

First quarter 2018 in summary

- ICA Gruppen's greenhouse gas emissions continued to decrease during the quarter, falling 54% since the base year 2006. The decrease is mainly attributable to energy efficiency improvements and a change-over to renewable fuels and renewable electricity in the Swedish operations, and continued investments in renewable electricity in Rimi Baltic.
- Target achievement for social audits and quality certifications of suppliers of ICA Gruppen's corporate brands was in line with the preceding period.
- New sustainability target adopted – and adjustment of existing ones.
- Store sales of ecolabelled, organic and ethically labelled products in ICA Sweden's central assortment increased by 2% during the period April 2017–March 2018 (rolling 12 months) compared with corresponding period a year ago.
- Reduction of sugar content by 30% in soda pop, fruit drink concentrate and fruit drinks sold under ICA Sweden's private label.
- Two new awards created to highlight the importance of entrepreneurship.
- Start of mentoring programme for female store employees with aspirations to become store owners.

New sustainability target – and adjustment of existing ones

During the first quarter we continued our work on reducing our carbon footprint. I am happy to report that in this regard we are in line with the goals we have set. While our own footprint is important, we in fact leverage the greatest effect if we can succeed in inspiring our customers to make more sustainable choices. As part of this work, now in early April we launched the digital tool Mitt klimatmål ("My climate goal"), which gives ICA customers a unique opportunity to monitor the carbon footprint of their food purchases. The service is outgrowth of our award-winning Klimaträtt project, which received a UN Momentum for Change Award in 2016.

To ensure that we are focusing on the right things, it is important to have clear goals. During the quarter we decided on additional target for our climate ambition. This new target calls for ICA Gruppen's largest suppliers (in terms of sales) to adopt Science Based Targets* by 2025 at the latest. These suppliers today account for 70% of ICA Gruppen's indirect carbon footprint. In addition, during the quarter the Group's targets regarding social audits and quality certification of suppliers of ICA Gruppen's corporate brands were revised. We are performing well in both of these areas, but now we have raised the bar even further.

ICA Gruppen's sustainability work is extensive and encompasses a wide range of activities. Our ambition is to be as open, clear and transparent as possible. To structure our communication surrounding these activities we have launched "For a good tomorrow" – a concept that aims to convey a concrete picture of how our work is being conducted and which issues are the most important. "For a good tomorrow" is structured in five defined areas: local, environment, health, diversity and quality. A more detailed description of our work in the respective areas can be found in ICA Gruppen's 2017 Annual Report.



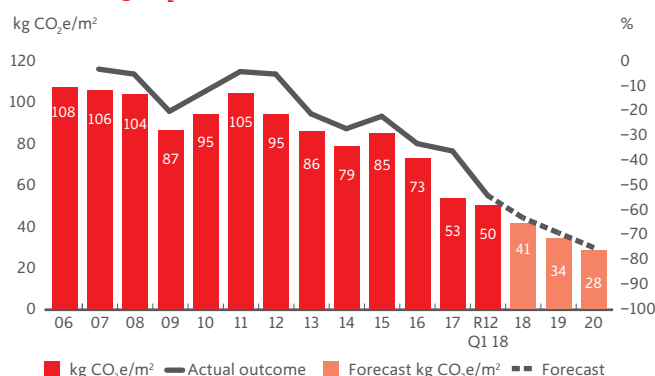
Per Strömberg, vd ICA Gruppen

* Method for science-based targets developed by the UN Global Compact, WWF, CDP and the World Resources Institute.

Key figures

ICA Gruppen's operations will be climate-neutral by 2020	Q2 2017–Q1 2018 (rolling 12 months)	Q2 2016–Q1 2017 (rolling 12 months)
Decrease in emissions compared with 2006	–54%	–37%

Emissions kg CO₂e/m² 2006–Q1 2018 and forecast to 2020



The carbon footprint that cannot be eliminated in operations by 2020 will be addressed through offsets.

