and to make smart investments for the future, particularly through partnerships and strong local connections. The Group partners with charitable organisations that focus on public health, the environment, humanitarian efforts and diversity.

Urbanisation and sustainability in focus at Almedalen 2016

For the second year in a row, ICA Gruppen and ICA-handlarnas Förbund arranged a series of seminars and events during the week-long public policy conference in Almedalen. This year's focus was on urbanisation and its consequences for cities and the countryside; employment and integration; and consumer behaviour and sustainability. The seminars all had high attendance, together attracting more than 600 guests and receiving extensive attention in social media – where the hash tag #ICAiAlmedalen was trending in Twitter for some time.



Launch of "Thank you" raffle tickets

In July, "Thank you" raffle tickets began to be sold at ICA stores across Sweden as a first step in a long-term initiative conducted by the non-profit organisation Vi kan mer ("We can do more"), sponsored by the Swedish Red Cross, Cancerfonden and ICA-stiftelsen. The idea is to use the raffle as a starting point for fund-raising, with the raffle proceeds being donated to socially beneficial initiatives for health, diversity and integration via the raffle's beneficiaries.

Collections, charitable contributions and donations

Several collections and charitable projects were conducted during quarter at Rimi Baltic. In all, Rimi Baltic's customers donated more than EUR 78,000 to SOS Children's Villages and the Children's Hospital in Riga, among others. A number of other projects were also conducted to support vulnerable children.

In September Apotek Hjärtat collected donations for Gundua Health Center, a health clinic in Kenya. In all, approximately SEK 180,000 was collected. This time around the money will be used to treat children with worm infections, which is a very common reason for children staying home from school and thereby missing out on important school work.

Criticism and media debate

- During the period, the Swedish daily newspaper Svenska Dagbladet reported on ICA Sweden's work with private label products, postulating that growth in this segment risks creating an imbalance in competition by putting tougher pressure on suppliers. ICA Sweden's focus on private label products aims to offer consumers products that are not currently available on the market as well as high-quality products at a lower price than comparable market-leading brands. Sales of private label products have grown sharply in recent years, which must be viewed as a sign that customers appreciate the products. It should also be noted that ICA Sweden has just as many suppliers today as for ten years ago, while the breadth in the product range is larger than ever before. For smaller suppliers, private label products are often a way to continue developing, despite increasingly tougher competition from international actors.
- In July the evening tabloid Expressen published a series of articles criticising various types of weight-loss products. Among these was the product XLS, which is sold at pharmacies, including Apotek Hjärtat. The article series criticised pharmacies for selling XLS, which the authors claimed had no proven effect. However, Apotek Hjärtat is of the opinion that there is sufficient data and a history of studies indicating a proven effect to justify its continued sale of the product.

Awards and distinctions

In late September the UN announced that ICA Gruppen has been awarded for its Klimaträtt ("Climate right") project. The award will be presented at the UN Climate Change Conference in Marrakech, Morocco, in mid-November. Klimaträtt has helped and inspired the residents of an apartment building in Uppsala to reduce their climate impact in a simple manner. The project was cited as one of the most innovative and scalable global examples of what companies can do to address and create solutions for reduced environmental impact. ICA Sweden and Klimaträtt were one of the winners in the Information and Communication Technology category. A total of 13 winners have been named globally in each of the different categories.

Rimi Latvia received an honourable mention in the Sustainable Growth category in the Swedish Business Awards. Rimi was recognised for its long-standing participation and outstanding performance and persistence in pursuing sustainable development and social responsibility. The Swedish Business Awards were initiated in 2006 by the Swedish embassy in Latvia, Business Sweden, Swedbank and Telia-Sonera.



Outlook

“Best by” stamp has passed its best-by date

A typical family of four throws away food worth roughly SEK 6,000 every year. Apart from the negative impact this has on their own personal economies, this also creates a completely unnecessary climate impact.

“We believe that the ‘Best by’ date stamp is one of the reasons so much food is thrown away,” says Kerstin Lindvall, Chief Corporate Responsibility Officer at ICA Gruppen. “Many people mix up the ‘Best by’ and ‘Consume by’ food date stamps. The first pertains to quality, while the second pertains to food that may no longer be sold or donated. If this labelling is the reason why food is unnecessarily thrown away, then it does more harm than good.”

As a way of informing customers about the actual significance of food dating, sparking a debate and, by extension, reducing food waste – in September ICA launched the Minst hållbar till (“Fresh until at least”) date stamp on four private label products in its dairy range.

“We can see from surveys that more than 25% of respondents will not eat any product that has passed its best-by date,” Kerstin Lindvall continues. “The new date stamp is a way of informing customers about the actual significance of food dating, in other words, that many products can be consumed after their best-by date. We believe that food waste can be reduced dramatically if we would just trust our own senses – by looking, smelling, and tasting instead of allowing the product’s best-by date to decide.”

Following ICA’s introduction of the new date stamp, the Swedish Food Agency notified ICA that it intends to seek an injunction requiring ICA to return to the previous method.

“In our view the issue is clear-cut,” counters Kerstin Lindvall. “We are advocating for a continued dialogue on the issue of food waste and will therefore arrange a stakeholder dialogue on the topic. We in the grocery retail industry can influence and help our customers reduce their own food waste. At ICA we are already doing a lot to reduce food waste, but we can do more. We are now prepared to challenge and test the interpretation of applicable laws in hope that a new food date stamp can contribute to a reduction in food wasted in people’s homes.”



“In our view the issue is clear-cut. We are advocating for a continued dialogue on the issue of food waste and will therefore arrange a stakeholder dialogue on the topic”.

Kerstin Lindvall, Chief Corporate Responsibility Officer at ICA

Fresh until at least

In September ICA launched the Minst hållbar till (“Fresh until at least”) date stamp on four private label products in its dairy range in an effort to inform customers about the actual significance of food dating, spark a debate and, by extension, reduce food waste.

Auditor's Review Report on ICA Gruppen AB's Sustainability Report July–September 2016

To ICA Gruppen AB

Introduction

We have been engaged by the Board of Directors of ICA Gruppen AB to review ICA Gruppen AB's Sustainability Report for the period 1 July–30 September 2016.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report for the period July–September 2016

The Board of Directors and the Executive Management are responsible for ongoing activities regarding the environment, health & safety, quality, social responsibility and sustainable development, and for the preparation and presentation of the quarterly report in accordance with the applicable criteria, as explained in the paragraph "About this report" in the quarterly report. As stated in the paragraph "About this report", ICA Gruppen AB's Sustainability Report for the period July–September 2016 is not a complete GRI report, but is a status report on the material areas reported on in the 2015 Sustainability Report for ICA Gruppen AB. The Sustainability Report for the period July–September 2016 is therefore a complement to the 2015 Sustainability Report and should be read in connection to this.

Responsibilities of auditor

Our responsibility is to express a limited assurance conclusion on the Sustainability Report July–September 2016 based on the procedures we have performed.

We have performed our review in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information, issued by IFAC. A review consists of making inquiries, primarily of persons responsible for the preparation of the quarterly report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not

express an audit opinion. Our assurance does not comprise the assumptions used, or future oriented information (e.g., goals, expectations and ambitions).

The criteria on which our review is based on are stated in the section "About this report". We consider these criteria suitable for the preparation of ICA Gruppen AB's Sustainability Report July–September 2016.

Our review has, based on an assessment of materiality and risk, e.g. including the following procedures:

- a. an update of our knowledge and understanding of ICA Gruppen AB's organisation and activities
- b. assessment of the suitability and application of criteria in respect to stakeholders' need of information
- c. interviews with responsible management, at company level and at selected business units with the aim to assess if the qualitative and quantitative information stated in the quarterly report is complete, correct and sufficient
- d. read internal and external documents to assess if the reported information is complete, correct and sufficient
- e. analytical review of reported information
- f. overall impression of the quarterly report and its format
- g. reconciliation of the reviewed information against the sustainability information in ICA Gruppen AB's Sustainability Report for 2015

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the information in ICA Gruppen AB's Sustainability Report for the period 1 July–30 September 2016 has not, in all material respects, been prepared in accordance with the above stated criteria.