100% of ICA Gruppen's corporate brand suppliers in high-risk countries will be socially audited	Q2 2017–Q1 2018 (rolling 12 months)	Q2 2016–Q1 2017 (rolling 12 months)
Outcome	97%	97%

At least 90% of ICA Gruppen's corporate brand suppliers in high-risk countries will have a valid social follow-up audit before year-end 2020	Q1 2018
Outcome	80%

90% of ICA Gruppen's corporate brand suppliers will be quality certified by year-end 2020	Q2 2017–Q1 2018 (rolling 12 months)	Q2 2016–Q1 2017 (rolling 12 months)
Outcome	86%	86%

ICA Sweden	Q2 2017–Q1 2018 (rolling 12 months)
Sales development, ecolabelled, organic and ethically labelled range*	2%
Sales development, organic range**	1.5%

* Pertains to total sales of ICA Sweden's ecolabelled, ethically labelled and organic range in Swedish ICA stores, excluding local purchasing by ICA stores.

** Pertains to total sales of ICA Sweden's organic range in Swedish ICA stores, excluding local purchasing by ICA stores.

For a good tomorrow

ICA Gruppen's sustainability work is wide-ranging and embodies high ambitions and a variety of activities. For structured communication surrounding this work, the concept *För en god morgondag* ("For a good tomorrow") has been launched. For a good tomorrow is broken down in five defined areas: local, environment, health, diversity and quality.

LOCAL

Two new awards highlight the importance of entrepreneurship

To support and promote entrepreneurship in Sweden, ICA Gruppen has created the awards *Årets nystartare* ("Upstart of the year") and *Årets lokala hjälte* ("Local hero of the year"). The awards will be presented on 3 May in Stockholm. For more information, visit <https://www.icagruppen.se/entreprenorspriset>.

Support to local communities

Through sponsoring and fundraising campaigns, ICA Gruppen's operations are contributing in various ways to stronger local communities. A large number of activities were conducted during the quarter. The biggest of these included a food donation drive for the Lithuanian Food Bank, a fundraising campaign for children in serious need of healthcare in Latvia, and a donation made by ICA Global Sourcing to a local school in Bangladesh.

ENVIRONMENT

Continued work toward the goal of being climate-neutral by 2020

Climate change affects everyone. To contribute to the UN's goal of limiting Earth's temperature rise, ICA Gruppen has set an ambitious climate target that encompasses ICA Gruppen's direct carbon footprint in all companies. This is to be achieved in part by reducing greenhouse gas emissions and in part through more efficient use of resources. The carbon footprint that cannot be eliminated from operations by 2020 will be compensated through offsets. The climate target has been set according to Science Based Targets, a method for setting science-based targets developed by the UN Global Compact, WWF, CDP and World Resources Institute. During the quarter ICA Gruppen submitted its climate target for validation by the Science Based Targets Initiative.

ICA Gruppen's greenhouse gas emissions have decreased by 54% since the base year 2006. The decrease can be credited above all to long-term work with a multitude of measures related to energy, refrigerants, logistics flows and goods transports. Examples of such measures include replacement of lighting systems and refrigerants with alternatives that have a lower carbon footprint, investments in renewable electricity at Rimi Baltic, and a changeover to renewable fuels in the Swedish operations. In addition, during the quarter a review was conducted of individual electricity contracts at Swedish ICA stores, which has had a positive impact on the outcome since several stores use renewable electricity. For the full year 2018 the ambition is to achieve a 63% reduction in GHG emissions compared with the base year 2006.

Increased sales of ecolabelled, organic and ethically labelled products

Store sales of ecolabelled, organic and ethically labelled products from ICA Sweden's central assortment increased by 2% during the period April 2017–March 2018 (rolling 12 months) compared with the corresponding period a year ago. As a share of total sales, ecolabelled, organic and ethically labelled products amounted to 10.1% during the same period. The range was expanded during the quarter with a number of products, most in the ICA I love eco range.

Lunchbox Day

Of total food waste in Sweden, roughly 70% takes place in people's homes. One way of reducing food waste is to save leftovers for lunchboxes. ICA Sweden put the spotlight on this message for the second year in a row by promoting a "Lunchbox Day" on 23 March – an homage to home-cooked meals that consumers can save for their lunchboxes instead of tossing them out in the trash.