Stockholm, 9 November 2016

Ernst & Young AB

Erik Åström
Authorised Public Accountant

Charlotte Söderlund
Authorised Public Accountant

About this report

This is a quarterly status report containing information about ICA Gruppen's work on issues relating to sustainability and development during the year. The report aims to show developments during the year and addresses the most significant issues in the overall areas of the environment, quality, health, ethical trade, community engagement and ICA's role in the most important media debates. The report covers all companies within ICA Gruppen. The sustainability targets in this report do not include Apotek Hjärtat and Hemtex, however, work is being conducted to include these companies in future reports.

The criteria applied for preparation of this report are based on the annual sustainability report published by ICA Gruppen. The quarterly report is not prepared in accordance with the GRI guidelines, and for this reason certain issues are not included. ICA Gruppen publishes a complete sustainability report once a year in accordance with the GRI Guidelines, which provides a full description of the Group's sustainability work during the year.

For measurement and calculation methods, boundaries and materiality analysis, see:

https://www.icagruppen.se/rapportportal/arsredovisning-2015/#!/#@hallbarhetsinformation_mat--och-berakningsmetoder

<https://www.icagruppen.se/rapportportal/arsredovisning-2015/#!/#@hallbarhetsinformation>

<https://www.icagruppen.se/rapportportal/arsredovisning-2015/#!/#@vasentliga-fragor>

This report has been independently reviewed by a third party.

Important changes since the preceding reporting period

New climate target

At the end of 2015 ICA Gruppen's Executive Management decided on a new climate target. The target was set in accordance with the Science Based Targets method and the GHG Protocol Corporate Accounting and Reporting Standard. Based on the above, the measurement and calculation method for the new climate target has been adjusted somewhat compared with the previous climate target. The changes entail that total area is used instead of retail area, and that the climate impact related to the refilling of refrigerants at Swedish ICA stores is included. This adjusted measurement and calculation method applies also for cases where historical data for ICA Gruppen is reported, such as for the base year 2006. The climate impact of electricity use in Swedish offices and of business travel for Rimi Baltic is planned to be included as soon as possible.

Since 1 January 2016 the outcome of the climate target is presented in rolling 12 month figures (R12). Use of refrigerants is reported in preliminary standard values in all quarterly reports, based on the preceding year's use of refrigerants. The refrigerant leakage in Rimi Baltic in 2015 will thus affect the outcome of the Group negatively in all quarterly reports in 2016.

Sales data

Sales data for ICA Sweden cover all products in ICA Sweden's central assortment. The sales portion for ICA Sweden includes products from ICA Sweden's central assortment, excluding non-food products. Sales data for ICA stores' own purchases from external suppliers are not included.

Starting with the first quarter of 2016, store sales of eco-labelled, organic and ethically labelled products in ICA Sweden AB's assortment are reported. A product that has two or more of these labels is not counted twice.

Definitions: Eco-labelled includes products with any of the following labels: Svanen, EU Ecolabel, Bra Miljöval, MSC and FSC (FSC-labelled packaging is not included). Organic labelling includes any of the following labels: EU-ekologiskt, KRAV, GOTS and OCS. Ethically labelled includes products with any of the following labels: Rainforest Alliance, Utz Certified and Fairtrade.

About ICA Gruppen

ICA Gruppen AB (publ) is a leading retail company with a focus on food and health. The Group includes ICA Sweden and Rimi Baltic, which mainly conduct grocery retail, ICA Real Estate, which owns and manages properties, ICA Bank, which offers financial services, and Apotek Hjärtat, which conducts pharmacy operations. The Group also includes Hemtex. For more information see icagruppen.se

Contact and calendar

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