Strategy for fossil-free plastic packaging

At the end of March Sweden's grocery retail companies adopted a strategy that will lead to fossil-free plastic packaging using material that can be recycled. The common goal is that all plastic packaging will be produced using renewable or recycled plastic by 2030. Given the current situation, it is a challenging goal. Succeeding with it will require political resolve and long-term decisions to promote greater material recycling and stimulate demand for recycled material as well as clear incentives for developing domestic production of renewable plastic raw material.

Extensive work is already under way at ICA Sweden to replace fossil-based plastic packaging on ICA's private label products with more sustainable alternatives. Among other measures, fossil-based plastic trays and packaging for some 70 products have been replaced with plant-based plastics. At the same time, the number of packages made of cardboard instead of tin cans is being increased. In addition, laser marking is being used for a growing number of organic fruits and vegetables, thereby eliminating the need for plastic wraps or sticker labels.

Launch of Swan-labelled environmental fund

In February ICA Bank launched yet another Swan-labelled environmental fund – CB Save Earth Fund. The fund invests in companies active in renewable energy, environmental technology and water management.

Inauguration of new geothermal system

In early March a new geothermal heating and cooling system was inaugurated at the Maxi ICA Stormarknad store in Stenhammar, Uppsala. Using this system the store produces all of its own heat and cooling. The system has also allowed the store to reduce its electricity consumption by 15%.

HEALTH

"Get up and move Sweden"

ICA Sweden is participating in Generation Pep's "Get up and move Sweden" initiative, whose goal is to counter sedentary lifestyles and encourage children and young people to exercise more for a healthier life. The ICA Foundation is a founding partner of Generation Pep.

ICA Sweden promoting health through nudging

During the quarter ICA Sweden began a test involving nudging customers toward healthier alternatives when they shop online. ICA Sweden has previously had success from trials at nudging customers to make more sustainable choices in stores. This initiative is now being extended to the online channel by providing suggestions and links with health-oriented inspiration.

Less sugar and more vegetables

ICA Sweden is striving to guide customers in a healthier direction. During the quarter the sugar content in soda pop, fruit juice concentrate and fruit drinks sold under ICA Sweden's private label was reduced by 30%. This works out to three fewer sugar cubes per 33 cl can of soda pop. In parallel with this, ICA Sweden is also encouraging customers to eat more fruits and vegetables. Among other things, during the quarter ICA Sweden launched two easy-to-prepare vegetable-based burgers as well as a seasonal Easter assortment of fruits and vegetables in playful packaging to entice more children to swap out some of their Easter sweets with healthier alternatives.

Feel better – more greens on the grill!

ICA Sweden's annual "grill report" notes that nearly half of Swedes experience that firing up the barbecue has a positive effect on their mental health. However, the report also notes that that twice as many people say they grill less meat than four years ago. This greener, healthier trend is also confirmed by ICA Sweden's new "Cook Compass" trend report, in which ICA Sweden has mapped out the latest trends in the restaurant world.

Heart starters at Apotek Hjärtat

Apotek Hjärtat is the first pharmacy chain in Sweden to install heart starters in or directly adjacent to its nearly 400 pharmacies. In connection with this, the company's 3,500 employees are being offered CPR training.

Rimi Baltic supporting health and exercise

During the quarter Rimi Baltic carried out a large number of activities aimed at inspiring physical activity, exercise and a healthy diet. Among the larger of these was the ongoing effort to promote healthier products under the "Choose healthier" marking. The range now includes more than 800 items. The criteria for the marking are based in part on the Swedish National Food Agency's Keyhole labelling criteria.

DIVERSITY

Initiative for increased integration and narrowing the gap between cities and the countryside

Two of the most urgent challenges for Sweden involve increasing integration and narrowing the gap between cities and the countryside. For 2018 ICA Sweden is therefore launching several initiatives in these areas. The goal for 2018 is to create jobs for at least 500 newcomers. To support a thriving countryside, several initiatives are being conducted with the aim to make it easier for local entrepreneurs to sell their products directly to ICA stores.

Activities to increase the number of women store owners

To increase the number of women ICA retailers, during the quarter a mentoring programme was started for female store employees with aspirations to become a store owner. The programme will continue until November 2018. In parallel with this, the ICA 50/50 initiative will continue. It consists of two networks – one for senior women managers, which was started in 2017 – and one for women with the potential to advance into higher positions, starting in 2018.

Apotek Hjärtat removes VAT on feminine care products

Apotek Hjärtat believes that value-added tax on feminine care products should be eliminated since such products are a necessity used by half of the population throughout a large part of life. Toward this end, Apotek Hjärtat has cut the price for its own feminine care products by 25%, corresponding to the VAT rate currently charged in Sweden.

ICA Bank partnering with Ecpat

In March ICA Bank partnered with Ecpat in a campaign to support the fight against sexual exploitation of children online. The goal is to raise SEK 500,000 or more for Ecpat, recruit more members, and increase awareness about the organisation and the sexual exploitation of children.

QUALITY

Continued work on preventing food fraud

ICA Gruppen is working on several fronts to prevent food fraud. During the quarter ICA Sweden conducted the last of the planned, unannounced audits of suppliers aimed at preventing and countering food fraud. None of the audits showed any deliberate fraud. ICA Sweden will now evaluate its work with unannounced audits and plan its work going forward.

During the quarter ICA Sweden also developed a training course in food fraud. The training is designed primarily for buyers, but is also suitable for product developers and quality specialists. The aim is to create a greater understanding of food fraud, increase knowledge about typical foods that are the subject of food fraud, and to increase awareness about ICA Gruppen's work with this issue. Training courses will begin in spring 2018.

Revised supplier targets

During the quarter ICA Gruppen revised its targets for social audits and quality certification of suppliers of ICA Gruppen's corporate brands. With respect to social audits, going forward the number of follow-up audits made within the agreed-upon time will also be followed up. The target that 100% of ICA Gruppen's suppliers of corporate brands in high-risk countries will be socially audited remains. In addition, by year-end 2020, 90% will have undergone follow-up audits within the set time frame, which is based on the audit results.

The target for quality certifications has been adjusted upwards. The target now is that 90% (previously 80%) of ICA Gruppen's suppliers of corporate brands will be quality-certified by year-end 2020.

Criticism, media debate and dialogues

Seminar on sustainable pharmaceuticals

In January Apotek Hjärtat invited decision-makers, government agency representatives and industry representatives to a seminar to discuss how Swedish actors can contribute to a long-term solution to today's unsustainable pharmaceutical production. For further information, see www.apotekhartat.se/om-oss/pressrum.

Awards and distinctions

- During the quarter several ICA stores and ICA retailers were nominated for 2018 White Guide Green awards. Read more at <http://whiteguidegreen.se/nomineringar/>.

Other

For more in-depth information, see the sustainability reports from other ICA Gruppen companies:

- Apotek Hjärtat: www.apotekhartat.se/om-oss/hallbarhet/
- Hemtex: www.hemtex.fi/media/Sustainability%20report_Hemtex_2017_webb.pdf
- Rimi Estonia: www.rimi.ee/ettevottest/rimi-uhiskonnas/vastutustundlik-ettevotlus

About this report

This is a quarterly status report with information about ICA Gruppen's work on issues relating to sustainability. The report highlights continuing developments during the year and covers all companies within ICA Gruppen. The report is not reviewed by the Company's auditors. The criteria applied in 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 therefore does not address certain issues. ICA Gruppen's sustainability report is published once a year, follows the GRI Guidelines and provides an all-embracing description of the Group's sustainability work. For measurement and calculation methods, boundaries and a materiality analysis, see ICA Gruppen's 2017 Annual Report:

- www.icagruppen.se/arsredovisning/arsredovisning2017/en/index.html
Pages 120, 121 and 129

Contact and calendar

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Calendar:

16 August 2018	Sustainability Report April–June 2018
25 October 2018	Sustainability Report July–September 2018
6 February 2019	Sustainability Report October–December 2018

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.